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## **A Study of Corporate Social Responsibility initiative taken by Reliance Industries Limited.**

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### **Abstract:**

*In recent years Corporate Social Responsibility (CSR) emerged as an effective tool for poverty alleviation and upliftment of deprived community into main streamline of the development. Government sponsored programme is not enough to cover entire section of society due to large size and huge population of India. Government, Social Activist, Media, Regulator, International organization etc. has been putting pressure on corporates for its social welfare activity. After the introduction of The Companies Act, 2013 in India, Companies which fulfill certain criteria, have to spend mandatorily in social welfare activities. Section 135 of The Companies Act, 2013 mainly focuses on large companies due to its ability to spend in welfare activity. Reliance Industries Limited (RIL) is India's one of the largest company by market capitalization with business across petroleum, power, textile, communication, retail etc. spreading all over the world. Since RIL earns huge profit every year, therefore it's legal as well as moral responsibility of the company to bring deprived community into main streamline by spending in Corporate Social Responsibility (CSR) fund. This paper portrays CSR initiative taken by RIL and its spending pattern across the different segment of the development. The study is based on secondary data taken from annual report of RIL and National CSR Data Portal, Ministry of Corporate Affairs, Government of India.*

**Key Word:** Corporate Social Responsibility, CSR, Reliance Industries Limited, RIL

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### **Introduction**

CSR is a comprehensive set of policies, practices and programmes that are integrated into business operations, supply chains and decision-making processes throughout the organisation. (Jaysawal and Saha 2015). It is a social welfare programme spreading several areas of development such as education, rural development, environment, woman empowerment, rural livelihood, health, hygiene, drinking water and sanitation etc. It also includes business ethics, corporate governance, and corporate accountability. As per the United Nations and the European Commission, CSR leads to 'triple bottom line'— profits, protection of the environment and fight for social justice (Mathur and Midha, 2012). World Business Council for sustained development states that CSR is "the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large" (Garg, 2014)

### **Objective of the study**

- a) To find out the amount spending by Reliance Industries limited in CSR Fund.
- b) To find out the focus area of development for CSR project.
- c) To identify the strategic approach for CSR spending adopted by RIL.
- d) To study the social welfare programme launched by RIL.

### **CSR in India**

CSR in India has been quite old. In ancient times, it used to be called as charity in the name of "daan". During the Gupta period (320 to 550 CE), the philanthropy was at its peak where the

emperor used to donate a major chunk of treasury for the welfare of the common people. Philosophers such as Kautilya from India and pre-Christian era philosophers in the West preached and promoted ethical principles while doing business. Even during the Mughal period, the concept of philanthropy received its promotion under the reign of Akbar. This scenario continued during the British period also. (Jaysawal and Saha 2015)

CSR is not a new concept in India. Ever since their inception, corporate like the Tata Groups, and Indian Oil Corporation, to name a few, have been involved in serving the community, through donations and charity events, many other organisations have been doing their part for the society. The basic objective of CSR in these days is to maximize the company's overall impact on the society and stakeholders. CSR policies, practices and programs are being comprehensively integrated by an increasing number of companies throughout their business operations and processes. A growing number of corporate feel that CSR is not just another form of indirect expenses but is important for protecting the goodwill and reputation, defending attacks and increasing business competitiveness. Companies have specialized CSR teams that formulate policies, strategies and goals for their CSR programs and set aside budgets to fund them. These programs are often determined by social philosophy which have clear objectives and are well defined and are aligned with the mainstream business. The programs are put into practice by the employees who are crucial to this process. CSR programs range from community development to development in education, environment and healthcare etc. (Garg, 2014).

After independence, TATA has broadened its CSR intervention in India. After independence, JRD Tata who always laid a great deal of emphasis to go beyond conducting themselves as honest citizens pointed out that there were many ways in which industrial and business enterprises can contribute to public welfare beyond the scope of their normal activities (Ahmed, 2013).

### **Reliance Industries Limited**

Reliance Industries Limited (RIL) founded by Dhirubhai H. Ambani, is an Indian multinational company headquartered in Mumbai, Maharashtra. It is India's largest private sector enterprise with an annual total revenue of 3, 13,555 crore INR in financial year 2017-18. Reliance Industries Limited was ranked 71 in Forbes Global 2000 list; retaining No. 1 Indian Company tag also it was ranked 1 in Fortune India 500 and 106 in Fortune Global 500 list. RIL has evolved from being a textiles and polyester company to an integrated player across energy, materials, retail, entertainment and digital services. In each of these areas, it is committed to innovation-led, exponential growth. It focuses on the products and services with wide range of portfolio which includes all Indians on a daily basis, across economic and social dimensions.

