

## CSR after companies act 2013: A case study of Bharti Airtel

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### Abstract

The provisions regarding CSR in the new Companies Act has a major influence on the ways the CSR activities are undertaken by the companies in India. CSR, which has been considered as a voluntary activity in India before the enactment of this Act, has now been included in law. In this article CSR activities of Bharti Airtel have been observed in the light of New Companies Act. Bharti Airtel has announced its Corporate Social Responsibility Policy which will be in accordance with Section 135 of the Companies Act 2013. It was observed that Bharti Airtel, through its CSR policy, promises its compliance with the provisions of New Companies Act. Its CSR activities cover areas like education, community service, women empowerment, helping underprivileged and disadvantaged, digital awareness, environment, disaster relief and waste management, etc.

**Keywords:** CSR, companies act, airtel, community, education, bharti foundation

### Introduction

A business unit is one of the constituents of the society. It is a unit whose activities affect the society and its members. The society, in turn, provides the infrastructure and facilities, without which, a business unit can not function at all. So the business enterprise which makes use of the resources of society and depends upon it for its functioning, should contribute to enhance the welfare of the society. This responsibility of business towards society is known as corporate social responsibility. Traditionally, CSR is seen as a mere act of philanthropy. Corporate Philanthropy is not based on any kind of obligation or responsibility but simply upon the desire to do good. Corporate philanthropy usually consists of gifts, charity and donations. It also suggests that the goodness or moral value of the intention can only be achieved if companies do not seek any benefit for themselves out of the philanthropic activities. But Philanthropy is different from CSR. In fact, scope of CSR is much wider than philanthropy. The WBCSD defines CSR as “the continuing commitment by business to contribute to economic development while improving the quality of life of the workforce and their families as well as of the community and society at large.” Deresky (2003) <sup>[1]</sup> states that the impact that corporate decisions have on issues such as poverty, lack of equal opportunities, the environment, consumer concerns, employee safety and well-fare are the most quoted in the literature regarding CSR in MNCs.

Planken *et al.* (2010) <sup>[2]</sup> revealed that Indian corporates pursue a primarily philanthropic platform with a focus on community development projects. However, it was also indicated that Indian consumers may not value philanthropic CSR as highly as other CSR initiatives and that this may in turn influence their attitude to different marketing communication strategies. Thus, in the light of above findings, observation made by Sachdeva (2010) <sup>[3]</sup> seems to be absolutely right that CSR is slowly moving away from charity and dependence and is starting to build on empowerment and partnership.’

The Companies Act, 2013, which was enacted on 29 August 2013 is seen as a historic milestone. The new law has replaced the nearly 60-year-old Companies Act, 1956. The provisions regarding CSR in the new Act has a major influence on the ways the CSR activities are undertaken by the companies in India. CSR, which has been considered as a voluntary activity in India before the enactment of this Act, has now been included in law. Section 135 of the Companies Act, 2013 deals with CSR which prescribes some rules and regulations which should be complied with by the companies while undertaking CSR activities.

### Applicability

According to Section 135 of the 2013 Act, the provisions regarding CSR are applicable to the companies having

1. Net worth of Rs 500 crore or more, or
2. Turnover of Rs 1000 crore or more, or
3. Net profit of Rs 5 crore or more during any financial year.

The companies falling within the above criteria are required to constitute a Corporate Social Responsibility Committee of the Board comprising of three or more directors. At least one director comprising the committee shall be an independent director.

### Spending

According to the New Companies Act, Companies which fall within the above criteria are required to spend at least 2% of their average net profit in the previous three years on CSR activities. Net profit for this purpose would be the profit before tax as per the books of accounts, excluding profits arising from branches outside India.

### Activities

Earlier, the companies used to have the liberty to choose any are of their choice where they could spend as CSR. But new Companies Act has specified some areas, which will be considered as CSR activities. It includes:

1. Eradicating extreme hunger and poverty

2. Promotion of education
3. Promoting gender equality and empowering women
4. Reducing child mortality and improving maternal health
5. Combating human immunodeficiency virus, acquired immune deficiency syndrome, malaria and other diseases
6. Ensuring environmental sustainability
7. Employment enhancing vocational skills
8. Social business projects

CSR activities meant for company’s employees and their families will not qualify under CSR. The new Companies Act also provides that the companies should give preference to the local area and the area surrounding its operations.

