



Role of Corporate Social Responsibility in Agricultural Sector in India

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Abstract:

Corporate Social Responsibility (CSR) is not a novel concept for Indian companies. Agricultural sector is the mainstay of Indian economy, which provides employment to more than 70 percent of the population for which increasing agricultural growth is the top most priority of the government. Indian agriculture has been facing multiple challenges which have resulted into severe agrarian crisis. The complex nature of the history of agriculture in India stems from a variety of circumstances. Before economic liberalization, government intervention in the agricultural market was considered an important instrument of development as the state generally controls the agricultural market through the implementation of market regulating act known as the Agricultural Produce and Marketing Committee (APMC) Act, fixing and maintenance of minimum prices etc. Overtime, government became unwilling to or in fact failed to go through its earlier role of controlling the agricultural sector. The paper focuses the need of social responsibility in Agricultural Sector as an important business issue of Indian companies irrespective of their size, sector, and business goal.

Keywords: Corporate Social Responsibility, Agricultural Sector

Introduction:

India is predominantly an agrarian economy. Indian agriculture is characterized by millions of small and marginal farmer with uneconomical landholding facing a myriad of difficulties to sustain their livelihood. The issue of small farmer's empowerment and development as one of the main avenue of poverty reduction remains challenging. Agricultural sector is the mainstay of Indian economy, which



provides employment to more than 70 percent of the population for which increasing agricultural growth is the top most priority of the government. Indian agriculture has been facing multiple challenges which have resulted into severe agrarian crisis. The complex nature of the history of agriculture in India stems from a variety of circumstances. The Indian agricultural sector has been facing a dual crisis, one in the form of agricultural development crisis as reflected in the falling agricultural growth rate due to declining productivity and hence profitability, which posed the livelihood of 84.97 percent (2010-11) of small and marginal farmers at the blink of survival risk and another is the agrarian crisis which is the result of high dependence of the population on agriculture and increasing marginalization of land holdings.

Objectives of the study:

- 1) To study the concept of Corporate Social Responsibility (CSR) and its various aspect.
- 2) To study the current scenario of Agricultural Sector in India.
- 3) To focus the need of Corporate Social Responsibility (CSR) in Agricultural Sector in India.

Methodology adopted for study:

The data for the study have been collected through secondary sources. Various books, Journals, Articles and websites have been accessed to collect the information for study.

Hypothesis of the study:

Corporate Social Responsibility has played a vital role in development of agricultural sector in India

Concept of Corporate Social Responsibility (CSR):

Corporate Social Responsibility (CSR) is turning into an inexorably significant action to organizations broadly and globally. It guarantees the achievement of a business by the incorporation of social and ecological contemplations into an organization's tasks as a positive commitment to society. With the entry of the Companies Act, 2013 the command for CSR has been officially presented on the dashboard of Boards of the Indian organizations. Each organization having a total assets of Rs. 500 crores or more, or a turnover of Rs. 1000 crores or more, or a net benefit of Rs. 5 crores or more has been brought inside the ambit of Companies Act



2013. It is currently required for these organizations to burn through two percent of the normal benefit of the past three years on CSR exercises. Because of this establishment it is assessed that at least 6000 Indian organizations will be needed to embrace CSR projects.

CSR responsibilities from these organizations are relied upon to be to the tune of Rs. 20,000 crores. As per Schedule-VII of Companies Bill, 2012 the accompanying exercises can be incorporated by organizations in their CSR Policies:- (I) Eradicating outrageous appetite and neediness; (ii) Promotion of instruction; (iii) Promoting sex fairness and enabling women; (iv) Reducing kid mortality and improving maternal wellbeing; (v) Combating HIV, AIDS, jungle fever and different infections; (vi) Ensuring ecological supportability; (vii) Employment upgrading professional abilities; (viii) Social business projects; (ix) Contribution to the Prime Minister's National Relief Fund or some other asset set by the Central Government or the State Governments for financial turn of events and alleviation and assets for the government assistance of the Scheduled Caste, the Scheduled Tribes, other in reverse classes, minorities and ladies.

Need of Corporate Social Responsibility in Indian Agriculture Sector:

Philosophers like Kautilya from India and pre-Christian era philosophers in the west preached and promoted ethical principles and controlled greed while doing business. The emerging perspective on CSR focuses on responsibility toward stakeholders rather than maximization of profits. CSR is a key element of business strategy.

Corporations ought to only concern themselves solely with making profits for their stockholders within the bound of law and should not directly involve with the social benefit aspects of corporations and hence, CSR is meaningless. It is a fact that corporate relationships were based on equal relationship between two parties but in India, farmers community were characterized as resource starved small and marginal. There are vast sections of society that are still not in a position to know, what is in their welfare and mostly dependent on external or third party to exist. Although recognizing that profits are necessary for any business to survive, for profit organizations are able to obtain those profits only because of the society in which they



operate. CSR emerges from this interaction and the interdependent relationship between for profits and the society. CSR represents an argument for a firm's economic interests, where satisfying stakeholder needs become central to retaining societal legitimacy (and therefore, financial viability) over the long term (*ibid*). The agribusiness practices explained in the third section which focused on the malpractices which were totally unethical and hence, require the adoption of CSR by the agricultural corporates of India.

To address these problems, farmer provided the following entry points, which could also form the building blocks or framework for a corporate social responsibility policy for the company: Such a cost must be incurred by the company itself. Input costs should be reduced as a special subsidy to farmers. The company should establish and implement some loan schemes for its contract farmers to particularly help them meet fees requirements for their children in time. The grabbing of land and property of farmers by corporate firms has been a recurring story from time to time requires CSR practices, unless would derail the very agenda of globalizing the Indian economy.

