

# Role of CSR Initiatives in the Development of Agricultural Sector in India

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## Abstract

India's agriculture sector is a vital part of the country's GDP, providing livelihoods for 55% of its population. However, challenges like price volatility, climate risks, and small and vulnerable farmers persist. The present study employs a qualitative theoretical research technique and utilizes secondary data to examine the influence of corporate social responsibility (CSR) on the collapse of the agriculture business. The study specifically focuses on the top twenty Indian corporations that contribute to rural development and agriculture. A five-point plan has been proposed to improve farmer incomes, generate rural employment, mitigate production and price risks, and develop agricultural infrastructure through public-private partnerships. Mandatory Corporate Social Responsibility (CSR) involvement is crucial in addressing these issues. The study highlights that the CSR initiatives in India focus on sustainable practices, farmer welfare, technology dissemination, fair market access, community development, environmental conservation, women's empowerment, and collaborations. By investing in sustainable practices, companies can boost crop yields, increase farmers' income, reduce poverty, and support education and healthcare initiatives in rural areas. Mandatory CSR expenditure in agriculture could help address bottlenecks and improve infrastructure. State Agricultural Universities (SAUs) and private agribusiness firms and NGOs should partner with SAUs in implementing CSR initiatives for agricultural development.

**Key words:** Corporate social responsibility, Agriculture, Rural development, CSR expenditure, Farmers

India is a major player in the global agriculture sector, providing livelihood for 55% of its population. With the world's largest cattle herd, largest wheat, rice, and cotton areas, and the second-largest producer of fruit, vegetables, and sugar, India's agriculture generates employment for half of its population. Farmers are crucial in sustaining the nation [1]. India's economy, once heavily reliant on agriculture, has seen a decline in its contribution to the GDP, 35% in 1990-91 to 15% in 2022-23, largely due to the rapid expansion of the industrial and service sectors. Union Agriculture Minister Arjun Munda attributed this decline to a significant increase in industrial and service sector GVA [2].

Economists and the Indian administration widely agree that the agricultural sector in India is experiencing significant difficulties [3]. However, when it comes to the employment and sustenance of individuals, the agricultural sector in India employs the highest number of individuals. According to data from the World Bank, over 50% of Indian households rely on agriculture as their primary source of income [4]; which is sufficient to illustrate the significance of the agriculture sector for the Indian economy. Indian agriculture, characterized by challenges like price volatility, climate risks, and the prevalence of small and vulnerable farmers, faces agrarian distress despite recent pro-agriculture government initiatives. To combat this, a comprehensive five-point plan has been proposed by [5], aiming to enhance farmer incomes through technological advancements, diversification, and support price mechanisms,

generate rural employment, mitigate production and price risks, and develop agricultural infrastructure via public-private partnerships, ultimately aiming to revitalize the sector and bolster India's economic growth. Governments have implemented various schemes to address farm sector distress, including liquidity infusion, subsidies, and farm loan waivers. However, these efforts have yet to significantly improve, attracting international criticism from the WTO and other international bodies, particularly in India due to small landholding patterns [6].

Given the extensive scope and complexity of the agricultural industry in India, it seems highly improbable that government agencies alone can promptly address all the issues. This necessitates unconventional solutions. The mandatory Corporate Social Responsibility (CSR) involvement will be crucial in promoting sustainable agricultural development in India [7]. The Companies Act, 2013 in India introduced Corporate Social Responsibility (CSR) as a mandatory provision for companies to undertake social welfare projects. The CSR ambit is expanding and will become a unique knowledge base for analyzing and achieving sustainability goals among large economies [8].

In India, corporate social responsibility (CSR) in the agricultural sector, still in its early developing stage, needs attention in terms of environmental protection and development. Despite growing recognition of CSR's importance, there are still challenges to achieve meaningful and

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impactful CSR activities in the agricultural sector. Accurate measurement of CSR effectiveness is essential [9]. CSR initiatives in India's agricultural sector are crucial for promoting sustainable practices, farmer welfare, technology dissemination, fair market access, community development, environmental conservation, women's empowerment, and collaborations. These activities include rainwater harvesting, solar pump adoption, organic farming, seed and soil management, and knowledge dissemination. By investing in sustainable practices, companies can boost crop yields, reduce poverty, and support education and healthcare initiatives in rural areas. The growth and success of the agricultural sector depend on investment from both the public and private sectors [10]. Therefore, the present study examines the corporate social responsibility (CSR) initiatives of Indian companies in the agricultural sector, analyzing their impact and identifying challenges, and proposes solutions for effective implementation and positive outcomes.

Agriculture is the primary income source for rural dwellers, but younger generations are hesitant to engage due to challenges such as lack of knowledge, skills, and access to education. To control the migration of rural youth, it is crucial to structure them in a skilled and economically rewarding agriculture framework [11]. Companies are developing tailored technology for local conditions and climate change to address these issues [12].

