

**A STUDY ON THE EFFECTIVENESS OF CSR INITIATIVES OF KITEX LTD. IN
THE SOCIETY**

PROJECT REPORT

Submitted To

MAHATMA GANDHI UNIVERSITY, KOTTAYAM

In partial fulfilment of the requirements for the award of the degree of

BACHELOR OF COMMERCE

Submitted by

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CERTIFICATE

This is to certify that the project work entitled **“A STUDY ON THE EFFECTIVENESS OF CSR INITIATIVES OF KITEX LTD. IN THE SOCIETY”** is a bonafide piece of work done by AMEYA THOMAS (Reg. No. 170021056460),

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DECLARATION

We, **Ameya Thomas (Reg. No. 170021056460), Amrutha Krishnan K. U. (Reg. No. 170021056461) and Amrutha Martin (Reg. No. 170021056462)** hereby declare that the project report entitled **“A STUDY ON THE EFFECTIVENESS OF CSR INITIATIVES OF KITEX LTD. IN THE SOCIETY”** is a bonafide work done by us under the guidance and supervision of Mrs. Teresa Stephen, Research Guide and Head of Department, Department of Commerce, St. Paul’s College, Kalamassery.

We also declare that this work has not been submitted by us fully or partially for the award of any other degree, fellowship, associate ship or other similar title of any other university or board.

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CHAPTER 1
INTRODUCTION

1.1 INTRODUCTION

Every business operates within a society. It uses the resources of the society and depends on the society for its functioning. This creates an obligation on the part of business to look after the welfare of society. So the activities of the business should be such that they will not harm, rather they will protect and contribute to the interests of the society.

Though profit making is one of the main objectives of any business, its high dependency on society means that business has definite responsibility towards the society. Social responsibility of business thus refers to all such duties and obligations of business directed towards the welfare of society. These duties can be a part of the routine function of carrying out welfare activity. Over the past decade, the organizations are beginning to recognize the business benefits of practicing Corporate Social Responsibility (CSR).

India is the first country to have corporate social CSR legislation, mandating that companies give 2% of their net profits to charitable causes. Increasing socio-regulatory pressures coupled with growing empirical studies demonstrate that CSR has a favourable impact on business performance and thus, the need for corporate houses to engage in CSR cannot be ignored.

1.2 STATEMENT OF PROBLEM

In today's scenario, the importance of CSR of companies is increasing tremendously. The purpose of the study is to understand the concept and effectiveness of corporate social responsibility and getting insight whether the CSR initiatives of Kitex Ltd. are beneficial to the society with special reference to Kizhakkambalam Panchayath.

1.3 SIGNIFICANCE OF THE STUDY

1. The study will explore the benefits incurred in the society due to the implementation of CSR initiatives of Kitex Ltd.
2. The study will also determine whether the Kitex Ltd. had provided the social services under CSR.

1.4 SCOPE OF THE STUDY

The scope of the researcher's study is limited to the people in part of Kizhakkambalam Panchayath and their approach and awareness towards the Corporate Social Responsibility activities provided by the Kitex Ltd.

1.5 OBJECTIVES OF THE STUDY

- a) To determine the current activities performed under CSR by the Kitex Ltd in the society.
- b) To identify the impacts brought on the society under CSR.
- c) To understand the economical, social and other development of beneficiaries by CSR.

1.6 RESEARCH METHODOLOGY

Exhaustive literature survey regarding the topic and concept has been done. For the purpose of study, data were collected from both Primary and Secondary sources.

1.6.1 PRIMARY DATA

Primary data were collected directly from 50 beneficiaries by means of questionnaire. Data were analysed using percentage method.

1.6.2 SECONDARY DATA

This data is collected by using the following means:

- Articles in Magazines, Financial Chronicles etc.
- Data available on internet through their official websites.

Sampling size of the study was 50 beneficiaries of KITEX LTD (Kizhakkambalam Panchayath).

1.6.3 DATA ANALYSIS

Data collected were analysed and presented in tables, charts, and diagrams. So as to render comprehension and facilitate easy comparison and were analysed arithmetically and statistically by various methods.

1.7 LIMITATIONS

There are number of uncontrollable factors acting as limitations in connecting the study. Some of such limitations encountered in our study were:

- As the data was collected from samples the result may be represented only a small part of population.
- The bias and prejudiced mind respondents might also have had an adverse impact on the reliability of result.
- The data collected from individuals are qualitative in nature that is views, perception, satisfaction; opinion etc. may change from time to time.

1.8 SCHEME OF CHAPTERISATION

- **CHAPTER 1- INTRODUCTION:** This chapter provides a basic understanding of the project. It involves introduction, scope, significance, objectives, research methodology, and limitations etc. of the study.
- **CHAPTER 2- REVIEW OF LITERATURE:** This chapter deals with the details of past studies done by various persons/researchers relating to the topic of study of the project.
- **CHAPTER 3- THEORITICAL FRAMEWORK AND COMPANY PROFILE:** This chapter provides the definitions of the term related to the topic and a detailed description of the topic of study. A brief insight into the company's vision, mission, and objectives etc. are also portrayed in this chapter.
- **CHAPTER 4- DATA ANALYSIS AND INTERPRETATION:** The analysis of the data collected for the study and the interpretation of the results obtained are included in the study. Percentage method is used for analysis and diagrams and charts are used for presentation.
- **CHAPTER 5- FINDINGS, CONCLUSION AND SUGGESTIONS:** This chapter deals with the findings and conclusions derived from the study. It also includes the suggestions given by the respondents.
- **BIBLIOGRAPHY:** It contains the journals, websites and magazines we referred and collected those information's as secondary data for doing this project work.

- **APPENDIX:** It consists of the questionnaire used for collecting the data regarding project survey from the respondents.

CHAPTER 2
REVIEW OF LITERATURE

2.1 REVIEW OF LITERATURE

The pace of increase in knowledge moves towards rapid changes. It grows more and more than the passage of time. Therefore, a researcher has to be conscious about the changes and developments in the field of his/her study. For this purpose, the researcher has to survey the available literature like novels, reports, researches, books, articles, newspapers and journals in order to add knowledge in its study. Over the past decades, the concept of CSR has become an important concept in the study of researchers, scholars and industrialists etc. So the present researchers have made an effort with this review paper for those researchers, analysts and industrialists who are connected with CSR (whether social responsibility, social accounting, social reporting or any other area related to CSR).

- Windsor (2001), article examined the future of corporate social responsibility or the relationship between business and society in long run. The researcher tried to find out that whether the organization and society will come closer to each other in future or not and what will be the changing phase of CSR. With the help of the history or past trend of the CSR, Carroll's model analysis and in global context, the researcher found three emerging alternatives of CSR i.e. conception of responsibility, global corporate citizenship, stakeholder management practices.
- Nigel Sarbutts (2003), the paper explored the way of doing CSR by small and medium sized companies. The research depicted that a structured approach to managing corporate reputation and profit maximization of SME's through CSR. Small Corporation always struggle for more reputation and minimization of risk. Large companies have so many resources implementing CSR activities but SME's have less resources. Through proper utilisation of resources, doing well for businesses, SME's can minimize their risk and manage CSR.
- Mr. Fredrick Ma (2004), A speech delivered by Mr. Fredrick, secretary for financial services, based on Corporate Social Responsibility organized by the British consulate. The speaker states that CSR and corporate governance are complementary to each other. Corporate governance is a medium of driving CSR among corporate. Further the speaker also talked about the role of government in CSR, SME's as well as for unlisted companies.

