

# A Case Study of CSR practices by select Agri companies in Andhra Pradesh

Dr.S.V. Ramana<sup>1</sup>, Mr. A. BajiBabu<sup>2</sup>, Dr.K.N. Gomathy<sup>3</sup>

<sup>1</sup>Prof & Principal, Hindu College of Management, Amaravathi Road, Guntur

<sup>2</sup>Assistant Prof Hindu College of Management Amaravathi Road, Guntur

<sup>3</sup>MA., Ph.D., Anthropology, UOH

## ABSTRACT:

Society and business go hand – in – hand. One cannot thrive without other. Business has its responsibility towards all the stakeholders apart from revenue generation for larger social good. Hence, business has a moral obligation to contribute to the betterment of society. In this light, Corporate Social Responsibility is a channel through which corporations address the issues of different stakeholders by integrating social, economic and environment aspects into business operations.

Corporate social responsibility has intensely changed the way corporate entities conduct their business activities in the social environment in the 21st century. India is the only country which has regulated and mandated CSR. Andhra Pradesh stands in sixth place among 10 states getting Agri CSR expenditure in India. Andhra Pradesh with a good amount of rise in industries creates a societal responsibility towards society and environment by the industries. Corporate Social Responsibility activity brings a change in the lives of deprived people in rural India. Deprived people in India are mostly based on agriculture for their livelihood and CSR also plays a significant role in the agriculture sector. Business Corporate social responsibility has a positive correlation with the financial performance of the business.

This paper provides an insight on the initiatives taken and future initiatives being planned by select companies of Andhra Pradesh with regard to Corporate Social Responsibility. The selected companies are namely ITC Ltd., JSW Steel Limited, Pedillite Industries Ltd., Cummins IndiaLt., HindustanZinc ltd. The data related to CSR practices of select companies of AP is collected from the websites of the industries, annual reports, newspapers, magazines, financial statements of the industries and the like. This research study explores about the contribution by the companies towards CSR practices and efforts made for the development of society.

**Keywords:** Business, Corporate Social Responsibility, Stakeholders, Agriculture, Sustainability Development

## Introduction:

The development of a country based on equal development in all sectors. India is the only country which has regulated and mandated CSR. Andhra Pradesh stands in sixth place among 10 states getting CSR expenditure in India. Andhra Pradesh with a good amount of rise in industries creates a societal responsibility towards society and environment by the industries. This paper explores the Corporate Social Responsibility (CSR) practices of selected agricultural companies in Andhra Pradesh, a state renowned for its significant contributions to India's agricultural sector. The aim is to investigate how

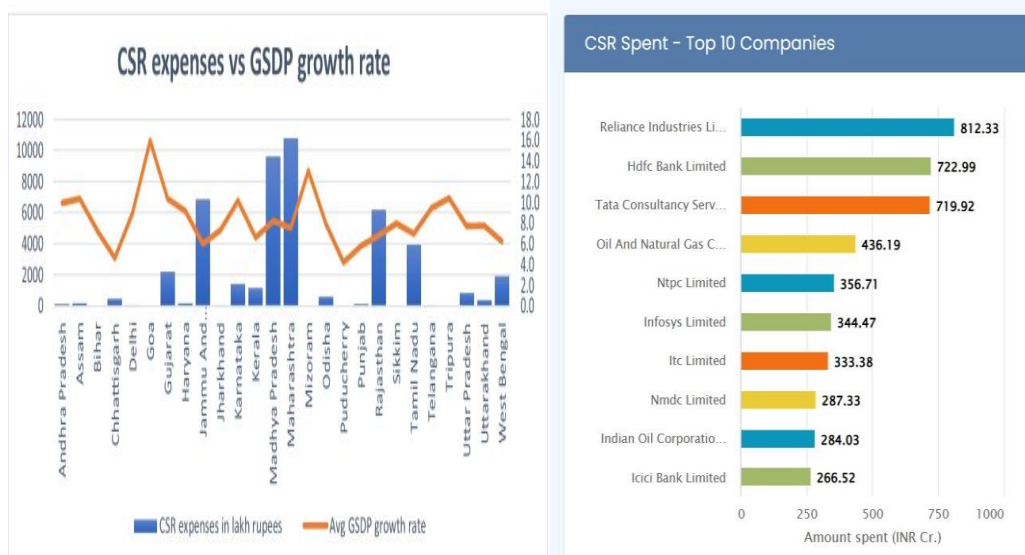
these companies are integrating CSR into their business models, the impact of their CSR activities on local communities, and the sustainability of their practices. This study employs a qualitative research methodology, including case studies of select agri companies, interviews with stakeholders, and analysis of CSR reports and sustainability documents.