### **Reliance Foundation**

Reliance Foundation was set up in 2010 to provide impetus to various philanthropic initiatives of RIL. The efforts of the group have already touched the lives of more than 35 million people across India in more than 20,000 villages and several urban locations.

According to Reliance Foundation Annual Report, Reliance Industries Limited (RIL), through Reliance Foundation, has significantly contributed to and made measurable progress toward its vision of an inclusive India. Moving well beyond its business activities, the RIL Group contributes to a positive societal impact through diverse community engagement initiatives. The Reliance Foundation has a comprehensive development approach. Its prime objective is to create and support meaningful activities through innovative institutions to address some of India's most pressing developmental challenges. It lays significant emphasis on leveraging technology for developmental solutions. Following its model of direct engagement, it directly reaches out to

the affected communities through trained professionals. Over the years, Reliance Foundation's initiatives have continued to evolve, while remaining responsive to the ever-changing needs of society. It is currently focusing on creating change in areas of Rural Transformation, Health, Education, Sports for Development, Disaster Response, Arts, Culture & Heritage and Urban Renewal. To maximize its reach and improve outcomes, Reliance Foundation has also established strategic partnerships with organizations that have the technical expertise and experience to undertake various programmes in the identified focus areas of operation.

### Focus Area

RIL has identified seven focus areas.

**1. Rural Transformation:** It enhances livelihood opportunities and provides relevant information to help reduce risks for rural communities. Key initiatives include: a) Supporting Farm and non-farm livelihoods b) Improving water conservation and rainwater harvesting c) Developing community based initiatives like VFAs and producer companies towards building capacity of the community and ensuring sustainability. d) Using technology towards delivering need based information for improving quality of life. e) Improving food security and enhancing nutrition f) Developing Community infrastructure. (Shinde 2016)

**2. Healthcare:** To address issues around affordability and accessibility of quality healthcare and bring about improvement in awareness and health seeking behavior in various parts of India, enabling a better living, through initiatives such as: a) Primary, secondary and tertiary care facilities b) Conducting need based health camps and providing consultation, medicines etc. c) Working on maternal and child health d) Behavioral change for improved mother and child health (e) Improving healthcare delivery through innovative outreach programmes f) Working for the visually impaired g) Working in the areas of Communicable and non-communicable diseases h) Using technology for training, competency evaluation and clinical decision support for medical professionals with a view to improve quality of healthcare. (Shinde 2016)

**3. Education:** To work on several educational initiatives to provide quality education, training, skill enhancement for improving the quality of living and livelihood. Initiatives are aimed at: a) Promoting primary and secondary education b) Enabling higher education through merit cum means scholarships, including for differently abled across the country. c) Using sports as a tool for development of students in both urban and rural settings d) Promoting higher education including setting up and supporting universities e) Skill development and vocational training. (Shinde 2016)

**4. Sports for Development:** Reliance Foundation also focuses on using sports as a medium to encourage learning and breed leadership among the youth in the rural areas. Bringing people from various villages together leads to stronger bond between tribes, neighbours and families. This initiative is a medium to enhance community partnership and promote traditional rural sports. Sports Day brings together more than 40,000 people every year who enjoy different games and sports. It has resulted in youth transforming into community youth leaders and serving as mentors to the village children. Key initiative includes a) Reliance Foundation Jr. NBA programme b) Reliance Foundation Youth Sports c) Reliance Foundation Young Champs