- Moon (2004), paper examined the role of government in driving Corporate Social Responsibility among the corporate. The study explained that the drivers of CSR are related with business and society. Business includes its reputation, corporation itself, employees relation knowledge, goals etc. further, the study cleared that the government is driver of CSR by making this relationship true and fair through making policies and regulations. The study also embarked other's country's situation that how their government entered into businesses for driving CSR.
- Samuel O. Idowu (2007), with their study of twenty companies in U.K., propounded that the U.K. companies has now become ethical in the content of social responsibility as companies disclose its CSR with a view of public benefits, government request and issue information to stakeholders because the companies think that stakeholders of 21st century are better educated them past.
- Vaaland, Heide (2008), paper based on a case study methodology. The paper purpose was to handle the CSR critical incidents and utilize this experience in enforcing the CSR activities. The study concluded that CSR should be managed by handling unexpected incidents, long term reduction of gap between stakeholders and their expectations and company performance and finally maintaining relationship with society through interplay between actor, resources and activities.
- Gond, Crane (2008), made an analysis on the distortion on corporate social responsibility concept. The research analyzed that the past researches and found some reason of emerging fall in the interest of corporate social performance. The paper also suggested models on the basis of which the researcher explained that why the CSR concept has lost its importance and development. CSR has an umbrella of activities which need to measure differently in order to move the researches from a simple concept to development.
- Truscott, Bartlett, Trwoniak (2009), paper "The reputation of Corporate Social Responsibility industry in Australia" in Australian marketing journal, based on case study methodology. On the basis of the interview of key persons of industries in Australia, the term CSR has been explained. The industrialist revealed that CSR increasingly has become significant. They shared their views of CSR in economic, legal and ethical roles of business in society. Beside this, the industrialist viewed CSR as a model of corporate reputation.

- Shah, Bhaskar (2010), has taken a case study of public sector undertaking i.e. Bharat Petroleum Corporation Ltd. In their research work. The research has discussed that there is broad relationship between the organization and society. Organization has its existence only with the society. Organization used the resources/inputs of the society like material and human etc. In reverse, the organization provides services to the society. From the case study of the BPCL, it was found that company has taken a lot of initiatives in order to serve the society.
- Mc William & S. Seigal (2010), provided the importance of CSR as a strategy of enhancing reputation of companies. The study indicated that firms selling convincing goods which comes under the umbrella of CSR activities, leads to consumer loyalty and increased revenue. Further the study also indicated the importance of case study also included the importance of media and T.V etc. in order to aware the consumer about firm's activities and increasing as well damaging the reputation. In this way the study concluded about the reputation of firm through CSR.
- Hartman (2011), article "Corporate Social Responsibility in the food sector' in European review of agriculture economics journal, analyzed the importance of CSR in food sector, particularly those companies which have high brand. CSR is an important part of these companies. But SME's are less capable in discharging their obligation towards society. Further the research found that food sector always tries to improve tries to improve the controlling and discharging its services towards consumers. Consumers also prefer those brand or food firms which give preference to CSR activities and provide good product and services.
- Douglas and Emily (2011), according to this article, business environment has changed significantly recently. To survive in this dynamic business environment, businesses have been forced to adapt various strategies, among them being the integration of Corporate Social Responsibility (CSR) into their business models.
- Brammer, Jackson & Matten (2012), study entitled as "Corporate Social Responsibility and institutional theory: new perspective on private governance" in social economic review depicted that CSR is not only a voluntary action but beyond that. In this study, CSR had defined under institutional theory. The institutional theory stated that corporate social activities are not only voluntary

activities but it is a part of interface between business and society. Regulation/governance is necessary for enhancing performance of business through CSR. The theory also suggested that in what form companies should take its social responsibilities whether historical, political or legal form.

- Agunis, Glovas (2012), paper entitled “what we know and don’t know about corporate social responsibility: A review and research agenda” in Journal of management, based on 588 journal, articles and 102 books. The study provided a framework of CSR actions which affects external as well as internal stakeholder and outcomes of such actions. The paper also enhanced the knowledge regarding levels, forms of CSR; need to understand CSR with outcomes etc. further the researcher also suggested a framework of research design, data analysis and measurement for future research of CSR.
- Mallen (2012), in this article the researcher depicted that how the trends of CSR have changed from last so many years. This change has affected both the society and business. The research explained three basic things about the changes in trend: Firstly, the relationship between business and society has changed. Secondly, the businessman’s strategy of developing business also affected society a lot. Lastly, the other parties like outside agencies and firm’s own goals also interface the firm’s activity.
- The economic Times (2012), news highlighted the views of former president Dr. APJ Abdul Kalam in a CSR award function organized by industry body Assoc ham. Kalam said that companies should devote some part of its goal to corporate services. It should make mandatory for all the companies to spend a percentage of its profit on corporate social responsibility. Kalam also discussed about the proposed bill on corporate spending on CSR. They assumed greater importance of CSR in building the lives of the country’s citizens.
- The economic Times (21 Oct, 2012), an article named as “CSR: A cloak for crooks” explored that there are so many companies which have engaged in corporate social responsibility yet they are suffering from financial crisis, fraud and other unsocial causes. In this article, an example has been taken about the company Satyam Computer Services. The company has won several awards in the area of CSR which includes rural communities’ commitment and services like healthcare, education and water.

- Bhattacharyya & Chaturvedi (2012), article entitled “CSR looks set to emerge as an independent stream with measurable output” on India CSR site, stated about the proposed bill of CSR that how the bill will affect the company’s activities will change a lot the companies who has not engaged in CSR activities till now, will start investing on society. Further, who has already engaged in these areas will get a strong foundation or bond with the society.
- Bibhu Prasad (2012), article presented that CSR is the face of industry face of doing trade. Bibhu said that today, corporate houses took CSR as a medium fulfilment of profit greed of corporate houses. Further the article explored that companies today invests in a lot of areas like child labour, ground water, food, education, employment etc. but nobody is aware about the essential need of world’s poor. At last it was concluded in the article that sustainable development of society as well as the company in a balanced way.
- Bansal, Parida, Kumar (2012), paper entitled “Emerging trends of Corporate Social Responsibility in India” in KAIM Journal of Management and Research analyzed 30 companies of 11 sectors listed in the Bombay Stock Exchange with the help of their annual reports. The paper considered the nature and areas of society in which the companies are investing. By considering all those areas it was concluded in the paper that today companies are not working only to earn profit but also have realized the importance of being social friendly.
- Krista Bondy (2012), this article investigates corporate social responsibility (CSR) as an institution within UK multinational corporations (MNCs). In the context of the literature on the institutionalization of CSR and on critical CSR, it presents two main findings. First, it contributes to the CSR mainstream literature by confirming that CSR has not only become institutionalized in society but that a form of this institution is also present within MNCs. Secondly, it contributes to the critical CSR literature by suggesting that unlike broader notions of CSR shared between multiple stakeholders, MNCs practice a form of CSR that undermines the broader stakeholder concept.
- The Economic Times (11 Jan, 2013), news highlighted about the company Dell’s strategy of motivating its employees in initializing CSR. The news discussed that company’s employees are the power that forced the company to do more for the society. Company with its employees has engaged in social responsibility activities in the areas of education, environment and employee’s

welfare. Beside Dell Company, the news also discussed about other companies like Maruti and Gogrej that these companies also provide induction training to its employees for preparing them for community services. Maruti Company run a program named e- parivartan for a group of employees to make them aware about community problem and their solution.

- Drick Matten (2013), this study entitled as corporate social responsibility: readings and cases in Global contract stated that CSR concept of corporate social responsibility is a management idea that has risen to unprecedented popularity throughout the global business community during the last decade. Most large companies and even smaller ones now feature CSR reports, mange departments or at least CSR project and the subject is more and more being promoted as a core area of management, next to marketing, accounting, and finance. Even in a country like India companies can pride themselves on more than 100 years of responsible business practices.
- Bolton (2015), in this article the researcher depicts that CSR policies are aimed at introducing actions into organisations that jointly improve environmental, economic and social aspects. The researcher also suggests that a more pro active stance by workers resulting from their increased satisfaction due to the introduction of effective CSR policies and generate participation in the organisation's CSR decision's enables companies to gain legitimacy and to sustain their identity as a "good company". The article indicates the importance of workers in the CSR policies of a company.
- Amy O'Connor (2018), this chapter advances a rhetorical approach to corporate social responsibility (CSR). Communication is presented as the constitutive element of organizations/organizing thereby highlighting the central role of rhetoric in the conceptualization, construction, and negotiation of CSR between corporations and stakeholders. The chapter reviews the CSR communication literature and distinguishes this approach from the rhetorical tradition. The chapter concludes by the rhetorical tradition and identifies the significant contributions to CSR communication.
- [Cesar Saenz](#) (2019), this paper presents a comparative case study analysis of four mining operations in Peru. This analysis was qualitative in nature and is complemented with the emerging literature on CSR. The findings show that mining projects with a complex-unstable context take considerable effort. In this

situation, it is not recommended that companies use either a defensive strategy or compliance. Instead, the company must use strategic and managerial strategies to reduce social conflicts.