The Pepsi Co India, in an attempt towards CSR has been involved in trials of direct seeding versus conventional transplantation in rice fields. There is a need of true CSR that focuses on doing well for those who are affected by a corporation's actual line of business. Realistic solutions to these problems would require innovative approaches and strategies through a participatory decision making process involving the farmers corporate and the government. It needs a long term role by government and civil society for enforcement and setting up a "trust based" contract farming with the small and marginal farmers. The new companies bill 2013 mandates that every company having a net worth of Rs 500 crore or more, or a turnover of Rs 1000 crore or more, or a net profit of Rs 5 crore or more during any financial year must constitute a CSR Committee constituting of three or more directors, with at least one independent director. This Committee will formulate a CSR policy for the company and recommend the expenditure to be incurred on CSR activities, At least 2 percent of the average net profit of the company made during three previous financial years must be spent on CSR activities.



Examples of CSR Initiatives by Corporate Sectors in India:

In the course of the most recent 25 years, PepsiCo India has been consolidating profound bits of knowledge into Indian cultivating with its worldwide innovative skill to change the existences of ranchers. PepsiCo India set up a model of organization with ranchers and presently works with more than 24,000 cheerful ranchers across nine states through the yield lifecycle by giving new assortments, advancements and supportable cultivating rehearses. In PepsiCo, ranchers really have a companion and improvement accomplice. The relationship with PepsiCo India has not just raised the salaries of little and minor ranchers, yet in addition their social standing.

RIL has helped different pomegranate ranches in Karnataka and Maharashtra in managing issues of low organic product yield and low efficiency, creepy crawlies and irritations, low quality natural product, and wastage. Through the program, ranchers were taught on organic product stowing through different media, for example, contextual analysis introductions, and viable showings. The program upgraded the sack size used to hold the produce to fit with the quality and size of said produce. RIL additionally made an inventory network for snappier conveyance of the sacks. There were difficulties looked during the usage of the program, for example, tying the cover over individual organic product which was a significant issue, organic product aging, and the accessibility of readymade organic product covers with the correct sort of materials for simple recovery. Be that as it may, regardless of these difficulties, the program was effective in essentially expanding profitability and yield, going up 10 MT for each hectare. Natural products created were of a more uniform size and more profound red tone, and the overall quality likewise expanded to such an extent that the organic product was good for send out. Accordingly, the normal cost brought by the pomegranate likewise expanded by 20%.

DSCIGN Biosys Pvt Ltd is an ISO 9001:2008 certified company with a string background of eco friendly movements. Company is committed to quality research service and products through systematic research and development programs. Great contribution to the mankind could be protecting our mother nature by any possible means. Dscign Biosys is zero waste producing company with water positive plans. The company teach farmers, educate them and create an awareness to use safer and



nontoxic chemicals especially in soil while growing on large scale. While motivating him to practice minimal input agriculture, aim is to see that he gets a genuine product to practice minimum input agriculture (MIA) without compromising on final yield. Company has a huge program to bring all pomegranate cultivated area under bacterial blight free zone (BBFZ) with the help of preventive measures and prophylactic schedules using beneficial microbes and microbial metabolites, plant based formulations as well as nontoxic, residue free safer chemical chemicals. Company has the policy to adopt few villages, few farmers and huge geographical location that are under cash crops without proper technical support. Company have the programs to visit schools and conduct presentations, seminars and teaching programs on request apart from our own initiatives.

Suggestions:

- 1) The company should have well trained CSR department with qualified and experienced professionals for better planning, implementation and evaluation of CSR policies.
- 2) Each of the corporate should prepare its annual CSR report which now mandatory under new company act.
- 3) In the Annual report the corporate should publish the detail report on CSR with name and address of the beneficiary.
- 4) The corporate should also conduct a social performance audit of their CSR program to gauge their continuity.
- 5) The govt must play the role of motivator, facilitator and persuade corporate to require under consideration ethical, social and environmental criteria.
- 6) The company can perform the role of assisting the farmers as follows;
 - policy to adopt few villages
 - providing any time technical guidance to farmers
 - providing loans and support for marketing and processing of crops
 - Protection of Environment and adaptive mechanisms to deal with climate change
 - Implementing teaching and awareness programs among pomegranate farmers.
 - Conducting Research and Development programmes for increasing the productivity of pomegranate farming in India.
 - Strengthening skills in traditional farmers.

**Conclusion:**

Maintaining a reasonable rate of growth, food security and employment to millions of poor below poverty line along with participating in the process of commercialisation of Indian agriculture are the major challenges before agricultural sector. While contract farming can be effective in introducing new technologies and providing external input to farmers, danger lies in firms extending technologies that bring financial benefits in the short run, but results in a long run destruction of the economic viability and sustainability of farmers and various other health and environmental impacts. But the problem lies due to the inherent characteristics of Indian agriculture which is not in a position to take the benefit generated by these initiatives. They simply don't satisfy the condition of contract based on equality and most of the time cheated due to their weak position. A concept of social responsibility among corporations can provide them with a standing base and support them to come out of these weaknesses. The emergence of CSR has played a significant role in enhancing the boundaries of action of corporate towards these objectives. For which, corporate must promote sustainable development through their supply chains by influencing peasants to adopt more environmentally and socially responsible practices.

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