



# INTERNATIONAL JOURNAL OF ADVANCE RESEARCH, IDEAS AND INNOVATIONS IN TECHNOLOGY

ISSN: 2454-132X

Impact factor: 4.295

(Volume 5, Issue 5)

Available online at: [www.ijariit.com](http://www.ijariit.com)

## A Study of CSR as an antipoverty instrument

Manjiri Sonone

[manjiri.sonone@gmail.com](mailto:manjiri.sonone@gmail.com)

MIT, World Peace University, Pune, Maharashtra

### ABSTRACT

*This paper mentions the comparative study of various CSR activities of a few of the top companies in India and their fight against poverty in the country. This research is based on how CSR can be used to eliminate poverty, what the scope of the project is, and the contribution of the companies in developing the poor local communities. The aim of this study is to start to fill the gap in our understanding of how, when and through what means the business can help to reduce poverty while recognizing the equally powerful potential of the business community to exacerbate poverty. Taking particular CSR initiatives as a starting point, we seek to look at the broader developmental footprint of business-as-usual strategies, as well as those which fall under the banner of CSR, to gain a fuller picture of how business is implicated in the development process. This paper focuses on the type and nature of the CSR activities of MNCs in their attempt to eliminate poverty.*

**Keywords**— Corporate Social Responsibility, Poverty reduction, MNCs, Poverty line

### 1. INTRODUCTION

How can MNCs contribute to the local communities to improve social conditions such as poverty, governance, public health and environmental situations in the country is one of the biggest CSR questions in this era. We need to understand that the role of MNCs is going way beyond just contributing to the economy. As a matter of fact, major development agencies and businesses like the United Nations Global Compact, believe that the MNCs can play an active role in eliminating poverty and can reshape the future of poverty around the world. Currently, there are more than 1.4 billion people living in extreme poverty around the world, and most of them reside in the developing countries which are the hub for MNCs. Even though the government is investing billions of rupees in eliminating poverty, the poor remain poor. It is a point of argument that the MNCs often work in developing countries that have a higher rate of below poverty line people and a lack of social infrastructure and other sociopolitical problems. Thus, it is essential to understand and develop strategies to deal with such issues.

Most international organizations go beyond just earning profit and give corporate social responsibility a priority. On the other hand, many companies take CSR as a business tool to promote their image in the society and promote a better image of themselves to their stakeholders and as a way to improve the standard of living of the citizens in the country. Even if the MNCs contribute to alleviating poverty to a large extent, they alone cannot be successful in implementing the elimination of poverty in the host country. Therefore, a major role is also played by the local networks of the country. These local networks or NGOs not only connect people with MNCs but also deepen the learning experience of stakeholders through their various activities and events.

On one hand, where the economy of India has expanded tremendously, the income inequality did too. Improvements are being made on such social issues such as malnutrition, hunger, unemployment, etc. and how to tackle them. The Government of India has taken a major step to address social issues. The private sector has been made mandatory to invest at least their 2 percent on CSR which comes as a great opportunity for the country to help achieve the SDGs on No poverty and Zero hunger.

To frame the agenda of new development, the private sector needs to focus on tackling issues such as unemployment and job creation. This would greatly improve the standard of living of Indian citizens. If we really want to fight poverty, we need to merge the best qualities of all sectors i.e. the political will, the governmental power, the passion of nonprofits, the capital of private sector, etc. and only then we can achieve our goal.

### 2. LITERATURE REVIEW

**Philanthropy to Corporate Social Responsibility: An Indian Perspective, Shweta Singh:** Corporate Social Responsibility (CSR) involves corporate, international organizations, state organizations, and civil society organizations. It has transpired as a

global trend. The various apprehensions regarding CSR include: what CSR stands for, where it comes from, where it is heading, what the trend really is, and who the leading players are. And these concerns are still far from clear. The purpose of this paper is to observe the trend of CSR in all its intricacies and look forward to the potential effect and main concerns related to it. Design/methodology/approach –Collective study of central publications and documents on CSR with analysis of articles that are related to CSR. Findings – Apart from identifying and explaining the diverse issues related to CSR, the paper throws further insights into the established trends of CSR in different businesses in India.