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CHAPTER 3

THEORETICAL FRAMEWORK AND

COMPANY PROFILE

3.1 THEORETICAL FRAMEWORK

The concept of CSR has evolved considerably since the time when concerns for society first surfaced in 1950(O’Riordan and Fairbrass 2008; Carroll 1999; Freeman 1984). Though there are earlier references available of a couple of authors who have raised the concerns about the responsibilities of business by the likes of Chester Barnard (1938) who in his work “The Functions of the Executives” points that the leader of the organisation has to consider how the success of the company depends also on the moral incentives he can bring to it (Gheli 2013; Joyner and Payne 2002; Carroll 1999). Further list of such sporadic references to the social responsibilities of business include J. M. Clark’s (1939) Social Control of Business and Theodore Kreps’ (1940) Measurement of the Social Performance of Business (Carroll 1999). But the first reference to what we refer to in the contemporary world as ‘CSR’ were made by Bowen (1953) who is regarded to be the pioneer in the field and is credited as being the ‘Father of CSR’ by Carroll (1999) and Windsor (2001). In his landmark book ‘Social Responsibilities of the Businessmen’ (1953) he has defined social responsibility as those policies, decisions and actions of the businessmen which are desirable in terms of objectives and values of our society.” He asserted that sphere of responsibilities of business go beyond the financial performance and that the businessmen are responsible for their conduct which should adhere to the expectations and values the society upholds. Frederik (1960) referred to CSR as willingness of the organisation to use the resources for the broad interests of the society and not for achieving private and firm goals alone. According to Davis and Blomstrom (1975) the protection and enhancement of public wealth besides meeting the organisation’s interest is included in the responsibilities of the decision makers. Carroll (1979) gave a more comprehensive definition of CSR which did not limit the responsibilities of business to profit earning and obedience to state laws but included economic, legal, ethical and discretionary expectations of society which it has from the organisation at a given point in time. While Wood’s (1991) notion of CSR is that business and society are not independent entities but are associated with each other and to Kotler and Nancy Lee (2005) it is the engagement of the organisation with the community through its practices and bestowal of corporate resources to achieve their well being. Contributions of business and civil society representatives to the conceptualisation of CSR are more practical and managerial in scope (Kakabadse, et. al. 2005). World Business Council for Sustainable Development (WBCSD) (2003) defined it as, "Corporate Social Responsibility is 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." emphasizing the need to address concerns of stakeholders in pursuance of the ultimate end of the business. According to the conceptualisation of corporate responsibility given by OECD (2003) it entails on business to develop a 'fit' with the society within which it operates. It requires business to obey the law applicable to them and respond to the societal expectations and not just limit its responsibilities to providing adequate return to the investors, providing jobs and producing goods and services. This notion of CSR by OECD added a legal dimension to the responsibilities of business. The European Commission defines CSR as "the responsibility of enterprises for their impacts on society". To completely meet their social responsibility, enterprises "should have in place a process to integrate social, environmental, ethical human rights and consumer concerns into their business operations and core strategy in close collaboration with their stakeholders" This definition asserts the need to integrate the stakeholder concerns into the business operations and the core strategy of the business. ISO 26000 Working Group on Social Responsibility defines, "Social Responsibility is the responsibility of an organization for the impact of its decisions and activities on society and the environment through transparent and ethical behaviour that is consistent with sustainable development and the welfare of society; takes into account the expectations of stakeholders; is in compliance with applicable law and consistent with international norms of behaviour and is integrated throughout the organization." The different definitions of CSR discussed above very explicitly indicate that there is no consensus on what corporate social responsibility entails on business. Although the debate on the relationship of business and society has been persisting since many decades, univocal and universally accepted definition of CSR is yet not found (Carroll, 1991; Clarkson, 1995; Jones, 1995; 1999; McWilliams and Siegel, 2001; Kakabadse, Rouzel and Davis, 2005; Whitehouse, 2006) The differing notions of the term are based on divergent assumptions of responsibilities of business which range from minimal legal and economic obligations and 57 accountability to stockholders to extensive responsibilities to the wider social system of which the organisation is a part (Jamali, 2008).

The CSR has been defined in CA13 as projects or programs relating to activities specified in Schedule VII of CA13; or projects or programs relating to activities undertaken by the board of directors of a company in pursuance of recommendations of the CSR Committee of the Board as per declared CSR policy of the company subject to

the condition that such policy will cover subjects enumerated in Schedule VII of CA13. However, the definition is not an exhaustive one and has to be given widest possible meaning since the concept of CSR is an enabling one and based on socio-economic considerations.

Section 135 of CA13 pertaining to CSR reads as follows:

"Every company having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during any financial year shall constitute a Corporate Social Responsibility Committee of the Board consisting of three or more directors, out of which at least one director shall be an independent director."

Corporate Social Responsibility in India

India has the world's richest tradition of corporate social responsibility (Janalakshmi.com). CSR has been practiced here since ages though seen traditionally as a philanthropic activity (pwc.in). India is a country with over 2,000 years of history and the culture of philanthropy here is just as old (Cantegreil, Chanana and Kattumuri, 2013). Philanthropy has deeper roots in India compared to many other countries and it stands out as a country where its culture of philanthropy has played a critical role in its foundation as a modern independent state (Cantegreil, Chanana and Kattumuri, 2013). Though CSR is the most prevalent form of philanthropy worldwide (Ramchandran, K. 2009), it has evolved through different phases like community engagement, socially responsible production and socially responsible employee relations (Janalakshmi.com). CSR in pre colonial rule period was more in form of charity to the deprived and underprivileged sections of the society and was dominated by religious considerations. India has a rich culture of charitable giving influenced by the religious ideologies of communities and took form of Daan, Zakat and Dashaant which included the act of donating money, goods and services for a noble cause (Deo, 2013; Cantegreil, Chanana and Kattumuri, 2013). During the industrialisation period, the wealth of the business dynasties surged to unprecedented levels, allowing them to contribute to public welfare by setting up their foundations and trust. The beginning of the independence movement led to the upsurge of nationalism influenced by the call of "trusteeship" given by Mahatma Gandhi which witnessed a shift from charity to philanthropy (Sundar, 2000). The Industrialist contributed to the nation building process by establishing trusts for

running schools, colleges, hospital, setting up training and scientific institutions (indiainfoline.com). In the post independence era, the role of the Indian state expanded and led to the emergence of Public Sector Enterprises which were established to promote social good, reduce inequalities of income and wealth and boost community welfare. The period also witnessed the enactment of industrial licensing, high taxes and restrictions on the private sector, but it failed to eradicate poverty, widened the economic disparities between the rich and the poor and led to corporate malpractices. The policy of dominant public sector too failed to achieve the desired economic goals which lead to a call for greater role of private sector in attaining socio-economic growth. The year 1965 marks the emergence of corporate social responsibility debate in India with organisation of workshops and deliberations by the academicians, politicians and business to inspire a culture of social accountability and transparency (Cantegreil, Chanana and Kattumuri, 2013; Sood and Arora, 2006) The economic reforms introduced in 1991 brought a tremendous growth in the wealth of Indian corporate enabling them to contribute towards social cause bringing a shift in their approach from traditional philanthropy to strategic CSR (Sood and Arora, 2006). Furthermore, the thrust to export promotion and increased market access caused by liberalisation and globalisation required the companies to consider the labour and environmental concerns of overseas markets in their operations making these companies more willing to comply with the international norms. In the light of the favourable impacts of CSR on companies' reputation and competitiveness, growing number of companies are embracing the socially responsible business conduct. Furthermore, the MCA introduced Corporate Social Responsibility Voluntary Guidelines along with the introduction of National Voluntary Guidelines on Corporate Governance in the year 2009 to promote CSR amongst the companies working in India. In the year 2011, the MCA introduced National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business to encourage the companies to conduct business responsibly. Following which SEBI in the year 2012, mandated the inclusion of Business Responsibility Report (BRR) as a part of the annual reports for top 100 listed companies on the BSE and NSE based on market capitalisation to make companies to disclose Environmental, Social and Governance initiatives undertaken by them. Finally with the implementation of Companies Act 2013, contribution to CSR from profits was made mandatory by the MCA for companies of a certain description from year 2014-15.