Corporate Social Responsibility (CSR) has gained paramount importance in the global business landscape, particularly in sectors directly impacting socio-economic and environmental dimensions, such as agriculture. In Andhra Pradesh, a state that plays a critical role in India's agricultural output, the implementation of CSR practices by agri companies is crucial for sustainable development. This study focuses on the CSR initiatives of these companies, aiming to shed light on their strategies, implementation, and impact on communities and the environment.

The contribution of 18% with the 50% of workforce. Corporate social responsibility (CSR) and supply agreements in the agricultural sector have a significant role to play to promote agricultural climate. private sector engagement can also promote food security and positively affect the livelihoods of smallholder agricultural producers in developing countries.

### Why CSR in Agriculture?

Seventy five percent of the world's poor live in rural areas and most of them depend on agriculture directly or indirectly as a source of their livelihood. Overall GDP growth originating in agriculture, is at least twice as effective in benefitting the poorest half of the population as growth generated in non - agricultural sectors. Countries that had relatively high agricultural growth, saw substantial reduction in poverty. China's rapid growth in agriculture was initially responsible for the rapid decline in rural poverty from 53 per cent in 1981 to eight per cent in 2001. Similarly, 24 percentage point reduction in rural poverty in Ghana over 15 years is mainly due to strong agricultural performance (World Development Report, 2008). Though agriculture is a promising sector for reducing poverty, the expenditure under CSR component in India on agriculture is very meagre. If the Corporates allocate more fund under CSR, many challenges of the farm sector can be addressed. Government of India also envisages to double the income of the farmers by 2022 through productivity enhancement, resource use efficiency or reducing the cost of production, increase in cropping intensity, diversification of high value crops etc. In order to achieve this and considering the vast majority of the people depending on agriculture, a significant amount of investment is required from various sources.



The data shows that, very meagre amount of CSR fund has been spent in the agricultural sector by the companies though there is huge potential for investment in the sector. Corporates cannot see agriculture in isolation. CSR may be seen in terms of "Creating Shared Value" wherein, business can help progress of agriculture and agriculture sector can help business to improve and flourish.

### **CSR Practices in India**

The CSR landscape in India has evolved significantly, especially after the Companies Act 2013, which mandated CSR spending for companies meeting specific financial criteria. Indian companies have adopted various CSR strategies, focusing on education, health, environmental sustainability, and rural development (Kumar & Arora, 2020). In the context of agriculture, CSR practices are particularly pivotal for promoting sustainable agriculture, ensuring food security, and improving livelihoods (Patel & Raj, 2021).

### **Literature Review:**

CSR in agriculture involves companies taking responsibility for their impact on society and the environment. It encompasses various activities, including sustainable farming practices, community engagement, employee welfare, and environmental conservation. The literature highlights the increasing importance of CSR in the agriculture sector due to its direct impact on numerous stakeholders, including farmers, employees, local communities, consumers, and the environment (Smith, 2018; Johnson, 2019)

Dey, K. S., & Dash, P. A. (2018) have opined that the CSR practices of Indian Companies have great importance for an entity but it is highly significant for Indian companies as they are the backbone of our economy. The studies have reviewed the concept of CSR through Indian Companies and their impact on Financial Performance of the companies and mentioned that CSR enables dual benefits both to the companies as well as society. It was also stated that CSR holds a prominent place in shaping India's development. Today, India is witnessing a rapid growth of societal development from CSR contributions by all the leading corporations in India.

In Patel, R. P. (2020) the author explained that the Government has introduced CSR because they want corporations to become more responsible for it stockholders and society at large. The author has also stated that Corporations are social entity so they must take care of all stakeholders, it is vital for them to take charge of this responsibility in efficient way so that all participant of corporation is compulsory.