Achieving sustainable growth in agriculture is a formidable task due to India's agricultural characteristics and the prevalence of tiny land holdings. Corporate Social Responsibility (CSR) is a crucial driver in addressing agricultural sector challenges, offering solutions across socio-economic, environmental, and ethical realms. CSR contributes by promoting sustainable practices, aiding farmer welfare, fostering technological adoption, facilitating community development, ensuring fair market access, supporting climate-resilient agriculture, and encouraging ethical practices [13].

Global corporations have increased attention towards CSR, manifesting through various social development endeavors. Implementing CSR initiatives in agriculture and rural development will assist farmers and improve their well-being. Research institutes under ICAR have developed numerous technologies, but many have yet to reach farmers [14]. Companies use CSR funds to disseminate these proven technologies to farmers, such as watershed development, adopting innovative technologies, forming Farmer Producer

Organizations (FPOs), and providing advisory services through ICTs [15]. Mandatory corporate social responsibility (CSR) expenditure in agriculture could help address bottlenecks and improve infrastructure, and tax benefits to entities involved in agriculture projects could boost the rural economy [16].

## MATERIALS AND METHODS

The present study employed a theoretical research methodology that relied on existing studies and secondary data in the field of research. A qualitative analysis has been conducted on the impact of corporate social responsibility (CSR) on the decline of the agriculture industry using data collected from the top twenty Indian corporations contributing towards the rural development and agriculture sector. The data is derived from the national CSR portal under the Ministry of Corporate Affairs (MCA) department. Financial data regarding CSR expenditure on the agriculture sector exists, but, verifying the claimed impact is challenging due to the frequent overlap between government initiatives and CSR projects.

## RESULTS AND DISCUSSION

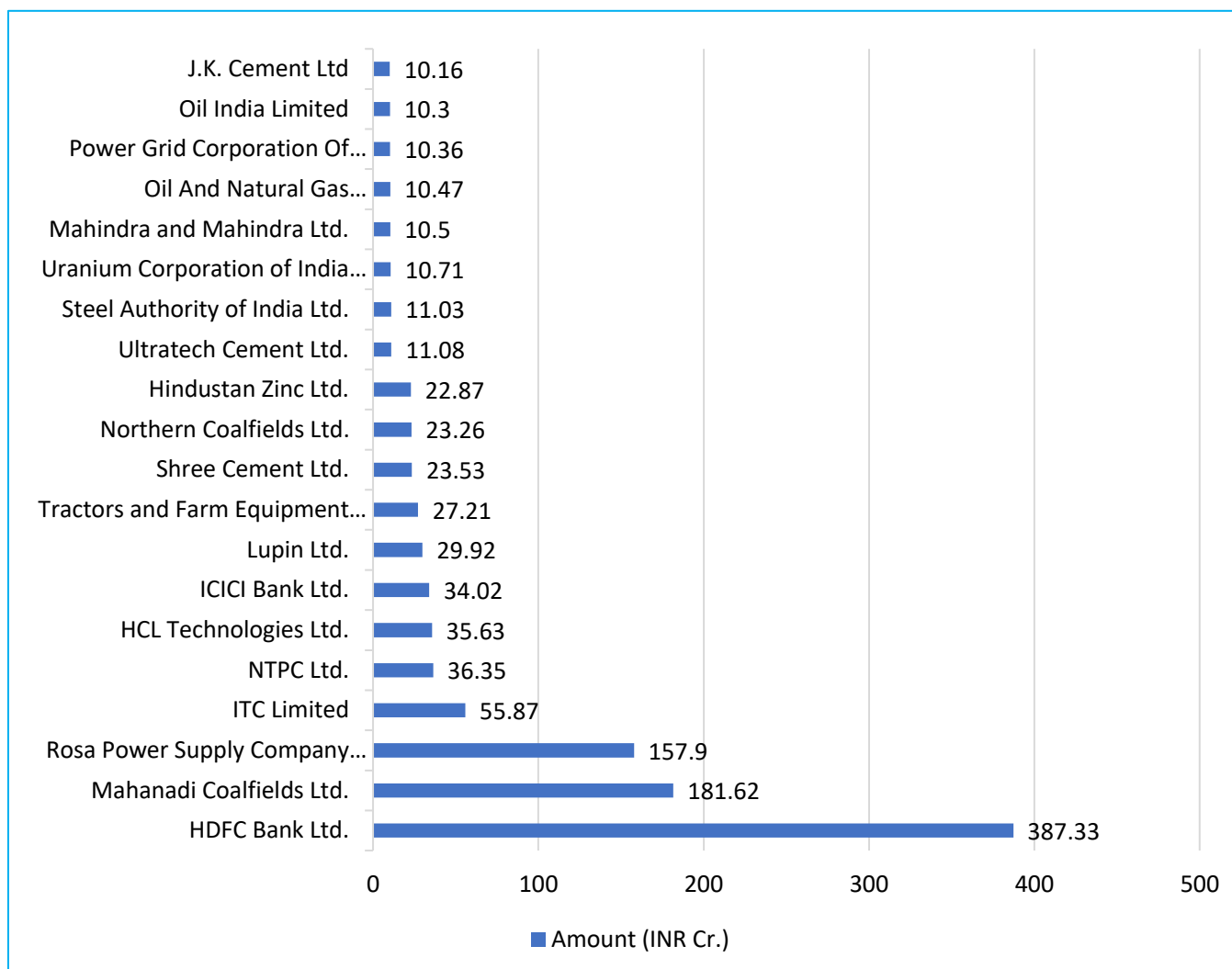
Corporate social responsibility (CSR) in India has existed for centuries, often as a religious duty for traders and manufacturers. Tata Sons are considered the pioneer of corporate social responsibility (CSR) in India in early 1900, while e-Choupal [17] and Jai Kisan Kirishi Samrat [18] are considered the first CSR initiatives by any corporation in the agriculture sector [6]. The following section qualitatively analyses the impact of corporate social responsibility (CSR) initiatives by the top twenty contributing Indian companies in the agriculture sector in India during the FY 2021-2022.