**Telecom Sector in India**

With a subscriber base of nearly 1058.86 million, as of March 2016, India accounted for the second-largest telecom network in the world. With 342.65 million internet subscriptions, as of March 2016, India stood third-highest in terms of total internet users in 2016. As of March 2016, Bharti Airtel was the market leader, with a 24.31 per cent share in the total subscription, followed by Vodafone (19.15 per cent share) (Source: www.ibef.org). Bharti Airtel is the leading company amongst the telecom sector with highest revenue, as well as with highest market share of subscriber base. Thus, in this study, an attempt has been made to explore the CSR activities of the Bharati Airtel, being a leading company of an important industry.

**CSR Policy of Bharti Airtel**

Bharti Airtel announced its Corporate Social Responsibility Policy which will be in accordance with Section 135 of the Companies Act 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014 (“the Act”) and will be effective from April 1, 2014. As per the policy Bharti Airtel’s focus area of CSR are

1. Promoting education including special education, employment enhancing vocation skills especially among children and livelihood enhancement projects.
2. Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation and making available safe drinking water.
3. Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government.
4. Promoting gender equality, empowering women, setting up homes and hostels for women and orphans, setting up old age homes, day care centers and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups.

Budget of CSR spending and the area to be covered are to be decided by the CSR committee appointed in accordance with the New Companies Act.

**CSR activities of Bharti Airtel**

As per Business Responsibility Report for the year 2015-16 the company reported that it had Paid up capital of 19,987 Mn, Total turnover of 603,002 Mn and, Total profit after tax 75,465 Mn. Total spending on CSR (as percentage of average net profit of the company for last 3 financial years) was reported to be 0.57%. list of CSR activities on which expenditure was incurred included promotion of education, rural sanitation programme, higher and technical education,

child welfare programmes, disaster relief initiatives, community development programmes, environmental initiatives and awareness and employability and entrepreneurship. Most of the CSR activities of Bharti Airtel are done in association with Bharti Foundation. Bharti Foundation was set up in 2000, as the philanthropic arm of the Bharti Enterprises. Since inception, it has partnered with Bharti Airtel Limited for implementing and supporting various programmes. Corporate Social Responsibility & Sustainability section of Annual Report gives details about the company’s CSR work. Following are the main CSR initiatives of the Company

**Satya Bharti School Program**

Satya Bharti Schools are located across the villages of Punjab, Rajasthan, Haryana, Uttar Pradesh, Tamil Nadu and West Bengal. The schools continue to deliver on the promise of transforming underprivileged children into educated, employable and responsible citizens of tomorrow.

**Satya Bharti School Program – Key Performance Indicators**

**Table 1**

<b>Schools</b>	<b>254</b>
States	06
Students	40,676
Percentage of Girls	49
Percentage of children from SC/ST/OBC communities	75
Teachers	1,635
Percentage of female teachers	54

Data as on March 31, 2016  
(Source: <http://www.airtel.in/airtel-annual-report-2015-16/corporate-social-responsibility.html#>)

**Satya Bharti Learning Centres**

The Satya Bharti Learning Centre Program focuses on the issue of Out of School Children (OOSC), in close coordination with the Government Schools. The Satya Bharti Learning Centre Program aims to mainstream Out of School Children back into schools by identifying, enrolling and providing them bridge courses that bring them to an age / class appropriate level of education. The project is run in partnership with the respective State Government’s Department of Education.

**Satya Bharti Learning Centres – Key Performance Indicators**

**Table 2**

<b>Centres</b>	<b>459</b>
Children impacted	22,830
Children enrolled	5,302
Children mainstreamed	14,703
Percentage of girls	50
Percentage of SC/ST/OBC students	96
Education volunteers	416

Data as on March 31, 2016.  
(Source: <http://www.airtel.in/airtel-annual-report-2015-16/corporate-social-responsibility.html#>)

**Satya Bharti Abhiyan**

Bharti Foundation launched the Satya Bharti Abhiyan to

improve sanitation facilities in rural Ludhiana district and support the Government’s agenda of Swachh Bharat Mission. Through this initiative, it provides individual toilets in households lacking such facilities, across 900+ villages. In addition, the aim is to improve sanitation facilities in government schools of rural Ludhiana by building separate toilets for girls, where no such amenities exist.