Priyanka, B. H., & Devarajappa S. (2020) have described the importance of CSR through IT companies in India and explained how IT companies are giving preference to CSR practices effectively.

Parmar, K., & Joshi, P. (2020) had analyzed CSR practices of Indian companies and their contribution towards healthcare sector. The study also highlights the mandatory regulations by Government of India for carrying out CSR activities. From the results of the study, it is stated that Tata Steel Limited had contributed 41.5% towards health care followed by Infosys Limited.

Sinha Nath Shiv. (2017), in his article has expressed that CSR has become an important issue in the business world. There is an ongoing debate about the way CSR should be regulated. Different countries follow different ways to implement CSR. In many countries, CSR is self-regulated, while in others, it is regulated through a code of conduct, and in very few countries, it is enforced through specific legislation. The majority of the countries require disclosure on CSR and sustainability practices through company law or listing agreements of the stock exchange.

Hindustan Times (2023), in their article has stated that CSR can take many forms, including philanthropy, community engagement, sustainable business practices, and ethical behaviour. It encourages companies to be more responsible and accountable to society and the environment, and to use their resources and influence to create positive change in the world.

### Objectives of the Study:

The study titled "A Case Study of Corporate Social Responsibility Practices by Select Agri Companies in Andhra Pradesh" aims to fulfill several key objectives, each contributing to a comprehensive understanding of CSR's role and impact in the agricultural sector of the region. These objectives include:

1. To identify CSR practices in Agricultural Sector in Guntur District
2. To understand the integration of CSR into Business Models
3. To analyze the sustainability of CSR Practices.
4. To analyze the challenges and opportunities in CSR implementation.
5. To provide recommendations for effective CSR Practices.

### Methodology:

This study employs a qualitative research approach, using case studies of select agri companies in Andhra Pradesh. Data was collected through semi-structured interviews with company representatives, local community members, and experts in agricultural sustainability. Secondary data was sourced from CSR reports, sustainability documents, and academic journals. The companies were selected based on their CSR involvement and impact in the agriculture sector of Andhra Pradesh.

### Limitation

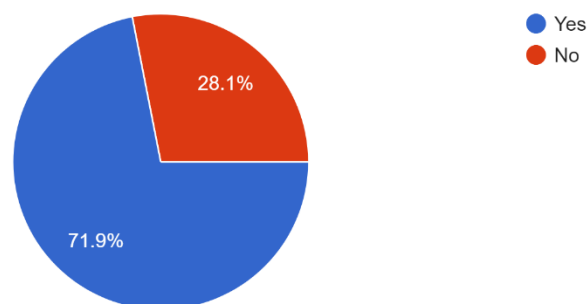
- The paper is based on primary data, secondary data is used wherever necessary
- This study has focused on few companies.

### Findings of the Study:

The following are some specific findings that were observed in the study.

1. Are you aware of any CSR activities carried out by agricultural companies?

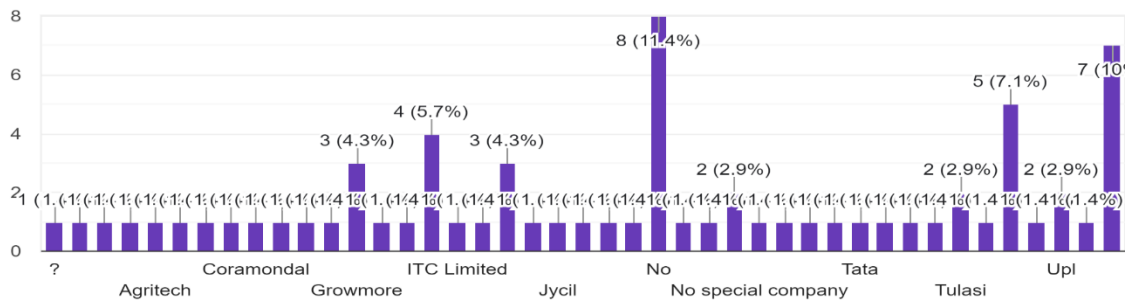
89 responses



In the study area it is observed that 71.9% of the respondents expressed their opinion about the various CSR activities carried out by selected companies and 28.1% of the respondents expressed that they have no idea about the CSR activities conducted by companies towards promotion of agricultural sector.