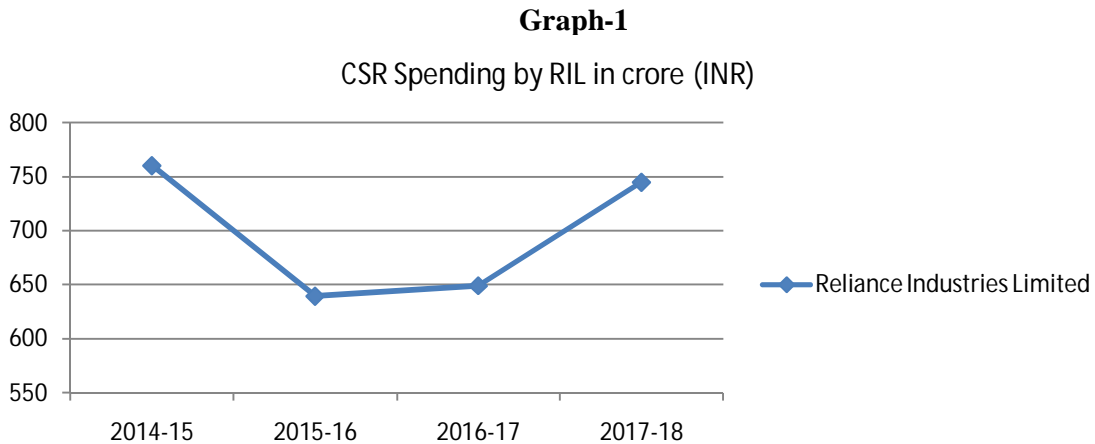
**5. Disaster Response:** RIL has a track record of organizing timely relief and rehabilitation of communities affected by natural calamities. To strengthen efforts in the area of Disaster Response

towards establishing RIL as one of the leading organizations with the capacity to respond in a timely and impactful manner in the affected areas. Key initiatives include: a) Building capacities of local communities to respond to disasters b) Developing expertise and resources to respond to disaster. (Shinde 2016)

**6. Art and culture:** To work towards preserving the rich heritage, arts and culture of India for its future generation and make conscious efforts to ensure its continuity and enhance avenues for livelihoods of traditional artisans and craftsmen. Key initiatives include: a) Working towards protecting and promoting India's art, culture and heritage through various promotional and developmental projects and programmes. b) Support and promotion of artists and craftsman c) Promotion and preservation of traditional art and handicraft d) Documenting India's rich heritage for the benefit of future generations. (Shinde 2016)

**7. Urban Renewal:** it is an initiative that encompasses massive city-modernisation in order to improve the quality of life and infrastructure in cities. The Urban Renewal initiatives of Reliance Foundation strive to enrich and improve public spaces to revitalise the ageing infrastructure and also provide newer facilities. The motive is to encourage cities to initiate steps for bringing phased improvements in community living. Development of Goda Park on the banks of river Godavari in Nashik, in partnership with Nashik Municipal Corporation, is an on-going project and includes construction of children's park, walkways, jogging tracks, etc.

Graph-1 indicates the spending pattern of reliance industries Limited in CSR fund. It can be observed that the expenditure of RIL in CSR fund was highest in year 2014-15, where company spend more than 750 crore INR. In the year 2015-16 and 2016-17 , the amount was reduced as compare to 2014-15, but RIL recover is previous position in next year where company spend 745.04 crore in social welfare activity.



**Source:** National CSR Data portal, Ministry of corporate Affairs, Government of India

Table-1 is the detail analysis of CSR expenditure of Reliance Industries limited. It shows that how RIL spent CSR fund among different areas of development. As per the data released by Ministry of corporate Affairs, Government of India through National CSR Data Portal, RIL had spent total 7,450,400,000.00 crore INR in year 2017-18 against project amount 7,500,000,000.00 crore INR.

The amount was distributed in 29 CSR projects with wide range of area including community development, partnership with other NGO, education, vocational training, health, environment etc.

**Table-1**

| <b>CSR spending of RIL in different sector in Financial Year 2017-18</b> |   |                               |              |                       |                     |
|--|---|-------------------------------|--------------|-----------------------|---------------------|
| <b>S.N</b>   | <b>CSR Projects</b>   | <b>Development Sector</b>     | <b>State</b> | <b>Project Amount</b> | <b>Amount Spent</b> |
| 1  | CSR Initiatives at manufacturing locations                                      | Health care                   | PAN India    | 80,000,000.00         | 121,700,000.00      |
| 2  | Community Development   | Health care                   | PAN India    | 20,000,000.00         | 15,200,000.00       |
| 3  | Partnership with Non-Government Organisations                                   | Health care                   | PAN India    | 240,000,000.00        | 110,500,000.00      |
| 4  | Lodhivali Hospital ART Clinic   | Health care                   | Maharashtra  | 40,000,000.00         | 41,400,000.00       |
| 5  | Reliance University   | Education                     | Maharashtra  | 1,390,000,000.00      | 3,035,700,000.00    |
| 6  | Dhirubhai Ambani Scholarship Programme  | Education                     | Gujarat      | 4,900,000.00          | 200,000.00          |
| 7  | Reconstruction of School at Uttarakhand   | Education                     | Uttarakhand  | 32,200,000.00         | 31,400,000.00       |
| 8  | Vocational Skilling Initiative  | Education                     | PAN India    | 75,000,000.00         | 25,000,000.00       |
| 9  | Digital Education Initiatives   | Education                     | PAN India    | 0.00                  | 0.00                |
| 10   | Health Programme - Mother Child Health  | Health care                   | PAN India    | 10,000,000.00         | 10,000,000.00       |
| 11   | Environment - RF - Urban Renewal Initiatives                                    | Environmenta l sustainability | Maharashtra  | 20,000,000.00         | 3,400,000.00        |
| 12   | RF Bharat India Jodo Enhancing Rural Livelihoods                                | Rural Development Projects    | PAN India    | 621,000,000.00        | 375,000,000.00      |
| 13   | Disaster Relief Urban Renewal   | Rural Development Projects    | PAN India    | 117,900,000.00        | 10,900,000.00       |
| 14   | CSR Initiatives at manufacturing locations                                      | Art and culture               | PAN India    | 10,000,000.00         | 100,000.00          |
| 15   | Information Services - Enabling access to need based locale-specific content in | Rural Development Projects    | PAN India    | 228,000,000.00        | 162,000,000.00      |