Corporate Social Responsibility under the Companies Act, 2013.

The vehicle of CSR has been driven into CA13 in order to bridge the gap of inequality and fulfil various social obligations that require certain amount of capital and other resources. CSR is basically an obligation towards the nation at large, which attempts to preclude confinement of the fruits of benefits to certain consumers or shareholders. It is a legal responsibility that casts upon a corporate body to address the umpteen number of socio-economic-environment concerns plaguing the country. Although proper implementation of CSR will definitely add to the grandeur of the nation, detractors have questioned the need of such obligations in a nation such as India where generally all the policies of the government focus on striving socio-economic equality and development. The reason for imposing such obligations appears to be twofold, firstly, that the protracted problems of socio-economic equality and environmental concerns have proved to be chronic and secondly, the past endeavours demonstrate clearly that a greater extent of participation is needed for reaching the roots of such problems. Bringing the corporate world into the fold of socio-economic obligations would prove to be beneficial for the masses as well as the corporate world.

Applicability

Every Indian company including its holding or subsidiary company and a foreign company (body incorporated outside India, which has a place of business in India whether by itself or through an agent, physically or through electronic mode, and which conducts any business activity in India in any other manner) having its branch or project office in India, would be required to constitute CSR committee from amongst the Board if it fulfils any one of the criteria in the above mentioned provision during any of the preceding three financial years. The mandatory requirement of Section 135 will cease to be operative in respect of a company which falls outside the purview of the threshold requirement of annual turnover or net worth or net profit as envisaged under Section 135(1) of CA13 for three consecutive years. According to Section 135, the companies are mandatorily required to spend at least two percent of its average net profits made during the three immediately preceding financial years. In order to have proper channelization and utilization of such amount, CA13 provides that the profits accounted as CSR will be primarily directed to local areas around which the company operates. The Companies (Corporate Social Responsibility Policy) Rules, 2014 (hereafter referred to as 'Rules') framed under CA13 do not require the appointment of a director on the

CSR Committee of the Board of an unlisted company or a private company. The private company comprising of only two directors shall constitute the CSR Committee with such directors. In case of a foreign company, the CSR Committee shall comprise of at least two persons wherein one should be resident in India and the other person nominated by the foreign company.

Quantification of Net Profit

All the companies incorporated under CA13 will have to report the net profits accrued to it for the purpose of evaluating the criteria mentioned in Section 135(1). There are separate set of regulations governing the Indian and Foreign Company in this respect. Indian Company: The computation of net profit has been specifically provided in the CSR Rules. For the computation of the 'net profit', profits made by the company from its overseas branches or dividend income received from another Indian company have to be excluded. Moreover, the amount of 2% CSR is to be computed as 2% of the average net profits made by the company during the preceding three financial years. Foreign company: The net profit of a foreign company incorporated in India shall be calculated in consonance with the balance sheet and profit and loss account of a foreign company which will be prepared in accordance with Section 381(1)(a) read with Section 198 of CA13.

Implementation of CSR

Under CA13, the activities underscored in Schedule VII can be implemented in the following ways:

- (i) It must be undertaken within India;
- (ii) It may be conducted as programmes, projects or activities which may either be new or ongoing;
- (iii) It may be undertaken through a registered trust, registered society or charitable company operating within India which is set up by the contributing company, its parent, subsidiary or associate company; or which is not set up by the contributing company, its parent, subsidiary or associate company if it has a track record of at least three years in undertaking similar programs¹⁴; and

(iv) It may be undertaken in collaboration with other companies provided that each company falling within the criteria of Section 135 is able to individually report its CSR projects or programs.

Penalty

Although the compliance of Section 135 is mandatory in nature, there are no specific penalties stipulated under CA13 for non-compliance. The section is based on a 'comply or explain' model meaning that in the event of contravention of Section 135, the company is required to submit the report recording the reasons for failure of implementation in the report by the Board of Directors. The CEO or managing director or director as the case may be, the chairman of the CSR committee, and in case of foreign companies, the authorized person to accept court notices, has to sign the report. The non compliance of Section 134 attracts a fine which shall not be less than fifty thousand rupees but which may extend to twenty five lakh rupees and every officer of the company who is in default shall be punishable with imprisonment for a term which may extend to three years or with fine which shall not be less than fifty thousand rupees but which may extend to five lakh rupees or with both.¹⁶ Furthermore, the implementation of CSR being a board function reckons that any non-compliance with the provision should attract the penalties provided for breach of directors' duties. In addition to that, the general penalty clause provided in CA13, which operates as the default clause for sections that do not specify any penalty, may also be attracted in the event of violation of any provision pertaining to CSR.

The Dissession Surrounding Corporate Social Responsibility

Since the introduction of CSR in CA13, considerable amount of debate has taken place regarding the notion of CSR being detrimental to the corporate regime. The extant fears of corporate world have rendered certain companies to adopt a reluctant attitude towards the policy. Moreover, much disapproval also stems from the fact that the imposition of CSR as a mandatory requirement is unique to India while the global community has left it to the discretion of the companies.²⁰ The trepidation surrounding the new legislation generally pertains to profitability, taxation and limit on activities that fall under the ambit of CSR.

A. Effect on the Profitability of the Company An extensive debate has taken place pertaining to the unwarranted encumbrance placed upon the corporate sector due to the CSR expenditure specified in the CA13. The CSR concept has been denounced by the corporate bodies for the reason that the expenditure on CSR negatively affects the profitability of companies. However, it is not absolutely correct since CSR spending helps in building a positive image in the eyes of consumers, suppliers and the government and consequently, leads to increase in the profits. The companies whose business activities lead to harmful emissions can carry out their operations without protest movements and future stringent governmental regulations through proper implementation of CSR initiatives of improving the environment. The concept of CSR is beneficial as consumers may take CSR spending as a constructive sign. The consumers may start willing to contribute to the righteous causes pursued by the company through its CSR spending by purchasing the company's products. It has also been found that among prosecuted firms, the courts and authorities have handed lenient penalties to those with the most comprehensive CSR programmes. As result, CSR leads to risk minimization and stability in the business operations. Therefore, the concept of CSR per se is not destructive to the corporate community. As a matter of fact, there exists a positive relationship between CSR and revenue generation. The concept of CSR has unfolded and developed from a mere philanthropically experiment to a strategic community development. The example of Coca-Cola Company, which started a program to empower young women entrepreneurs, is an opposite one to lend merit to the argument that implementation of CSR proves to be beneficial for the companies. The objective of the 5by20 program of Coca Cola is to bring five million women in the developing world into its business by 2020 and it has proved to be a huge success for the company. Research suggests that the cumulative effect of such an initiative will lead not only to substantial increase in revenues and workers for businesses but also to better-educated, healthier families and eventually more prosperous communities.²³ Another instance is that of Visa, which has for the purpose of financial inclusion built partnerships with local governments and non-profits. These associations have proved to be pragmatic and have led to positive impact on the economic framework of the developing world. Research by the Gates Foundation and others have shown that the employment of such initiatives enable poor people to lead a sustainable life by withstanding setbacks to their finances, building assets while connecting them to the wider economy.

B. Obscurity in the tax implications the absence of clarity in the regulations pertaining to CSR and no subsequent amendment to the Income Tax Act, 1961 (IT Act'), after the introduction of CA13 has led to perturbation in the corporate community. The primary concern pertains to the application of the IT Act to the CSR contributions under CA13 since CSR spending has been held to be taxable in umpteen numbers of judicial pronouncements. ²⁵ Considering the IT Act, the predominant position has been to allow tax deduction for donations, contributions, etc., made for charitable purposes.²⁶ According to CA13; the CSR activities do not constitute activities undertaken in pursuance of its normal course of business. Thus, arises the predicament of taxability of such expenditures when such expenditure on CSR is not one contemplated under Section 37 of the IT Act which provides for allowance of any expenditure not being in the nature of capital expenditure or personal expenses of the assessee laid out exclusively for the purposes of the business or profession.²⁷ The vicious circle of taxation is clearly evident since if any expenditure on CSR is considered as not expended wholly or exclusively for the purposes of the business in the light of the CSR rules which explicitly excludes “activities undertaken in pursuance of the normal course of business of the company”, the question arises as to whether this contribution be considered as permissible CSR spending. Recently, the Income Tax Appellate Tribunal concluded that expenditure on hospital and medical college although situated at significant distance from the unit is deemed to be in the regular course of business. This approach is dangerous since it obfuscates the approach to distinguish between the expenditure on CSR and regular business activities. Furthermore, Section 37(1) of the IT Act contemplates deduction for expenditure which is not of capital nature. The companies land up in a quandary in the event of CSR expenditure resulting in creation of capital assets. Although all donations towards the Prime Minister's National Relief Fund have already been notified for 100% deduction from taxable income under Section 80G of the IT Act, the concerns regarding taxation still exist in the business markets. The issue of taxation with regard to CSR spending is a prime concern and appropriate amendments or regulations are warranted in these muddled circumstances.