**Poverty Alleviation: A Corporate Issue, Harjyot Kaur, and Manjit Kaur:** There is large number of societal issues that require the attention of business houses to solve these issues. The issue of poverty is one such issue that needs the attention of corporate sector. Poverty elimination or diminution is a big challenge nowadays around the globe. For some, poverty is a microeconomic issue. For others it is an issue at macro level and is associated with MNCs. In this article, it is defined what poverty is, and what should be the role of the business houses for the eradication of poverty. There are various tactics that are used by the businesses towards the issue of poverty alleviation and relations are established among various characteristics of issue of poverty.

**Does Mandatory CSRA reporting regulation leads to improved Corporate Social performance, Mohammad Umar and Boodoo:** This paper analyses whether mandatory CSR reporting regulation leads to an improvement in corporate social performance. Using a quasi-natural experiment where all companies listed on the Bombay Stock Exchange are mandated to disclose their CSR practices and activities, this paper reveals that the companies considerably improved in all aspects of Social, Environmental, and Governance performances. However, social and governance performance improvements were significantly greater than environment performance, which is credited to the stakeholder salience typology. Possible harm from definitive, dominant and dangerous stakeholders was given greater thought by management, which improved social and governance performances accordingly.

**Beyond CSR? Business, Poverty and Social Justice, Peter Newell and Jędrzej George Frynas:** How far can Corporate Social Responsibility (CSR) initiatives help to address poverty, social exclusion, and other development challenges? What new tools, strategies, and methodologies are required to harness the positive potential contribution of business to develop and deter corporate irresponsibility? What is the balance of responsibilities between state, market and civil society in addressing these problems and meeting the UN Millennium Development Goals (MDGs)? This paper brings together a dynamic mix of development specialists and academics to address these themes in an innovative and focused way. In this paper, we consider some of the important cross-cutting themes and insights that are raised by the contributions. The aim of the introduction and this issue is to start filling the gap between our understanding of how, when and through what means business can help to reduce poverty while recognizing the equally great potential of the business community to worsen poverty. Taking particular CSR initiatives as a start point, we look at the broader developmental footprint of business-as-usual strategies, as well as those which fall under the banner of CSR, to gain a fuller picture of how business is concerned in the development process.

**Measuring Regional Backwardness: Poverty, Gender and Children in the districts of India, Amaresh Dubey:** This paper covers regional disparity in India from the smallest geographical unit's perspective for which a consistent set of data is available: the district. By doing so, we can focus on pockets of deprivation, instead of viewing deprivation as a phenomenon that affects the state or a region in its entirety: "Forward" states have districts called as deprived districts while those of "backward" states are not deprived. Inconsistency with the United Nations' "Human Development Index", it examines deprivation from a much broader perspective, than that of simply income. More specifically, it looks at six indicators of district-level deprivation: the poverty rate; the (gender-sensitive) literacy rate; the food scarcity rate; the immunization rate; the infant mortality rate; and the sex ratio for 0-6-year-olds. The central conclusion that this study offers is that different districts were "most backward" on different metrics. Districts in Arunachal Pradesh had the highest rates of food scarcity; districts in Orissa were the poorest; districts in Orissa, Madhya Pradesh, and Uttar Pradesh had the highest rates of infant mortality; districts in Bihar and Jharkhand had the lowest rates of literacy, tribal districts in the North-East, along with districts in Bihar and Jharkhand, had the lowest rates of immunization; and districts in Punjab and Haryana had the lowest (0-6 years) sex ratios.

### **3. RESEARCH METHODOLOGY**

#### **3.1 Statement of the Problem**

Poverty is defined as the state of social and economic deprivation, denial of basic necessities, limited knowledge access, etc. Rural to Urban migration has become a trend in modern times leading further towards poverty. People live in slum communities and are denied access to basic amenities. These people live in terrible conditions without any basic services. The urban poor live in their own perpetual problems while struggling for a one-time meal. The problems that are analyzed in this paper include various factors that are responsible for poverty and the statistics of the companies' efforts to tackle them.

#### **3.2 Research Design**

Research design is defined as the framework of methods and techniques chosen by the researcher to combine various components of research in a reasonably logical manner so the research problem is efficiently handled. The research done is descriptive research.