**Satya Bharti Abhiyan – Key Performance Indicators**

**Table 3**

<b>Number of individual toilets handed over</b>	<b>12,723</b>
Number of direct beneficiaries*	63,050
Villages covered	559
Girls’ toilets constructed in Government Schools	14

Data as of March 31, 2016, with total figures from inception in August 2014.

\*User numbers as reported by individual households at the time of handing over of the toilet

(Source: <http://www.airtel.in/airtel-annual-report-2015-16/corporate-social-responsibility.html#>)

**Nyaya Bharti**

Nyaya Bharti was launched in November 2015 to help deserving and underprivileged under trials, languishing in jails across the country for minor offences. The aim is to provide them with legal and financial support and assistance, while increasing awareness of every individual’s constitutional right to legal defence. This is a unique corporate initiative at the national level and hopes to fulfil the Hon’ble Prime Minister’s Vision of ‘Sabka Nyaya’ – Access to Justice for all.

**Young Leader Program**

It is a two-week program (part of corporate induction) in which new team members of Bharti Airtel engage as volunteers to support various initiatives of Bharti Foundation. This year 43 Young Leaders volunteered in 43 Satya Bharti Schools in Punjab, Haryana and Uttar Pradesh.

**ACT (A Caring Touch)**

It is an employee payroll giving program for Bharti Group of Companies. The Program encourages employees to give back to society in terms of money, time, skills or knowledge. In FY 2015-16, Bharti Airtel employees have contributed ` 7.61 Mn towards the Satya Bharti School Program and ` 0.36 Mn was provided to other NGOs.

**Helping the Disadvantaged**

Bharti Foundation started a scholarship programme for underprivileged students of Footwear Design and Development Institute (FDDI), Chhindwara district, Madhya Pradesh. FDDI is a leading design and management institution and conducts various professional programmes of international standards. Over 100 underprivileged students were granted scholarship during the FY 2015-16.

**Caring for the Elderly**

Anubandh, situated on the outskirts of Jodhpur, helps senior citizens deserted by their families.

**Supporting the Community**

Bharti Foundation partnered and supported various

programmes and initiatives of charitable institutions such as Telangana Yuvathi Mandali, CRY, HelpAge India, National Association for the Blind, Save life Foundation, SOS Children Villages of India, The Banyan and IDIA Charitable Trust, among others.

**Digital Empowerment**

Bharti Airtel started ‘e-Shakti’, an initiative to build mobile internet awareness and literacy among the women of Andhra Pradesh. During FY 2015-16, women were trained in all 13 districts of the state.

**Community Greening**

Jaipur team spearheaded multiple tree plantation drives to make the city a cleaner and greener place to reside in.

**Swachh Bharat**

Airtel employees participated in a cleanliness drive at Chandigarh Technology Park office under Swachh Bharat Abhiyaan in FY 2015-16.

**Blood Donation**

Periodic blood donation camps are also organized. In FY 2015-16, our Gujarat team organised two camps; and was able to collect 50 units each.

**Disaster Relief**

Bihar and Jharkhand Circles donated ` 958,735 to the Chief Minister’s Relief Fund on behalf of Bharti Airtel for the rehabilitation of victims of Nepal’s earthquake. Airtel also initiated 48 hours of free network usage for all calls made to Nepal, to facilitate relief work and communication in the disaster hit area.

**Project Green Cities**

Project Green City was launched by Indus Towers and Bharti Infratel few years back; and over 37,600 sites have been tagged as green sites till date. Over 12,800 sites were converted to outdoor sites during the year under review,

**E-waste**

Any e-waste generated from technology upgradation, capacity augmentation and others is recycled as per the Waste Electrical and Electronic Equipment (WEEE) norms. In FY 2015-16, over 1,700 tons of e-waste generated from IT and network infrastructure was recycled through authorised recycling partners.

**Conclusion**

New Companies Act is going to have a major impact on the way the companies in India perform CSR activities. Now it is no more at their discretion to consider any activity as CSR but a list of CSR activities has been incorporated. Spending on these activities only shall be considered as CSR spending. On the basis of this case study, it can be concluded that Bharti Airtel, through its CSR policy, promises its compliance with the provisions of New Companies Act. Its CSR activities cover areas like education, community service, women empowerment, helping underprivileged and disadvantaged, digital awareness, environment, disaster relief and waste management, etc. All these areas are covers in the list provided in the New Companies Act.

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