|    |   |                            |             |                |                |
|----|---|----------------------------|-------------|----------------|----------------|
|    | agriculture marine fisheries public health disaster response and other areas by leveraging technology                         |                            |             |                |                |
| 16 | Promoting Traditional Arts and Culture  | Art and culture            | Maharashtra | 10,000,000.00  | 8,500,000.00   |
| 17 | Community Development - Rural Development Projects  | Rural Development Projects | PAN India   | 100,000,000.00 | 96,000,000.00  |
| 18 | Partnership with Non-Government Organisations   | Rural Development Projects | PAN India   | 350,000,000.00 | 314,000,000.00 |
| 19 | Reliance Foundation Jr. NBA Programme   | Training to promote sports | PAN India   | 40,000,000.00  | 29,500,000.00  |
| 20 | CSR Initiatives at manufacturing locations  | Rural Development Projects | PAN India   | 740,000,000.00 | 861,100,000.00 |
| 21 | Promoting Grassroot Sports  | Training to promote sports | PAN India   | 640,000,000.00 | 376,100,000.00 |
| 22 | Health Outreach Programme - Static Mobile Medical Units and camps for primary and preventive healthcare including diagnostics | Health care                | Maharashtra | 90,000,000.00  | 41,000,000.00  |
| 23 | Partnership with Non-Government Organisations   | Training to promote sports | Maharashtra | 1,000,000.00   | 700,000.00     |
| 24 | Drishti Corneal transplant and other activities for visually impaired   | Health care                | PAN India   | 30,000,000.00  | 27,000,000.00  |
| 25 | RF Young Champs   | Training to promote sports | Maharashtra | 60,000,000.00  | 24,800,000.00  |
| 26 | To develop innovative technology that will help train medical students  | Health care                | Maharashtra | 10,000,000.00  | 1,100,000.00   |

|                    |   |             |             |                         |                         |
|--------------------|---|-------------|-------------|-------------------------|-------------------------|
|                    | and clinicians for better diagnosis and improved healthcare |             |             |                         |                         |
| 27                 | Sir HN Reliance Foundation Hospital and Research Centre     | Health care | Maharashtra | 1,630,000,000.00        | 1,111,000,000.00        |
| 28                 | Partnership with Non-Government Organisations               | Education   | PAN India   | 760,000,000.00          | 459,900,000.00          |
| 29                 | CSR Initiatives at manufacturing locations                  | Education   | PAN India   | 150,000,000.00          | 157,200,000.00          |
| <b>Grand Total</b> |   |             |             | <b>7,500,000,000.00</b> | <b>7,450,400,000.00</b> |

*Source:* National CSR Data portal, Ministry of corporate Affairs, Government of India

### Conclusion

The tag of India’s one of the largest private sector company makes Reliance Industries Limited more social responsible. Therefore RIL spends huge amount every year for social welfare activity through Reliance Foundation in all sector of development including education, health, environment, hospital etc. It has been observed that RIL always spend in CSR fund more than prescribed limit of 2% of last three years average net profit. RIL has segregated entire development area in seven focus area and takes several strategically initiative to execute social welfare programme. Apart from few development programmes which are concentrated to Maharashtra only, Most of the development programmes has spread all over the country.

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