#### **3.3 Research Tool**

Google Scholar, reports and journals.

#### **3.4 Population size**

Pan India

### 3.5 Sample Size and Sample frame

Five companies.

### 3.6 Sampling technique

Research-based on various projects by the MNCs.

### 3.7 Data Type

Secondary Date through MNC reports.

## 4. DATA ANALYSIS

The private sector, despite the significant role it plays towards economic growth which is necessary for poverty eradication, is sometimes seen as the enemy of the poor. There are a lot of arguments that especially in developing countries, a lot of organizations are adopting CSR as an approach to maximize the positive social impact and minimize the negative social impact. The focus of the study was on how the CSR has influenced the poverty indicators in India. The study focused on secondary data which was obtained from the literature review, and company reports. Descriptive statistical techniques play a vital role in understanding the comparisons as they are easily understood and require visual examination to gain insights. The study was done on five companies and their impact of CSR on poverty with the various projects they undertook. These projects have resulted in substantial decrease in the rate of poverty by helping the beneficiaries get employed or skillfully trained. According to a report of the United Nations Development Program, over the last around 1.3 billion people were living under extremely poor conditions around the world. The rate of poverty in India has been reduced to nearly half of the last decade. The percentage of people living below the poverty line was 55% which came down to nearly 28% over the last decade. The following image shows the poverty rate in rural and urban India in 2018.

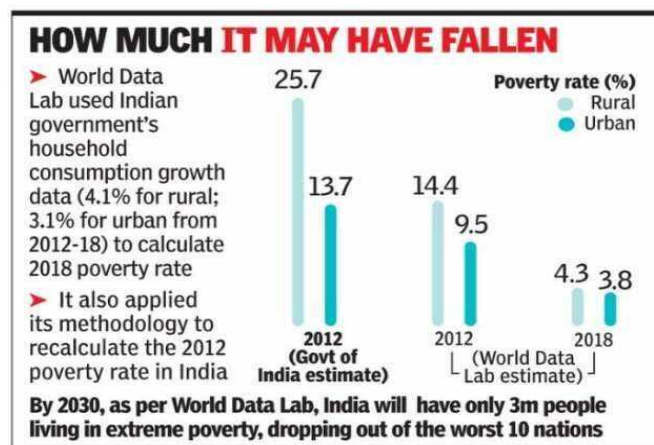


Fig. 1: Current scenario of poverty rate of rural and urban India

India is still a country where poverty is a major issue. The highest and lowest poverty rate can be seen in Goa and Jharkhand respectively.

Table 1: Highest and lowest poverty percentage in Indian states

State	Area	Population	Poverty Percentage
Goa	3702 square km	1458542	5.09
Jharkhand	79714 square km	32988134	39.93

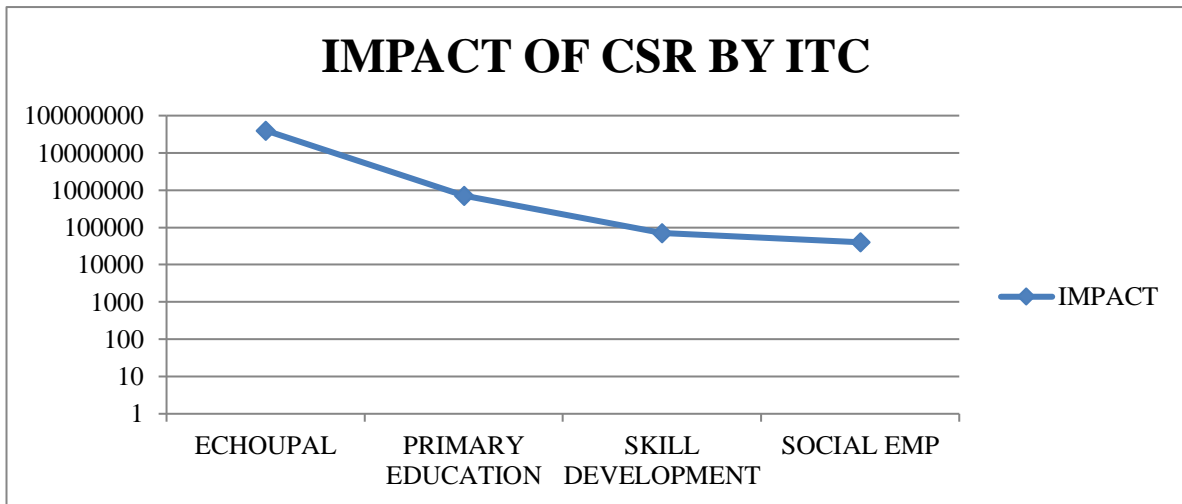
The average population of India including the states and Union territories is around 21.92%. The projects and the number of beneficiaries of these projects are as follows:

Table 2: Projects are undertaken by MNCs and the number of beneficiaries of the projects

Company	Projects Undertaken	No. of Beneficiaries
ITC	e-Choupal	4million farmers in 40000 villages
	Primary Education	702,000 students across India
	Skill Development	70,700 youth
Yes Bank	Skills Training and Development	50000 youths till date
	Irrigation methods	3429 farmers
Ambuja Cement	Krishi Vigyan	1.7 lakhs farmers
	Skill Development	46000 trainees
Adani	Saksham	35000 students
	Suposhan	12000 villages
Tech Mahindra	ARISE	13262 students and 2493 teachers
	SMART	75000+ trainees

**4.1 ITC Group**

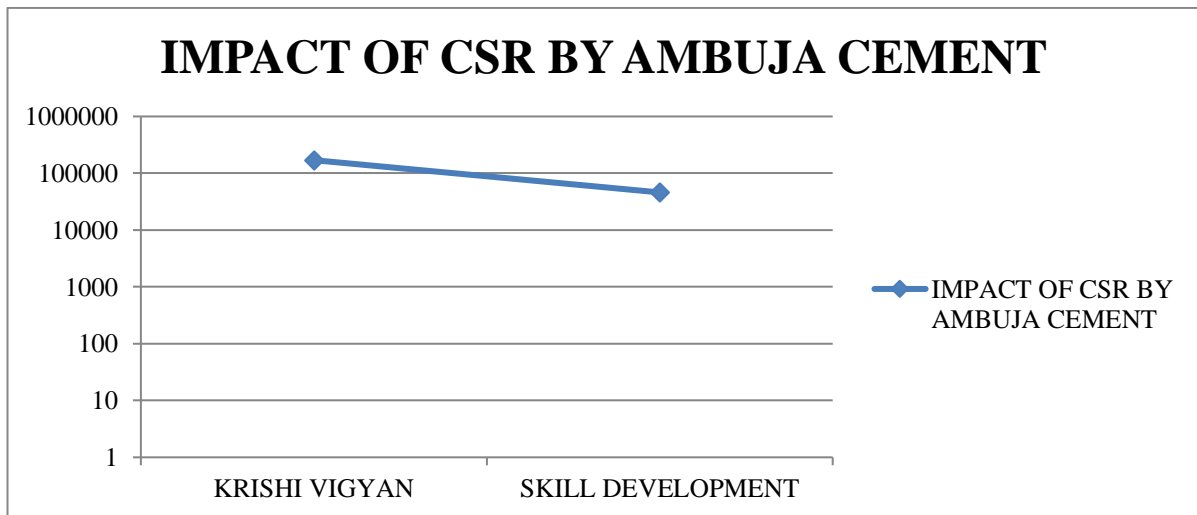
The figure shows the impact of CSR on poverty done by ITC.