The (Table 1) depicts the sector-wise CSR expenditure of the Indian companies for the financial year 2021-2022. The table reflects that most companies are involved in the Health and Sanitation sector with a significant amount of Rs. 9987.44 cr., followed by the Education and livelihood sector at Rs. 8381.99. The corporate social responsibility (CSR) expenditure towards Rural Development has declined to Rs. 1801.43 Cr. in the financial year 2021-2022 compared to Rs. 1850.71 Cr. during the financial year 2020-21. The total corporate social responsibility (CSR) expenditure across all the development sectors during the financial year 2021-2022 was Rs. 25932.79.

Table 1 Sector-wise CSR expenditure for the FY 2021-2022

| S. No.                                 | Development sector  | Amount (in Cr.) |
|--|---|-----------------|
| 1.                                     | Health and sanitation   | Rs. 9987.44     |
| 2.                                     | Education, differently abled, livelihood  | Rs. 8381.99     |
| 3.                                     | Rural development   | Rs. 1801.43     |
| 4.                                     | Prime minister national relief fund   | Rs. 1190.86     |
| 5.                                     | Any other fund  | Rs. 1618.17     |
| 6.                                     | Environment, animal welfare, conservation of resources                                | Rs. 2836.79     |
| 7.                                     | Gender equality, women empowerment, old age homes, reducing inequalities              | Rs. 707.18      |
| 8.                                     | Heritage art and culture  | Rs. 241.24      |
| 9.                                     | Encouraging sports  | Rs. 286.69      |
| 10.                                    | Others  | Rs. 0.59        |
| 11.                                    | Swachh bharat   | Rs. 32.92       |
| 12.                                    | Other sectors (Technology incubator and benefits to armed forces and admin overheads) | Rs. 49.88       |
| 13.                                    | Slum development  | Rs. 58.14       |
| 14.                                    | Clean ganga fund  | Rs. 54.31       |
| Total Amount Spent on CSR in 2021-2022 |   | Rs. 25932.79    |

Source: www.mca.gov.in



Source: www.mca.gov.in

Fig 1 List of CSR contributing companies towards rural development and agriculture

Major Indian companies are focusing on rural development as part of their Corporate Social Responsibility (CSR) initiatives. The government's Ministry of Rural Development and private companies are also contributing to rural betterment through initiatives such as empowering rural residents, and women, providing sustainable livelihood options, improving living standards, and providing access to basic facilities like sanitation, healthcare, education, drinking water, village development, and agriculture support [19]. Krishi Mitra project, a CSR initiative by Mahindra and Mahindra, educates small farmers on farming techniques, soil health, crop planning, and bio-dynamic practices, providing advisory services and infrastructure development [20].