C. Apparent crevices in the regulatory framework of CSR vis-a-vis Foreign Contribution a notable feature of CSR principle is that it allows foreign companies to spend on the activities falling under Schedule VII. However, a contentious issue goes deep to the roots of governance. The definition of foreign source contemplated in the Foreign Contribution Regulation Act, 2010 (“FCRA”) encompasses companies with

more than one-half of the nominal value of its share capital being held by a citizen of a foreign country or a foreign corporation or a foreign company. Under FCRA, it is imperative for any foreign contribution received from any foreign source to be approved from the Ministry of Home Affairs. Hence, any contribution or expenditure under CSR on behalf of foreign company will fall within the folds of FCRA and therefore, require approval from Ministry of Home Affairs. Indubitably, the ensuing statutory quagmire is conspicuous and has created ambiguous business environment for the corporate faction.

D. Obscurity surrounding Computation of Financial Accounts of Foreign Companies
Although there are rules governing computation of net profit in case of a foreign company as discussed in Part II of this note, there is no clarity regarding the calculation of net worth of a branch or project office of a foreign company. This lacuna gives rise to an intricate problem of calculation of CSR under CA13. Hence, the eligibility criteria for foreign companies under the CSR regime are currently unclear to this extent.

3.2 COMPANY PROFILE



Kitex Garments Limited is an India-based company engaged in the manufacture of fabric and readymade garments. The Company operates through two business segments: Garments and Fabric. A part of the renowned Anna-Kitex group of companies, founded by the legendary Late Shri M. C. Jacob, Kitex Garments Ltd is the largest employer in private sector in the state of Kerala. It is located near Kochi and has easy access to sea and air ports. The company was established in 1992. With unmatched global connections, this company caters to prominent and renowned conglomerates in USA and Europe. The company currently employs over 5000 people at its facility, and has been a business provider to many satellite businesses in the state. Having started with INR 1.8 Crores turnover in the year 1995-96, the company has now grown to a turnover of over INR 524 Crores in 2014-15. The company is currently the second largest producer of children's apparel in the world, and is now in the process of setting up operations in the United States of America.

Corporate social responsibility policy

For us in the Kitex Group, reaching out to underserved communities is part of our HERITAGE. We believe in the trusteeship concept. This entails transcending business interests and grappling with the “quality of life” challenges that underserved communities face, and working towards making a meaningful difference to them.

Our vision is – “to effectively contribute to the social and economic development of the communities in which we operate. In doing so we intend to build a better, sustainable way of life for the weaker sections of society and raise the country’s human development index”. Our Vision converges on Corporate Social Responsibility for Kizhakkambalam, where we dream to make this Panchayath the best in the State among the total 978 Panchayaths.

Our CSR policy includes:

1. To pursue a corporate strategy that enables realisation of the twin goals of shareholder value enhancement and societal value creation in a mutually reinforcing and synergistic manner.
2. To implement Social Investments / CSR programmes primarily in the economic vicinity of your Company's operations with a view to ensuring the long term sustainability of such interventions.
3. To contribute to sustainable development in areas of strategic interest through initiatives designed in a manner that addresses the challenges faced by the Indian society especially in rural India.
4. To collaborate with communities and groups to contribute to the national mission of eradicating poverty and hunger, especially in rural areas, through superior farm and agri-extension practices, soil and moisture conservation and watershed management, conservation and development of forest resources, empowering women economically, supplementing primary education and participating in rural capacity building programmes and such other initiatives.
5. To sustain and continuously improve standards of Environment, Health and Safety through the collective endeavour of your Company and its employees at all levels towards attaining world class standards and support other programmes and initiatives, internal or external, for the prevention of illness and combating of diseases as may be considered appropriate from time to time.
6. To encourage the development of human capital by expanding human capabilities through skills development, vocational training etc. and by promoting excellence in identified cultural fields.

Implementation process:

1. Identification of projects

All projects are identified in a participatory manner, in consultation with the community, literally sitting with them and gauging their basic needs. We recourse to the participatory rural appraisal mapping process. Subsequently, based on a consensus and

in discussion with the village Panchayaths, and other influential personnel in society and community, projects are prioritised.

Arising from this the focus areas that have emerged are Education, Health care, Sustainable livelihood, Infrastructure development, and espousing social causes. All of our community projects are carried out under the aegis of Kitex Group – Twenty20 Kizhakkambalam.

2. In Education, our endeavour is to spark the desire for learning and knowledge at every stage through

a) Formal schools

- Anganwadis for elementary education
- Quality primary education
- Girl child education

3. In Health care our goal is to render quality health care facilities to people living in the villages through medical camps

- Primary health care through medical camps
- Mother and Child care projects
- Health care for visually impaired, and physically challenged
- Preventive health through awareness programmes.

4. In Sustainable Livelihood our programmes aim at providing livelihood in a locally appropriate and environmentally sustainable manner through

- Formation of Self Help through collective farming of multi-crop harvesting
- Groups for women empowerment
- Vocational training through Kitex Group Technology Parks
- Agriculture development and better farming abilities through rain water harvesting

5. In Infrastructure Development we endeavour to set up essential services that form the foundation of sustainable development through

- Basic infrastructure facilities

- Housing facilities
- Safe drinking water
- Sanitation & hygiene
- Renewable sources of energy.

6. To bring about Social Change we advocate and support

- Dowry less marriage
- Widow remarriage
- Awareness programmes on anti social issues
- De-addiction campaigns and programmes
- Espousing basic moral values

Our methodology and performance management.

Prior to the commencement of projects, we carry out a baseline study of the villages. The study encompasses various parameters such as – health indicators, literacy levels, sustainable livelihood processes, and population data – below the poverty line and above the poverty line, state of infrastructure, among others. From the data generated, a 1- year plan and a 5-year rolling plan are developed for the holistic and integrated development of the marginalised. These plans are presented at the Annual Planning and Budgeting meet. All projects are assessed under the agreed strategy, and are monitored every quarter, measured against targets and budgets. Wherever necessary, midcourse corrections are affected.

Organisational mechanism and responsibilities

The Kitex Group – CSR- TWENTY20 KIZHAKKAMBALAM Department provides the vision under the leadership of its Chairperson, Mr.Sabu M Jacob. This vision underlines all CSR activities. Our Manufacturing Units has a CSR Cell which has a CSR Head, who reports to the CSR Committee of the Board of Directors. At the Company, the Chairman and Managing Director takes on the role of the mentor, while the onus for the successful and time bound implementation of the projects is on the various Unit Heads and CSR teams. To measure the impact of the work done, a social satisfaction survey / audit is carried out by an external agency.

Partnerships

Collaborative partnerships are formed with the District Authorities, the village Panchayaths, NGOs and other like-minded stakeholders. This helps widen the Company's reach and leverage upon the collective expertise, wisdom and experience that these partnerships bring to the table.

Budgets

A specific budget is allocated for CSR activities by the Company from time to time within the overall statutory provisions of the new CSR Rules 2014. These budgets are project driven.

Information dissemination

The Company's engagement in this domain is disseminated on its website, annual reports, and its house e.journals and through the media.

Management Commitment and future plans.

Our Board of Directors, our Management and all of our employees subscribe to the philosophy of compassionate care. We believe and act on an ethos of generosity and compassion, characterised by a willingness to build a society that works for everyone. This is the cornerstone of our CSR policy.