**Fig. 2: Impact of CSR by ITC**

**4.2 Ambuja Cement**

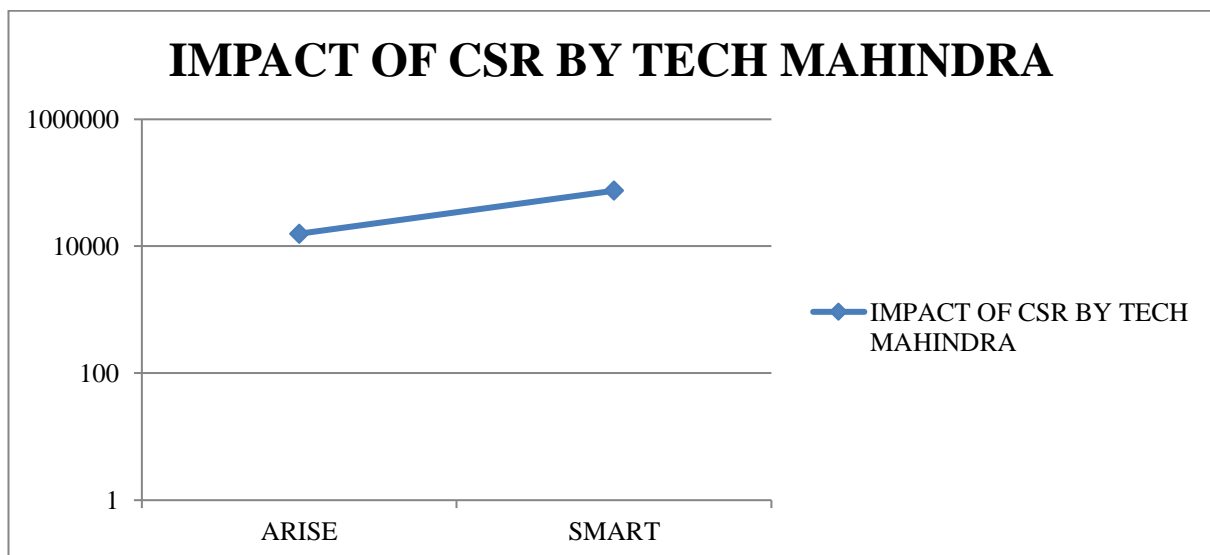
The figure shows the impact of CSR on poverty done by the Ambuja Cement Foundation.



**Fig. 3: Impact of CSR by Ambuja Cement Foundation**

**4.3 Tech Mahindra**

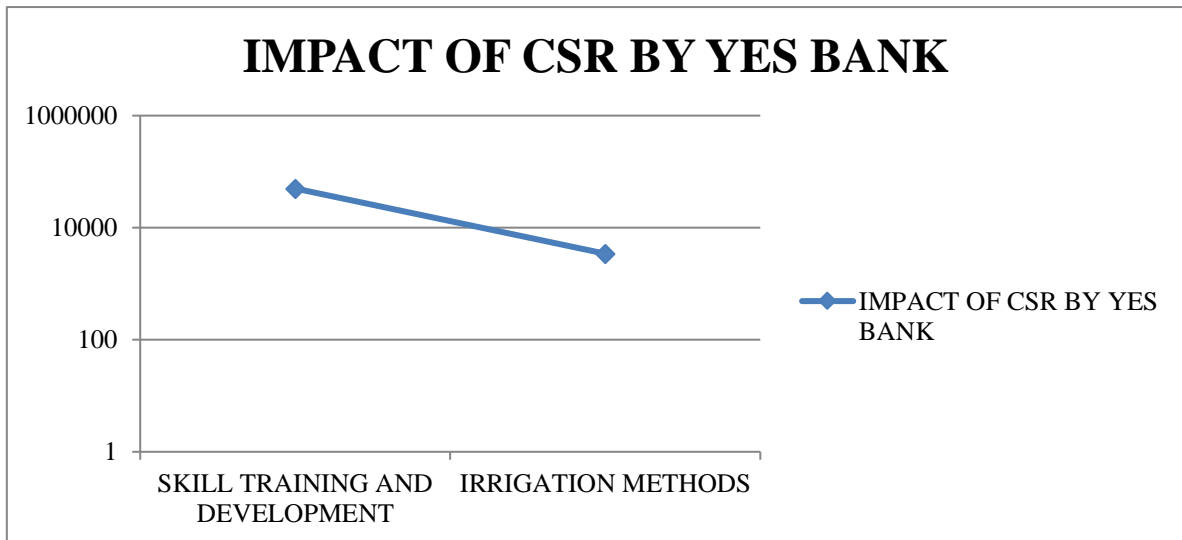
The figure shows the impact of CSR on poverty done by Tech Mahindra