## 2. Can you specify which companies and their initiatives you are familiar with?

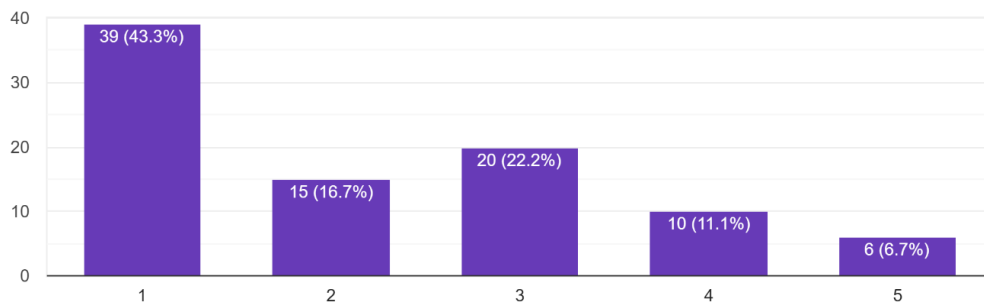
70 responses



From the above study it is observed that 11.4% of CSR practices of Jocil company are familiar to the farmers whereas 10% of the farmers are familiar with UPI company and only 2.9% are not familiar with companies that are actively involving in CSR practices.

## 3. How important do you believe CSR activities are for agriculture company?

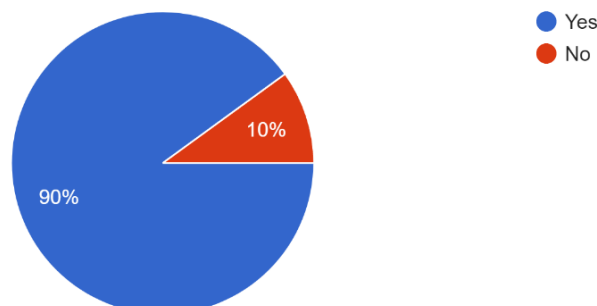
90 responses



Overall, CSR activities in the agricultural sector align with broader goals of sustainability, social responsibility, and ethical business practices while addressing specific challenges and opportunities unique to agriculture and rural communities. It is proved in the study that 43.3% of the respondents believe that CSR activities are more useful to agricultural companies whereas least 6.7% have lower belief towards CSR activities.

## 4. Do you think CSR initiatives positively impact the community and environment?

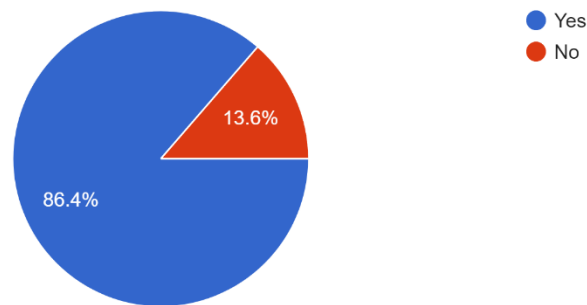
90 responses



In the study area 90% of the respondents think that CSR activities play a crucial role in promoting environmental stewardship, mitigating environmental risks, and fostering a more sustainable and resilient future for both businesses and communities, whereas only 10% think that CSR initiatives does not positively impact the community and environment.

5.Are there any specific areas of focus[eg:environment sustainability] that you believe agricultural companies should prioritize in their csr efforts?

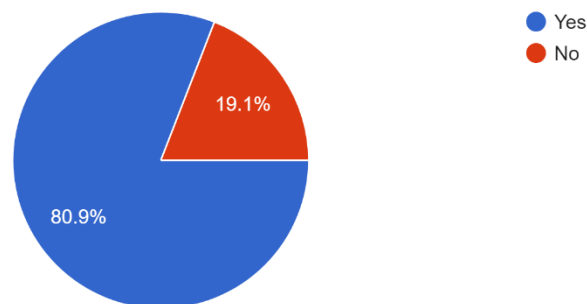
88 responses



In the study 86.4% of the respondents are able to prioritize specific focus on CSR activities in agriculture have the potential to positively impact the environment by promoting sustainable practices, conserving natural resources, mitigating climate change, and fostering resilience in agricultural systems. These efforts are essential for achieving long-term environmental sustainability and ensuring the continued viability of agriculture.