Our Vision on CSR- TWENTY20 KIZHAKKAMBALAM where we dream to make this Panchayath the best in the State among the total 978 Panchayaths.

The means to achieve the Object will be with thrust to the following Areas like:-

- In Housing and Infrastructural facilities
- All houses to have basic facilities like toilet, electric wiring, kitchen, roof etc.
- Maintenance of 1200 houses on a continues basis
- Secure grant of Rs 2 lakhs from the Panchayath governing body for each house.
- Drinking water
- 100% drinking water for all residents with the help of regular water
- Supply, bore wells and rain water harvesting.
- Electricity
- Electrification in all houses with support of solar and bio gas

- Facilities also where basic electricity availability is scarce due to
- Infrastructural problems.
- Health-Good Health for all
- To be free from ailments for teeth, eyes, varicose, lump and heart
- Diseases, cancer, kidney problems etc through regular medical
- Camps at various places in the Panchayath areas.
- Education
- Minimum up to Secondary level education for all. Existing
- Schools to be provided with modern facilities and any shortage is
- To be met by setting up new schools
- Agriculture
- To encourage agriculture and for utilizing the 1200 acres of Vacant land. Company plans to distribute 300000 banana plants and Fruit trees and also vegetable seeds of high yield. This will promote the concept of green belt thereby making every where lush green.
- Industry Development through Micro and Small scale industries with Modern technical support.
- Waste disposal and eradication of pollution
- Waste to be treated through bio gas plants and other modern
- Techniques and ensure no pollution.
- Job opportunity
- Job opportunity for all in the Panchayath
- Corruption Eradication
- Through educating and creating awareness among the public.
- Road development
- Roads of the highest standards with 5 year maintenance guarantee.
- Township development through new markets, stadiums and modern offices.

Our Corporate Social Responsibility policy conforms to the Corporate Social Responsibility Guidelines spelt out by the Ministry of Corporate Affairs, Government of India in 2014.

CHAPTER 4

DATA ANALYSIS AND

INTERPRETATION

4.1 DATA ANALYSIS AND INTERPRETATION

Research regarding Corporate Social Responsibility of a company like Kitex Ltd in Kizhakkambalam Panchayat is very important, as the respondents are the beneficiaries of CSR activities. Their preferences and choices are dynamic and vary frequently. The satisfaction level of the beneficiaries helps the company to put more effort to build excellent satisfaction on them.

The survey conducted on Kitex Ltd Company in Kizhakkambalam Panchayat, surveyed 50 beneficiaries of CSR activities. A questionnaire was prepared for the purpose of the survey and data was obtained from the beneficiaries by personally interacting with them. The beneficiaries gave valuable information regarding the present CSR activities done by the Kitex Company. They also mentioned about their satisfactions and more information's regarding the company. All the analysis and interpretation are discussed below; each of the analysis is done as per the information's obtained from the beneficiaries.

TABLE 4.1: AGE OF RESPONDENTS

RESPONSE	FREQUENCY	PERCENTAGE
Below 18	1	2
18 to 30	15	30
30 to 60	29	58
60 Above	5	10
TOTAL	50	100

SOURCE: PRIMARY DATA

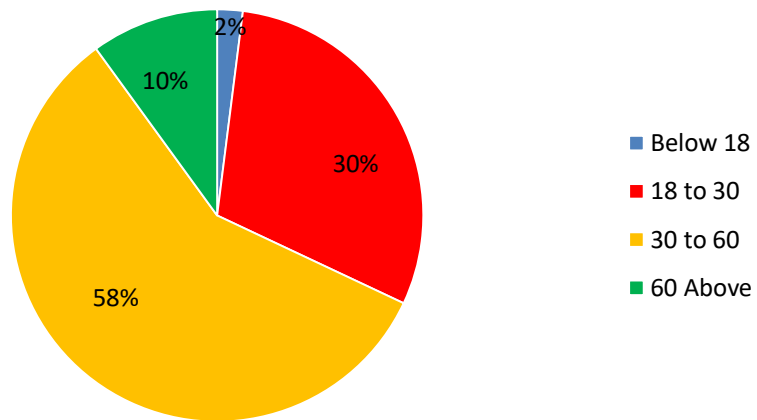


FIG 4.1: AGE OF THE RESPONDENTS

INTERPRETATION

The Table 4.1 and figure 4.1 depicts the age categories of the beneficiaries of CSR activities of Kitex ltd in Kizhakkambalam Panchayath. Out of 50 respondents 29(58%) are between 30-60 years. It is clear that most of the beneficiaries are from the category 30-60 years. And at the least age category is below 18 years 1(2%) of 50 respondents.

TABLE 4.2: ANNUAL INCOME

RESPONSE	FREQUENCY	PERCENTAGE
Below 10,000	15	30
10,000 to 50,000	29	58
50,000 to 1,00,000	1	2
1,00,000 Above	5	10
TOTAL	50	100

SOURCE: PRIMARY DATA

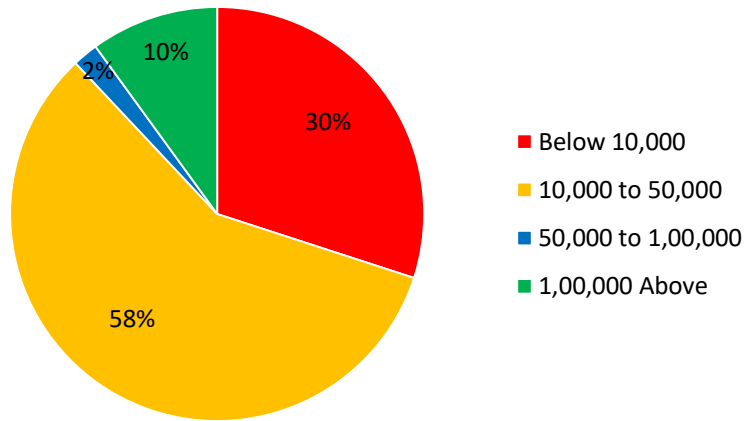


FIG: 4.2 ANNUAL INCOMES

INTERPRETATION

Table 4.2 and figure 4.2 shows the annual income of beneficiaries of CSR activities of Kitex ltd in Kizhakkambalam Panchayath. Out of 50 respondents 29(58%) are between the income level of 10,000 – 50,000. From this we can interpret that most of the beneficiaries are from the income level between 10,000 – 50,000. At the same time minimum number of respondents (2%) is from the income level 50,000 – 100,000.

TABLE 4.3: RESPONDENTS AWARENESS REGARDING CSR

RESPONSE	FREQUENCY	PERCENTAGE
Yes	45	90
No	0	0
Maybe	5	10
TOTAL	50	100

SOURCE: PRIMARY DATA

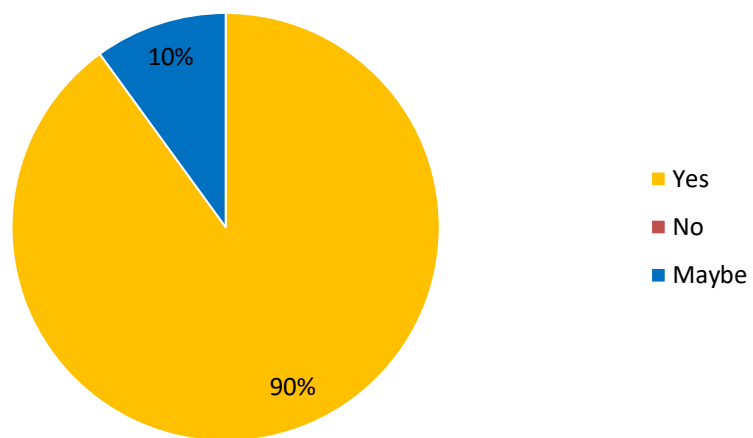


FIG 4.3: RESPONDENTS AWARENESS REGARDING CSR

INTERPRETATION

Table 4.3 and figure 4.3 shows the interpretation about respondents' awareness regarding CSR activities of Kitex ltd. We can find that out of 50 respondents 45(90%) are aware about CSR. At the same time, 5(10%) are unaware or partially known about this.