**Fig. 4: Impact of CSR by Tech Mahindra**

**4.4 Yes Bank**

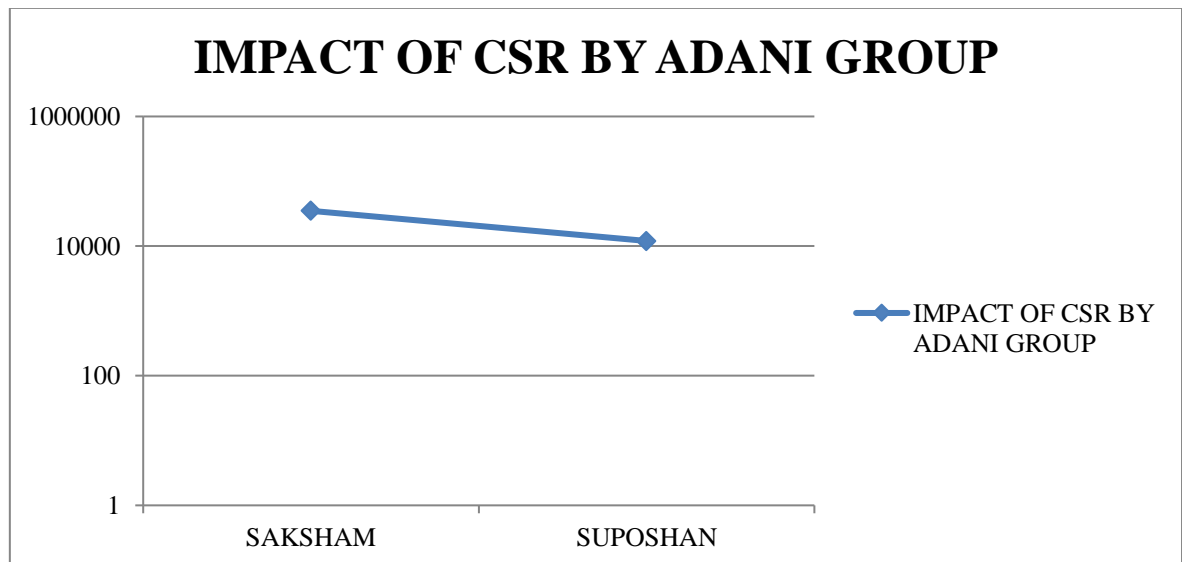
The figure shows the impact of CSR on poverty done by Yes Bank.



**Fig. 5: Impact of CSR by Yes Bank**

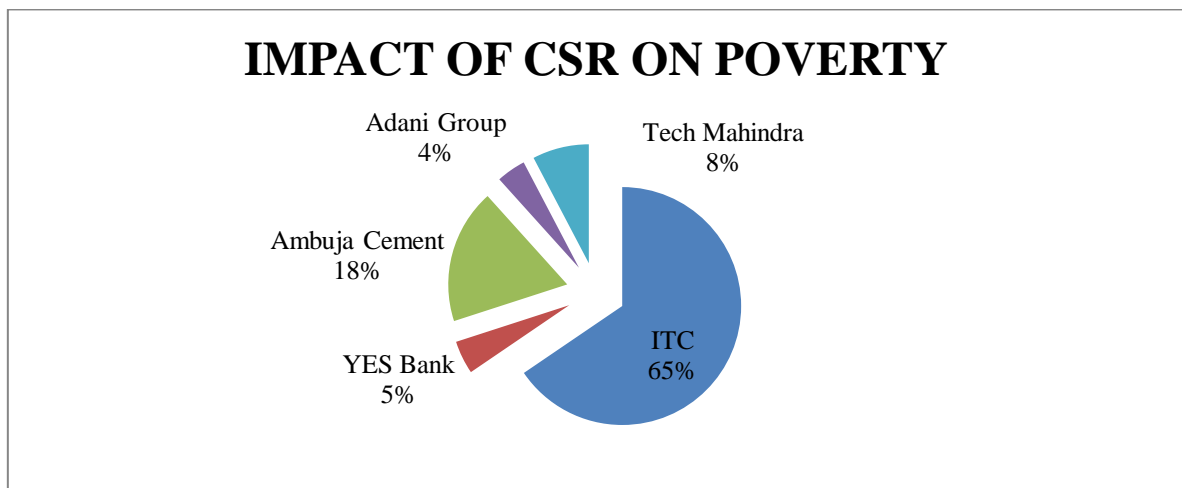
**4.5 Adani Group**

The figure shows the impact of CSR on poverty done by the Adani group.