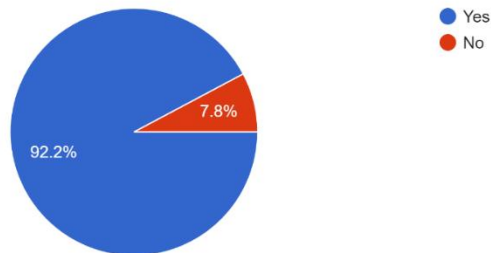
6.Should agricultural companies engage with stakeholders when planning and implementing csr activities?

89 responses



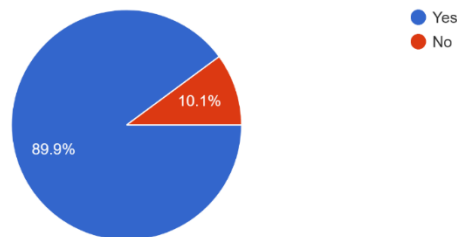
Consumers, investors, and other stakeholders increasingly expect companies to demonstrate ethical and responsible behaviour throughout their operations, including in the agricultural sector. Engaging in CSR activities allows companies to meet these expectations and build trust with stakeholders. In the survey it is found that 80.9% respondents are engaged as stakeholders in CSR activities whereas 19.1% of the respondents are not involved.

7. Do you think CSR activities help agri companies build better relationships with local communities?  
90 responses



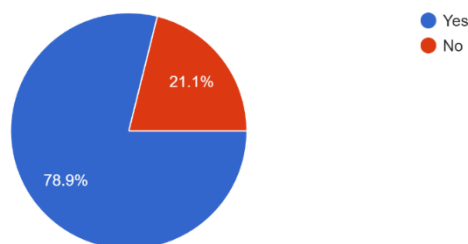
CSR activities provide agricultural companies with opportunities to build stronger, more collaborative relationships with local communities, leading to mutual benefits and sustainable development by way of establishing community engagement, addressing local needs, shared value creation etc. It is proved in the study that 92.2% of the people got benefited by communal relations whereas 7.8% opined it is not the solution.

8. Should agriculture companies involve their employees in CSR activities?  
89 responses



In the study area 89.9% of the respondents opined that staff involvement in CSR activities improve numerous benefits for agricultural companies, including increased employee engagement, skill development, team building, enhanced reputation, improved community relations, and better risk management. By empowering employees to contribute to meaningful social and environmental initiatives, companies can create a more sustainable and responsible business culture while making a positive impact in their communities, only a few respondents say 10.1% opined there will be no such difference.

9. Do you think CSR activities contribute to the long-term sustainability of agricultural companies?  
90 responses



In the study it is found that 78.9% respondents are in the opinion that CSR activities contribute to the long term sustainability of agricultural companies and only 21.1% opined that it does not have any such effect.

**Recommendations:**

Here are some recommendations for CSR activities that agricultural companies can consider:

