

Corporate Social Responsibility (CSR): A Study of Reliance Industries Limited

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Abstract:

Corporate Social Responsibility (CSR) has become a significant consideration for companies around the world. The purpose of this research paper is to examine the CSR initiatives undertaken by Reliance Industries Limited (RIL), one of the largest conglomerates in India. The paper analyzes RIL's CSR policies and practices and its impact on the society and the environment. The research is conducted through a case study approach where data has been collected through secondary sources. The findings indicate that RIL has taken several measures to address its social, economic, and environmental responsibilities, including education, healthcare, women's empowerment, environmental conservation, and sustainability. The study concludes that CSR initiatives are crucial for companies to build a positive reputation, enhance brand value, and contribute to the sustainable development of the society and the environment.

Keywords: Corporate Social Responsibility, Reliance Industries Limited, CSR policies, Case study, Impact, Sustainability.

INTRODUCTION:

- Corporate Social Responsibility (CSR) refers to the responsibility of corporations towards the society and the environment in which they operate. It involves voluntary actions by corporations to improve their social and environmental impact and to contribute to the sustainable development of society.
- In India, the concept of CSR has been in existence for several decades, but it gained significant attention and momentum with the enactment of the Companies Act, 2013. Prior to the Companies Act, there were no legal provisions mandating companies to undertake CSR activities. However, many companies voluntarily engaged in social welfare activities as part of their business practices.

CONCEPT OF CSR

- Corporate Social Responsibility (CSR) refers to the responsibility of businesses to contribute to the economic, social, and environmental development of the society in which they operate. In India, the concept of CSR dates back to ancient times, where it was known as "dharma," or duty, and involved contributing to the welfare of the community. However, the modern-day concept of CSR has its roots in the 1950s, when several Indian companies began to adopt social welfare activities as part of their business operations.
- In 2013, the Indian government introduced a new Companies Act that mandated companies with a net worth of over INR 500 crore or revenue of over INR 1,000 crore or a net profit of INR 5 crore to spend at least 2% of their net profits on CSR activities. This provision made India the first country in the

world to make CSR spending mandatory for companies.

- The Companies Act, 2013 also created the framework for a national CSR agenda and established guidelines for the implementation of CSR activities. The Act specifies that CSR activities should be related to the company's business, have a social or environmental impact, and be implemented in consultation with stakeholders.

LEGAL FRAMEWORK OF CSR IN INDIA

The legal framework for Corporate Social Responsibility (CSR) in India is primarily governed by the Companies Act, 2013. The key provisions related to CSR are:

- **Applicability:** Companies with a net worth of INR 500 crore or more, or a turnover of INR 1,000 crore or more, or a net profit of INR 5 crore or more, during any financial year are required to constitute a CSR Committee of the Board of Directors and spend at least 2% of the average net profits of the company made during the three immediately preceding financial years on CSR activities.
- **CSR Committee:** The CSR Committee of the Board of Directors is responsible for formulating and recommending a CSR policy to the Board of Directors. The Committee comprises at least three directors, with at least one independent director.
- **CSR Policy:** The CSR policy should include activities to be undertaken by the company, the modalities of executing such activities, the amount to be spent, the monitoring and reporting mechanism, and the timeline for the execution of CSR activities.
- **CSR Activities:** The Act specifies that CSR activities should be related to any of the activities mentioned in Schedule VII of the Act, such as eradicating hunger and poverty, promoting education, gender equality, and environmental sustainability. The Act also specifies that the activities undertaken should be in areas where the company operates.
- **Reporting:** Companies are required to disclose their CSR activities in their annual report and on their website, including the CSR policy, details of the activities undertaken, the amount spent, and the impact of such activities.
- **Penalty:** Non-compliance with CSR provisions can result in penalties ranging from INR 50,000 to INR 25 lakh and/or imprisonment of up to three years for the officers in default.

Overall, the legal framework of CSR in India under the Companies Act, 2013, provides a comprehensive framework for companies to undertake social responsibility activities and contribute to the development of society while promoting responsible business practices.

RELIANCE INDUSTRIES LIMITED:

Reliance Industries Limited (RIL) is an Indian multinational conglomerate company that has been in operation since 1966. The company is headquartered in Mumbai, India, and operates in various industries, including petrochemicals, refining, oil and gas exploration, retail, and telecommunications. Over the years, RIL has grown to become one of the largest companies in India, with a significant presence in various sectors. The company's commitment to innovation, sustainability, and corporate social responsibility has played a critical role in its success. RIL's operations have a significant impact on the Indian economy, with the company being one of the largest contributors to the country's GDP.