**Fig. 6: Impact of CSR by Adani Group**

The following pie chart shows the comparative data of the above five companies of the projects they undertook to eliminate poverty and their impact on it.



**Fig. 7: Impact of CSR on Poverty**

This is the company wise distribution of the data of the CSR projects by the companies and their impact.

Over 90% of the companies are spending their CSR expenditure on the eradication of poverty, malnutrition and tackling unemployment.

## **5. FINDINGS**

- Poverty in India has declined nearly to half over the past decade as is mentioned in the United Nations Development Program report.
- The growth in the country has been accelerated by the reduction of poverty.
- With the continuation of this trend along with a higher growth rate and further reforms, the difference in the poverty rates between the historically privileged and disadvantaged would also be eliminated.
- In the case of India, There is no robust relationship between poverty and inequality.
- Not only urban but also rural poverty level has seen a decline in the past few years.
- From the study, we find that around ninety percent of the Multinational Companies are opting for CSR projects for eradicating poverty.
- Companies like Mahindra and ITC are more focused on projects like primary education and innovative farming to help remove poverty.
- They also focus on skill development so the youth can get opportunities at employment and own businesses.
- Not only as a CSR strategy, but the companies also focus on relationship building through such projects.
- In reference to poverty and social development, the MNCs indicate that their CSR practices on eradication of poverty are open, active and long term relationships to the community.
- The majority of the MNCs focus on economic poverty instead of other aspects of poverty like health and well being.
- Another focus of MNCs includes programs like sponsorships and financial support to the families of people below poverty line.

## **6. CONCLUSION**

- CSR requires long term collaboration from various stakeholders and MNCs invest in financial and technical support to build relationships with the local communities.
- Almost all CSR activities by the companies have created an impact and have been implemented to improve the standard of living and quality of life of the local communities.
- MNCs mostly focus on contributing to facility and educational development, employment and wealth creation for rural dwellers.
- Governmental poverty alleviation programs have also contributed toward a long term poverty reduction agenda.
- Many steps have been taken to create employment opportunities by the companies and to sponsor the education of children and provide scholarships to such people.
- These efforts are mostly the result of government schemes and CSR activities that are carried out by companies across India.
- Seeing that the rate of poverty has reduced to half over the past decades, CSR can be considered as an antipoverty instrument and an effective tool to fight poverty.

## **7. SUGGESTIONS**

- The government of India has already come up with various programs and schemes to fight poverty, the MNCs need to keep on contributing to their side.
- Companies should keep a follow up of their projects on poverty elimination.
- Factors like population growth, equal income distribution, employment, agricultural production can be tackled with the help of awareness programs.
- People should be made aware of the various government schemes like Jawahar Gram Samridhi Yojana, National Family Benefit Scheme, and Annapurna Integrated Rural Development Program, etc.

## **8. LIMITATIONS**

- Despite rapid development, a large portion of the population still suffers from severe economic and social deprivation.
- Concerns on eliminating poverty have been repeatedly expressed but not committed to addressing those.
- The SDGs aim to end poverty in all terms but that is practically impossible to achieve.
- To address such issues, we need to know the size of the problem.

## **9. ACKNOWLEDGEMENT**

It gives me immense pleasure to submit this project report on “The Study of CSR as an Antipoverty Instrument”. This project report is undertaken for the fulfillment of the MBA Program pursuing at MIT-WPU School of Management, Pune. I would like to thank my institute and company CASP- Yes Foundation, Pune, who has provided me the opportunity for doing this project work. I am extremely grateful to my internal guide Prof. Priyanka Kokatnur for her invaluable help and guidance throughout my project, and also for helping me. Also, I would like to honor Prof. Dr. Sayalee Gankar, Dean- School of Management and Prof. Pallavi Gedamkar, class-in-charge for inspiration and support throughout the completion of this project. I would like to thank my external guide, Left. Dr. Anil Paranjape for guiding me throughout my internship. It was very difficult to acknowledge all the names and nature of help and encouragement provided by all. I would also like to express my gratitude to CASP and Yes Foundation team and to all the people who have assisted me in completion of my summer internship



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