

CORPORATE SOCIAL RESPONSIBILITY: A TOOL FOR SUSTAINABLE DEVELOPMENT

by

Adapa V SubbaRayudu¹

ABSTRACT

In this paper the author proposes as to how CSR can be utilized for sustainable development. The author focuses in analyzing about Corporate Social responsibility (CSR) and relevant legal provisions and how these legal provisions in the company law can be utilized in attaining sustainable development. The author illustrates a model. By analyzing the amount of money top 7 fertilizer companies, liable to spend under CSR can be utilized for constructing cold storage houses which plays a major role in storage of agricultural products. This improves agricultural sustainability resulting in sustainable development further facilitating environmental protection.

Keywords: corporate social responsibility, sustainable development, environmental protection

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¹Advocate and Principal Associate, Singhanian & Co. LLP, Chennai

Introduction:

In India, today there is rapid degradation of the environment contributed by several factors like Population growth, urbanization, poverty, industrialization etc. Hence sustainable development i.e. development that is conducted without depletion of natural resources is necessary for protecting the environment. As environmental protection and social security is not only the responsibility of government but demands an effective participation from the corporate and business world.

In this paper the author explains about Corporate Social responsibility (CSR) and relevant legal provisions and explains how this legal provision in company law can be utilized in attaining sustainable development. Further illustrates a model for using CSR in a systematic manner. By analyzing the amount of money top 7 fertilizer companies, liable to spend under CSR can be utilized for constructing cold storage houses which plays a major role in storage of agricultural products. This improves agricultural sustainability resulting in sustainable development further facilitating environmental protection.

Objectives:

1. To study about Corporate Social responsibility and relevant legal provisions.
2. To study about the concept of sustainable development.
3. To explain the utility of Corporate Social responsibility in attaining sustainable development.

Methodology: The author adopted the descriptive methodology while studying about corporate social responsibility and sustainable development

Sources of data: The data is collected from various secondary sources like government websites, articles published etc.

Analysis:

Sustainable Development: Sustainable development can be defined as economic development that is conducted without depletion of natural resources. It is “development which meets the needs of the present without compromising the ability of future generations to meet their own needs².” The Global Environment Outlook defines sustainability as “a characteristic or state

² United Nations General Assembly, 1987, p. 41

where by the needs of the present and local population can be met without compromising the ability of future generations or populations in other locations to meet their needs³”

The above definitions explain that the two main factors in sustainable development :

1. Meeting the needs of human beings of present generation and
2. Preserving natural resources for the future generation.

‘Sustainability in Asia Reporting Uncovered’ based on four parameters viz. General, Environment, Social and Governance has positioned India as the second country ranking in Asia and is ranked as first in the general category. ⁴

In 2015, countries of UN adopted the 2030 Agenda for Sustainable Development and its 17 Sustainable Development Goals. Some of the goals are: to end hunger, achieve food security and improved nutrition and promote sustainable agriculture and to ensure sustainable consumption and production patterns⁵.

Sustainable development in Agriculture:

In order to attain the above-mentioned goals of the UN and to ensure sustainability in the field of agriculture storage of food produced plays a vital role. Among many methods of storage, using a cold storage house is one of the most credible methods which use technology.

Cold storage houses: Currently, India has 16,780⁶ cold storage facilities which are spread unevenly across the country. The capacity of 36% of these cold storages is below 1,000 MT while the total installed capacity of these cold storage houses is 30.11 million metric tons. 65% of India’s cold chain storage facilities in India are currently concentrated in Uttar Pradesh and West Bengal, while other states still face a challenge with investments from the government and private operators .At the current capacity only less than 11% of what is produced can be stored.⁷ Increasing the cold storage house facilities is beneficial to the farmers as it increases profits and satisfies their basic human right as provided by UN human rights that everyone has the right to work, to free choice of employment, to just and favourable conditions of work and to protection against unemployment⁸.This further leads to sustainable development.

³ UNEP, 2005, p. 524-525

⁴ Urmila, M. (2012), “Corporate Social Responsibility In India, Maratha Mandir’s Babasaheb Gawde Institute Of Management Studies

⁵<http://www.un.org/sustainabledevelopment>

⁶ <https://www.napanta.com/cold-storage>

⁷ <http://www.coolingindia.in/blog/post/id/13496/indian-cold-chain--an-emerging-industry>

⁸Article 23 (1) of Universal Declaration of Human Rights(<http://www.un.org/en/universal-declaration-human-rights/>)

Corporate Social Responsibility:

The concept of CSR first emerged in the 19th century in Great Britain. India, is first to introduce corporate social responsibility into its legislature. Clauses 134 and 135 of the Companies Act, 2013 specifies that companies with net worth more than Rs 500 crores, or turnover more than Rs 1000 crores, or net profit more than Rs 5 crores are required to constitute a CSR committee to formulate CSR policy for the company. Companies have an obligation to spend a minimum of 2 percent of average net profit earned during preceding three years before formulation of the policy. Further, Section VII of the Companies Bill has considerably widened the ambit of CSR activities which now includes: Poverty eradication, Promotion of education, gender equality and women empowerment, Reducing child mortality and improving maternal health, Combating AIDS/HIV, malaria and other diseases, Ensuring environmental sustainability, Employment-enhancing vocational skills and social business projects, Relief and funds for socio-economic development such as for welfare of SC/ST, OBCs, minorities and women.

Therefore, ensuring environmental sustainability and sustainable development comes under the ambit of CSR.

In order to ensure sustainable development by using CSR a model strategy is elucidated where the amount of money which the top 7 chemical fertilizer companies are liable to spend for CSR can be utilized for building cold storage houses.

The table mentioned below illustrates Profit after tax (PAT) of top 7 chemical fertilizer companies in the past 5 years.

PATs of companies (in crores):

S.no	Name of the company	2019	2018	2017	2016	2015
1	Coromandel international Ltd	714	685	477	358	403
2	National Fertilizers Ltd	298	213	208	197.09	26.24
3	Gujarat state fertilizers & chemicals ltd	493.68	475.73	379	379	400
4	Rashtriya chemicals & fertilizers ltd	139.17	78.80	179.26	191.23	322.06
5	Deepak fertilizers and	7.92	112.89	160	121.3	78.35

	petrochemicals					
6	Gujarat Narmada Valley Fertilizers & Chemicals Ltd	741.17	789.52	521	226.36	452.07
7	Zuari agro chemicals ltd	(211.14)	30.33	86.91	65.09	12.36
	Total PAT	2182.8				
	CSR	43.656				

Therefore the total amount of money the companies are liable to spend for CSR is Rs. 43.656 Crores, by utilizing these 326 cold storage houses of 10MT capacity can be constructed⁹. This can be utilized in states which lack cold storage facilities and storage capacity can be improved. Better Storage of agricultural products reduces wastage thereby improving agricultural sustainability.

Benefit to Companies: If the companies channelize their CSR Funds into their related fields, rather than spending it in diverse ways of their interest it can contribute for development of infrastructure, such as cold storage houses, as mentioned above in the field of agriculture. It causes agricultural sustainability which is beneficial to farmers and is in turn beneficial to the fertilizer companies as it retains its customers.

Conclusion:

From the above analysis it can be concluded that instead of using CSR in diverse ways the government can direct the companies to come together and use it in a systematic manner for attaining a specific purpose. This step by the companies can play a vital role in attaining sustainable development which further facilitates in protection of the environment.

⁹ <https://www.agrifarming.in/cold-storage-project-report-cost-and-subsidy>