RELIANCE FOUNDATION:

Reliance Foundation is the philanthropic arm of Reliance Industries Limited (RIL), founded in 2010 by

Nita Ambani, the chairperson of the foundation. It is one of the largest private foundations in India and operates in various areas, including rural transformation, education, health, disaster response, sports, arts, and culture. The foundation's mission is to catalyze sustainable development initiatives that create a significant social impact in India. The foundation's approach to social responsibility is centered around innovation, scalability, and sustainability, with a focus on empowering the marginalized and underprivileged communities.

REVIEW OF LITERATURE

Varma (2014) In her research she found that Indian corporations have not successfully adopted and documented CSR as a charity practice. After CSR becomes mandated through reputable websites, financial statements, company sustainability reports, and other means, CSR programmes have become more transparent. The government is confident that the required CSR will help our country fight against poverty, illiteracy, unemployment, and famine. The study came to the conclusion that India, a developing country, requires financial assistance from corporations for overall development. Hence, a mandatory CSR is needed.

Jaysawal & Saha (2015) According to them, CSR has become a crucial turning point in the area of harmonious business and social coexistence. To be able to accomplish the intended result, the legal provision mandated CSR for all industries and controlled its development. The argument for corporate responsibility is strengthening because key opinion leaders, clients, and the general public have high expectations. So, to say that CSR is nothing more than eyewash is a falsehood in and of itself.

Beschorner & Hajduk (2016): The consequences of CSR practises are highlighted in this research, "Responsible Practices are Culturally Embedded: Theoretical Considerations on Industry-Specific Corporate Social Responsibility," which focuses on major organisations where CSR is perceived as a concept as opposed to small businesses. Also, the researchers displayed several CSR ideas on various divisions of the same corporations. The researchers concluded that all businesses offering the same goods and services would have the same CSR practises and policies if the term "economic activities" were changed to "fields of needs." Finally, this paper makes a variety of theoretical suggestions for the study of CSR in certain industries.

Jain (2017) studied "The Mandatory CSR in India: A Boon or Bane" and noted that the new Indian Companies Bill's minimum 2% CSR investment is a creative approach to the country's social issues. Even though it isn't ideal, it was produced because it was necessary for India to achieve economic fairness. Indian businesses have not adopted the accountability for the true expense of their operation. Many frequently destroyed the environment and fled from risks to humans that they created. He added that technology businesses might adopt environmental and safety measures, as well as chemical and oil companies. Observed that the new provision may prove to be a windfall for both the corporate sector and the general public, advancing India towards the path of equitable and sustainable growth.

Agarwal (2018) The study on "The New Spectrum of Corporate Social Responsibility in Developing Economies," the concept of CSR has become increasingly popular and is an essential element of success as well as a useful tool for firms in the current competitive market. The way that firms today market to society has given rise to the concept of corporate social responsibility. There has thus been little attempt to comprehensively explore the CSR spectrum framework in developing nations. CSR research has focused on developing country organisations in Asia, particularly Indian firms.

Kunjukunju (2020) analyzed that corporate spending on CSR, despite increasing from 2014 to 2015, is

still low given the size of Indian firms. The top 100 firms in India account for almost 80% of total CSR spending. It is disappointing to see that the corporations covered by the amendment's definition of "Corporate" have not set aside even 2% of their net profit for CSR. Despite the CSR law being in force for five years, almost 26% of leading firms still fail to make the necessary commitment

OBJECTIVES OF THE STUDY:

- To study the conceptual and legal framework of Corporate Social Responsibility in India.
- To study the various CSR practices carried out by Reliance Industries Limited.

RESEARCH METHODOLOGY:

The present study is based on the descriptive and exploratory research. The research methodology is based on web based research, reviews of print literature and company media releases. The secondary data and information has been collected from different sources such as official websites of Reliance Industries Limited, articles, Research papers, journals and website etc.

FOCUS AREAS OF CSR IN RELIANCE INDUSTRIES LIMITED.

Corporate Social Responsibility (CSR) is an integral part of Reliance Industries Limited's (RIL) business strategy. RIL has identified several focus areas for CSR initiatives, which are aligned with the company's core values, business interests, and societal needs.

The following are some of the key focus areas of CSR in RIL:

Education: RIL believes that education is a critical enabler for social and economic progress. The company has implemented several initiatives to improve access to quality education, especially in rural areas. These initiatives include setting up schools, providing scholarships, and supporting vocational training programs.

Health: RIL has undertaken several initiatives to improve the health and well-being of communities. The company has set up hospitals and clinics, provided medical equipment, and conducted health awareness programs.

Rural Development: RIL recognizes the importance of rural development in promoting inclusive growth. The company has implemented several programs to improve agricultural productivity, provide clean drinking water, and support livelihoods.

Environmental Sustainability: RIL is committed to protecting the environment and has implemented several initiatives to reduce its carbon footprint, conserve natural resources, and promote sustainable practices.

Disaster Response: RIL has a comprehensive disaster response program to provide relief and rehabilitation support in times of natural disasters and emergencies.