TABLE 4.4: INDIVIDUAL OPINION ON CSR

RESPONSE	FREQUENCY	PERCENTAGE
To improve the image of a company	0	0
To attract customer attention	0	0
To develop society and environment	50	100
To increase profit	0	0
TOTAL	50	100

SOURCE: PRIMARY DATA

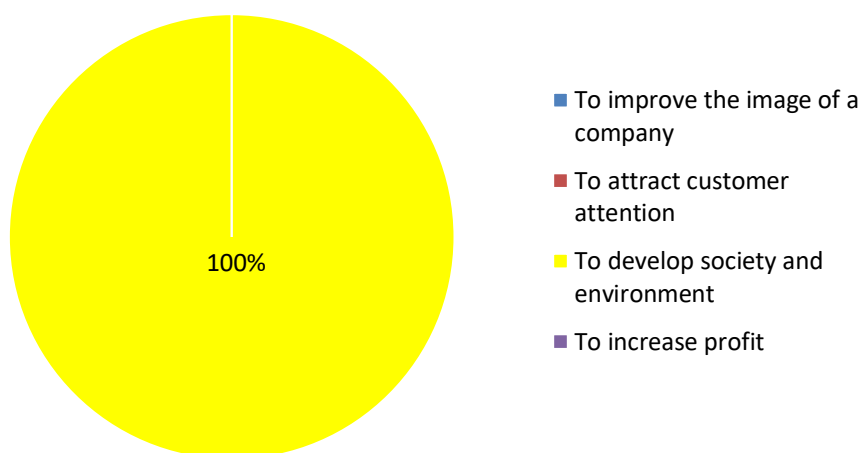


FIG 4.4 INDIVIDUAL OPINION ON CSR

INTERPRETATION

Table 4.4 and figure 4.4 illustrates the individual opinion on CSR activities provided by Kitex ltd. All the 50(100%) respondents are aware of the purpose of Corporate Social Responsibility.

TABLE 4.5: SOCIAL SERVICES LISTED UNDER CSR

RESPONSE	FREQUENCY	PERCENTAGE
Education	37	74
Health care	37	74
Infrastructural developments	41	82
Sustainability of environment	33	66
Others	5	10

SOURCE: PRIMARY DATA

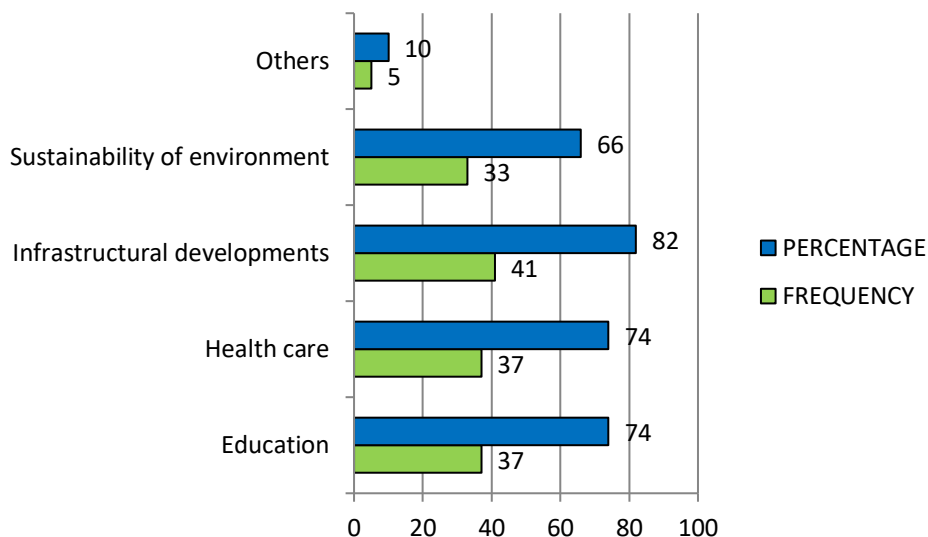


FIG 4.5 SOCIAL SERVICES LISTED UNDER CSR

INTERPRETATION

Table 4.5 and figure 4.5 illustrates about the social services listed under CSR activities of Kitex ltd. From the 50 respondents, we can find out majority of the contribution are for the Infrastructural developments i.e. 41(52%). The least is 5(10%) are for the other activities.

TABLE 4.6: LEVEL ON ECONOMICAL DEVELOPMENT THROUGH CSR ACTIVITIES

RESPONSE	FREQUENCY	PERCENTAGE
Yes	31	62
No	14	28
May be	5	10
TOTAL	50	100

SOURCE: PRIMARY DATA

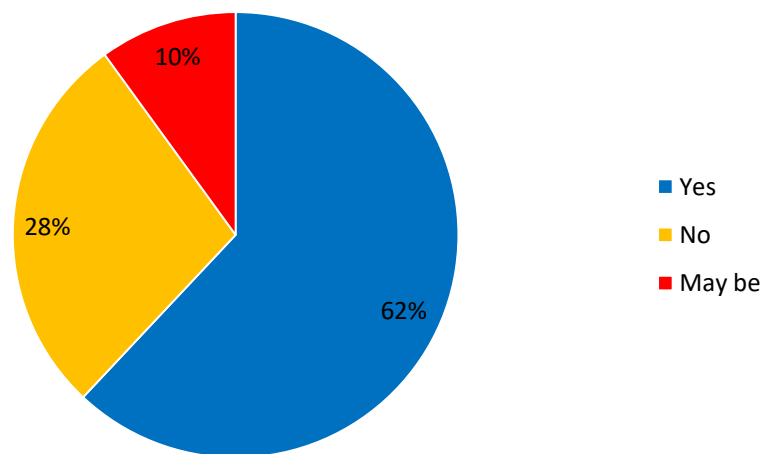


FIG 4.6 LEVEL ON ECONOMICAL DEVELOPMENT THROUGH CSR ACTIVITIES

INTERPRETATION

Table 4.6 and figure 4.6 represents the level of economic development through CSR activities of Kitex ltd. Out of 50 individuals, we understand that more than half of the people 31(62%) has achieved economic development through CSR activities. The least is 5(10%) who did not get any economical development.

TABLE 4.6.1: REASONS FOR POSITIVE RESPONSES

RESPONSE	FREQUENCY	PERCENTAGE
Increase in family income	11	44
Increase standard of living	4	16
Employment opportunities	5	20
Increase economic status	2	8
Others	3	12

SOURCE: PRIMARY DATA

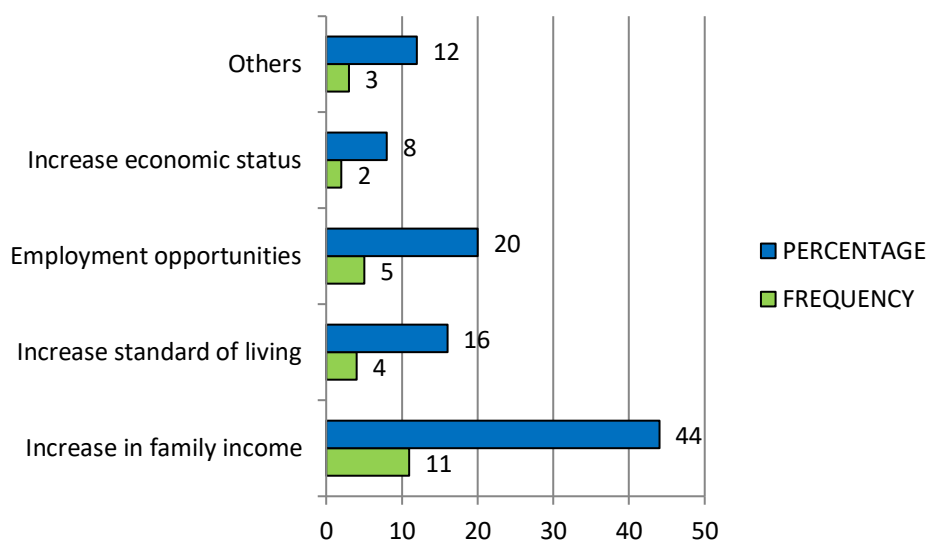


FIG 4.6.1: REASONS FOR POSITIVE RESPONSES

INTERPRETATION

Table 4.6.1 and figure 4.6.1 shows the reasons for positive responses. Out of 50 responses majority 31(62%) are positive responses. From this, we can understand the reasons behind the positive responses. The highest frequency 11(41%) is for Increase in family income and the least frequency is 3(12%) which is for other reasons.