- 1. Supporting Farmer Education and Training:** Provide training programs and workshops to smallholder farmers on modern agricultural techniques, sustainable farming practices, and effective crop management. This can help improve productivity, reduce environmental impact, and enhance farmers' livelihoods.
- 2. Promoting Soil Health and Conservation:** Implement programs to promote soil health and conservation practices, such as soil testing services, organic farming training, and distribution of compost or organic fertilizers. Supporting soil conservation efforts helps maintain soil fertility, prevent erosion, and protect water quality.
- 3. Water Management Initiatives:** Invest in water management initiatives to improve water efficiency and conservation in agriculture. This could include promoting drip irrigation systems, rainwater harvesting techniques, and water-saving practices among farmers to minimize water usage and mitigate water scarcity issues.
- 4. Biodiversity Conservation:** Implement projects to conserve biodiversity within agricultural landscapes, such as establishing wildlife habitats, planting native vegetation, and creating buffer zones around sensitive ecosystems. Protecting biodiversity enhances ecosystem resilience, supports pollination services, and promotes natural pest control.
- 5. Empowering Women Farmers:** Develop programs specifically designed to empower women farmers by providing access to training, resources, and support networks. Supporting women's participation in agriculture can lead to improved household food security, increased incomes, and greater gender equality in rural communities.
- 6. Community Development Projects:** Invest in community development projects that address local needs and priorities, such as building schools, healthcare facilities, roads, or community centers. Engaging with local communities and stakeholders helps build trust, foster positive relationships, and contribute to social cohesion and development.
- 7. Promoting Sustainable Supply Chains:** Collaborate with suppliers, distributors, and other stakeholders to promote sustainability throughout the agricultural supply chain. This could involve implementing certification programs, conducting supplier audits, and supporting responsible sourcing practices to ensure ethical and environmentally friendly production practices.
- 8. Climate Change Adaptation and Mitigation:** Develop initiatives to help farmers adapt to climate change impacts and mitigate greenhouse gas emissions. This may include promoting climate-smart agricultural practices, investing in renewable energy solutions, and supporting carbon sequestration projects such as agroforestry and reforestation.
- 9. Food Security and Nutrition Programs:** Support initiatives that improve food security and nutrition in local communities, such as establishing community gardens, nutrition education programs, or food distribution schemes for vulnerable populations. Addressing food security challenges contributes to poverty alleviation and promotes public health and well-being.
- 10. Employee Volunteer Programs:** Encourage employees to volunteer their time and skills to support local communities through initiatives such as community clean-up campaigns, tree planting events, or educational workshops. Employee volunteer programs foster a sense of corporate citizenship and engagement while making a positive impact in the community.



These recommendations can serve as a starting point for agricultural companies looking to develop meaningful CSR initiatives that align with their business objectives and contribute to sustainable development in the agricultural sector and beyond. It's essential for companies to engage with stakeholders, assess local needs, and tailor their CSR activities to maximize positive social, environmental, and economic outcomes.

### **Conclusion:**

CSR (Corporate Social Responsibility) practices in agricultural companies play a vital role in promoting sustainable development, enhancing community well-being, and fostering environmental stewardship. By integrating CSR into their business strategies, agricultural companies can create positive impacts across various dimensions. CSR practices in agricultural companies are essential for promoting sustainable agriculture, fostering social development, and achieving shared value for all stakeholders. By embracing CSR as an integral part of their business operations, agricultural companies can contribute to building a more resilient, equitable and environmentally sustainable food system for future generation.

### **Scope for Future Research:**

Looking ahead, future research in this area could explore several avenues to further deepen our understanding of CSR practices in agricultural companies. This includes investigating the effectiveness of different CSR strategies and interventions, exploring the motivations and challenges faced by companies in implementing CSR initiatives, and assessing the long-term impacts of CSR programs on agricultural sustainability, farmer livelihoods, and community well-being.

### **References:**

1. Gray, R., & Bebbington, J. (2000). Environmental accounting, managerialism and sustainability: Is the planet safe in the hands of business and accounting? *Advances in Environmental Accounting & Management*, 1, 1-44.
2. Kolk, A., & van Tulder, R. (2002). The effectiveness of self-regulation: Corporate codes of conduct and child labour. *European Management Journal*, 20(3), 260-271.
3. Marsden, T. (2003). The condition of rural sustainability. *Environment and Planning A*, 35(4), 571-574.
4. Maon, F., Lindgreen, A., & Swaen, V. (2009). Designing and implementing corporate social responsibility: An integrative framework grounded in theory and practice. *Journal of Business Ethics*, 87(1), 71-89.
5. Reynolds, L. T., Murray, D., & Taylor, P. L. (2004). Fair Trade coffee: Building producer capacity via global networks. *Journal of International Development*, 16(8), 1109-1121.
6. Reig-Martínez, E. (2019). Sustainable agriculture and corporate social responsibility in rural tourism. *Sustainability*, 11(22), 6426.
7. Vanclay, F. (2004). The triple bottom line and impact assessment: How do TBL, EIA, SIA, SEA, and EMS relate to each other? *Journal of Environmental Assessment Policy and Management*, 6(3), 265-288.
8. Waddock, S. (2008). Building a new institutional infrastructure for corporate responsibility. *Academy of Management Perspectives*, 22(3), 87-108.