HDFC Bank Limited empowers communities through CSR initiatives under HDFC Bank Parivartan, focusing on semi-urban and rural regions. HDFC Bank's Holistic Rural Development Programme (HRDP) includes farm and nonfarm-based livelihood, water conservation, farmer training, sanitation, and natural resource management. The program aims to enhance livelihood opportunities, discourage migration, and promote entrepreneurship [21]. Mahanadi Coalfields Ltd., focuses on rural development through CSR projects like road alignment, crop yield improvement, and horticulture promotion, aimed to improve rural areas and contribute to the country's economy [22]. Tata Sons is empowering rural communities, farmers, and disadvantaged urban youth through training and literacy programs. The company's interventions in agriculture include Lakhpati Kisan, Sukhi Baliraja, Coastal

Salinity Prevention and Mitigation, Transforming Rural India, and MKRISHI. Tata Sons has also supported the formation of milk producer companies in 13 districts across Rajasthan, Haryana, Punjab, and Uttar Pradesh, employing 154 rural youth and strengthening the skill base of marginalized farmers [23]. The ICICI Foundation, established in 2008, focuses on improving agricultural productivity, promoting sustainable practices, and strengthening the supply chain in rural areas. Its Rural Livelihood Programme addresses shortages in the village ecosystem, addresses surplus in the local economy, provides low investment entrepreneurial opportunities, and addresses local environmental challenges. The foundation has benefitted over 30,000 people across 346 villages during fiscal 2021, with 64% being women. The bank manages two Rural Self Employment Training Institutes (RSETIs) in Udaipur and Jodhpur, with 16 satellite centers in Rajasthan [24].

M&M is working to protect and restore water resources in communities for sustainable development. They have partnered with the Government of Madhya Pradesh and the National Bank for Agriculture and Rural Development to increase groundwater levels, and initiated climate-proofing projects in micro watersheds. ITC Limited supports CSR by promoting sustainable agriculture practices, reducing farmers' risk of erratic weather events, and providing institutional services through the Sustainable Agriculture programme. The Hindustan Zinc Limited's flagship program, 'Samadhan', aims to boost farming community income through sustainable practices, reaching 13,838 farmers and 15,103 families through

agricultural interventions. Ultratech Cement Ltd. supports CSR through agriculture and farm-based programs, including training, seed improvement, equipment, exposure, productivity improvement, soil health, and organic farming. ONGC has established the Center for Agriculture Research and Training in Telangana. The company's CSR initiatives focus on healthcare, water supply, sanitation, environmental protection, art, rural development, education, gender equality, sustainable livelihood, and veterans' support. In financial year 2021-22, these programs impacted over 6.27 lakh people. NTPC has exceeded its annual CSR expenditure, exceeding the prescribed amount, prioritizing CSR initiatives in education, healthcare, and environmental sustainability. During financial year 2021-22, NTPC's CSR programs benefited 450 villages and over 400 schools, benefiting around 14 lakh people in remote locations. Shree Cement Ltd., through Krishi Vigyan Kendra, offers training, agriculture tools, and high-quality seeds to farmers in rural areas. They also provide fodder seeds and financial assistance for building feed managers to reduce fodder wastage during cattle feeding. Power grid's CSR team completed an Integrated Watershed Management project in Kurnool, Andhra Pradesh and Vijayapura, Karnataka, costing Rs. 18 crores, and is replicating it in five villages in Odisha. OIL, a leading PSU in Assam, focuses on crude oil and natural gas exploration, production, and transportation. They offer skill training and self-sustainability through backward and forward linkages [25].

## CONCLUSION

India's agricultural sector faces challenges due to high risk, low income, and lack of proper infrastructure. However, corporate social responsibility (CSR) initiatives and government programs can address these issues, promoting ecological conservation, affordability, and economic progress. India's agriculture sector is experiencing a revival due to

innovative practices by agripreneurs. The study depicts the positive role of CSR in agriculture to promote sustainable growth, safe food production, and agri-business development. Establishing a well-functioning supply chain is crucial for effective implementation. Despite COVID-19 challenges, the agriculture industry has grown, but structural issues must be addressed for profitability. Investing in research and disseminating findings to policymakers is crucial. Corporate Social Responsibility initiatives in India improve farmers' livelihoods, environmental sustainability, gender equality, and food security. Amplified investment in agriculture is crucial to effectively address challenges such as supply chain impediments and to cultivate more advantageous market conditions for agricultural goods, thereby resulting in heightened income prospects for farmers. Advanced technologies like AI, robots, and organic farming are transforming the farming industry, boosting productivity, income, resource conservation, and employment opportunities. State Agricultural Universities (SAUs) in India significantly contribute to agricultural production and productivity, fostering rural development through technologies, innovations, and human resource development. Strategic planning is crucial for their effectiveness. Therefore, it is suggested that Companies partner with SAUs to implement CSR initiatives towards agricultural development. The corporate social responsibility (CSR) initiatives in agriculture should adopt a comprehensive approach rather than specific problems, focusing on strategic objectives to promote sustainable development. The primary goal is to improve society, but effective communication and community endorsement are crucial for successfully implementing CSR initiatives in the private sector. Private agribusiness firms and NGOs should assist farmers in transmitting agricultural technologies and utilizing Corporate Social Responsibility funds to enhance crops, increase income, and promote sector growth and development.

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