Arts, Culture, and Heritage: RIL is committed to promoting and preserving India's rich cultural heritage. The company has undertaken several initiatives to support traditional arts, crafts, and music.

In summary, RIL's CSR initiatives are focused on promoting inclusive and sustainable growth, improving the quality of life for communities, and protecting the environment. These initiatives are aligned with the United Nations Sustainable Development Goals (SDGs) and demonstrate the company's commitment to creating a positive social impact.

Top of Form

TABLE: EXPENDITURE ON CSR BY RELIANCE INDUSTRIES LIMITED

CSR Financial Details (INR Cr.

YEAR	2021-22	2020-21	2019-20	2018-19
ACTUAL CSR	813.00 Cr	922.00 Cr	908.71 Cr	849.32 Cr
PRESCRIBED CSR	737.00 Cr	884.00 Cr	874.95 Cr	811.16 Cr

Source: annual Report of Reliance Industries Limited

FINDINGS:

- Table shows the 4- year Prescribed and actual amount spent on CSR by Reliance Industries Limited. In the Financial year 2021-22, 2020-21, 2019-20, 2018-19 the actual amount spent on CSR activities is more than the prescribed amount. This shows how a company is positively engaged in social welfare of the country through CSR initiatives.
- The findings indicate that RIL has taken several measures to address its social, economic and environmental responsibilities, including education, healthcare , women empowerment, environmental conservation, and sustainability.

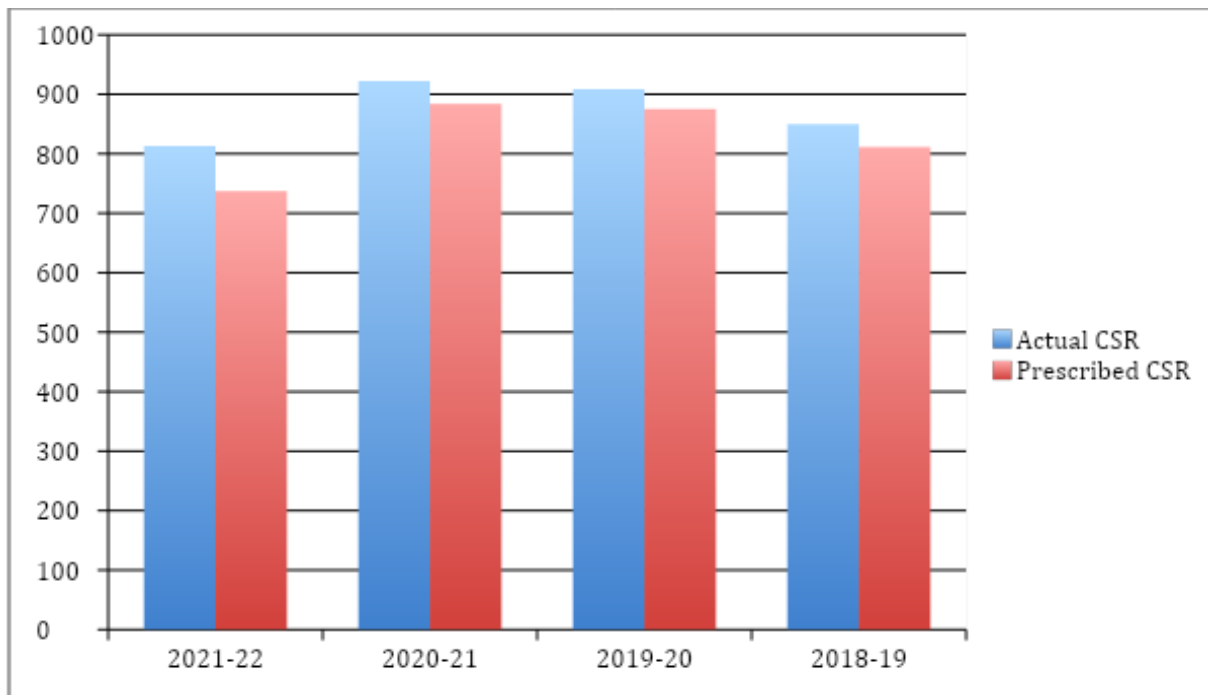


Fig. prescribed and actual expenditure on CSR by Reliance Industries Limited

SUGGESTIONS:

The study suggests that RIL should continue to prioritize CSR initiatives, expand its outreach to cover more underprivileged communities and sectors, increase its focus on environmental sustainability, enhance its transparency and accountability, collaborate with other organizations and stakeholders, and adopt innovative approaches to CSR.

CONCLUSION:

In conclusion, the case study of RIL's CSR initiatives highlights the importance of CSR in today's business world. The company's CSR initiatives have had a significant impact on society and have contributed to its overall performance. The study also provides suggestions for RIL to further strengthen its CSR initiatives and make a positive contribution to society.

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