TABLE 4.7: LEVEL ON SOCIAL DEVELOPMENT THROUGH CSR ACTIVITIES

RESPONSE	FREQUENCY	PERCENTAGE
Yes	32	64
No	17	34
May be	1	2
TOTAL	50	100

SOURCE: PRIMARY DATA

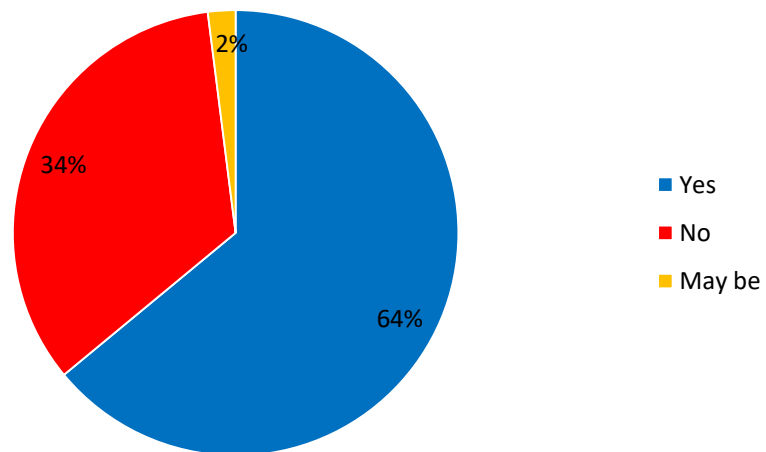


FIG 4.7: LEVEL ON SOCIAL DEVELOPMENT THROUGH CSR ACTIVITIES

INTERPRETATION

Table 4.7 and figure 4.7 shows the level on social development through CSR activities. From the 50 respondents 32(64%) agrees about the social development through CSR activities. Only 1(2%) responded that either for development or not.

TABLE 4.7.1: REASON FOR POSITIVE RESPONSES

RESPONSE	FREQUENCY	PERCENTAGE
Road and water facilities	22	63
Social commitment	7	20
Health	1	3
Housing Infrastructure	5	14

SOURCE: PRIMARY DATA

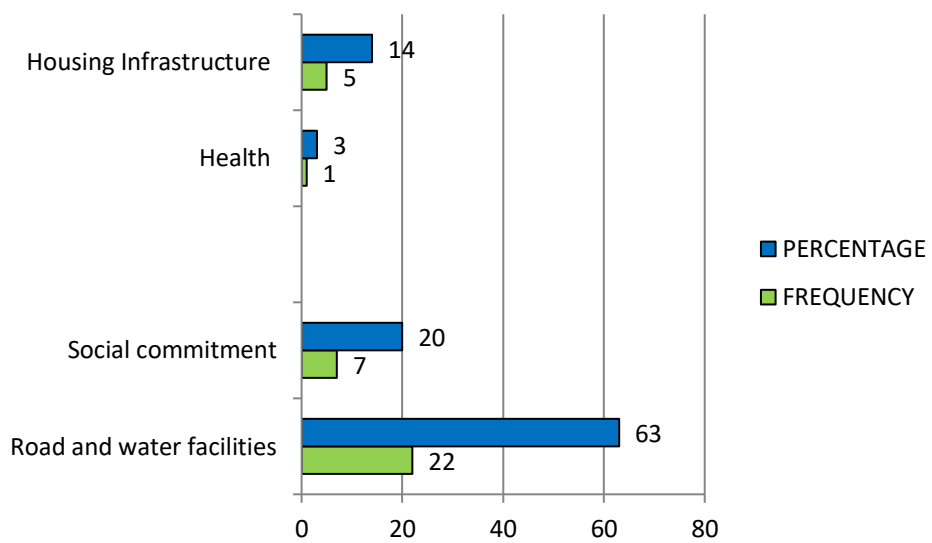


FIG 4.7.1: REASON FOR POSITIVE RESPONSES

INTERPRETATION

Table 4.7.1 and figure 4.7.1 shows the reasons for positive responses. Actually out of 50 responses majority 32(64%) are positive responses. Out of this when we discuss about the reasons for positive responses the maximum 22(63%) is for road and water facilities and minimum response 1(3%) is for health facilities.

TABLE 4.8: LEVEL ON OTHER DEVELOPMENT THROUGH CSR ACTIVITIES

RESPONSE	FREQUENCY	PERCENTAGE
Yes	24	48
No	22	44
May be	4	8
TOTAL	50	100

SOURCE: PRIMARY DATA

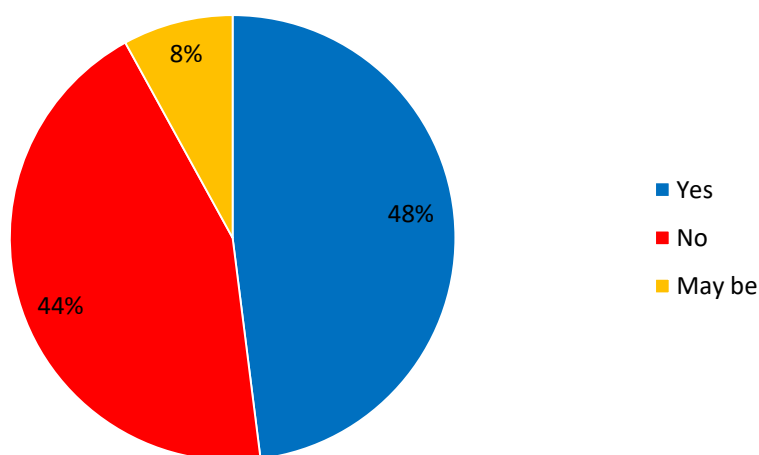


FIG 4.8: LEVEL ON OTHER DEVELOPMENT THROUGH CSR ACTIVITIES

INTERPRETATION

Table 4.8 and figure 4.8 shows the level on other developments acquired by way of CSR activities of Kitex ltd. Out of 50 respondents majority are positive responses which is 24 (48%) and negative responses are 22 (44%) which is less than positive responses. The remaining 4 (8%) respondents includes in the other category.

TABLE 4.8.1: REASON FOR POSITIVE RESPONSES

RESPONSE	FREQUENCY	PERCENTAGE
Self development	9	35
Maintenance facilities	10	38
Others	7	27

SOURCE: PRIMARY DATA

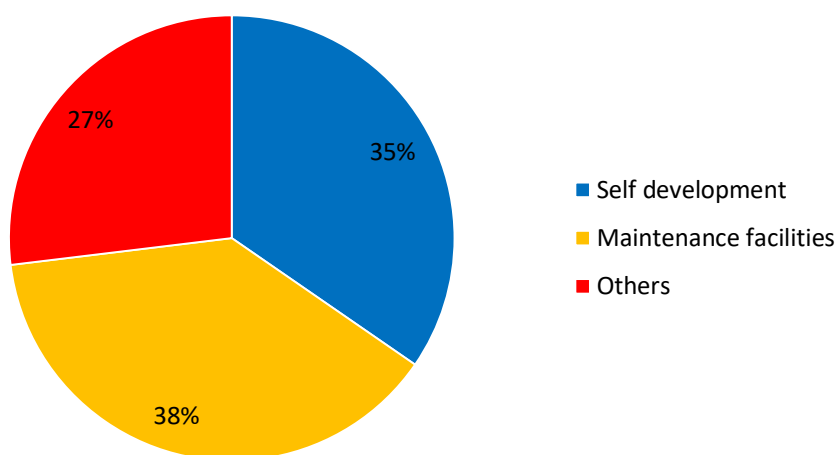


FIG 4.8.1: REASON FOR POSITIVE RESPONSES

INTERPRETATION

Table 4.8.1 and figure 4.8.1 shows the reasons for positive responses regarding the level on other development acquired as a result of CSR activities. Here we can see that majority responses are for development on maintenance facilities which is 10 (38%). Besides this, development have obtained for self development too, 4 (35%).

TABLE 4.9: LEVEL ON PERSONAL BENEFITS THROUGH CSR

RESPONSE	FREQUENCY	PERCENTAGE
Yes	46	92
No	3	6
May be	1	2
TOTAL	50	100

SOURCE: PRIMARY DATA

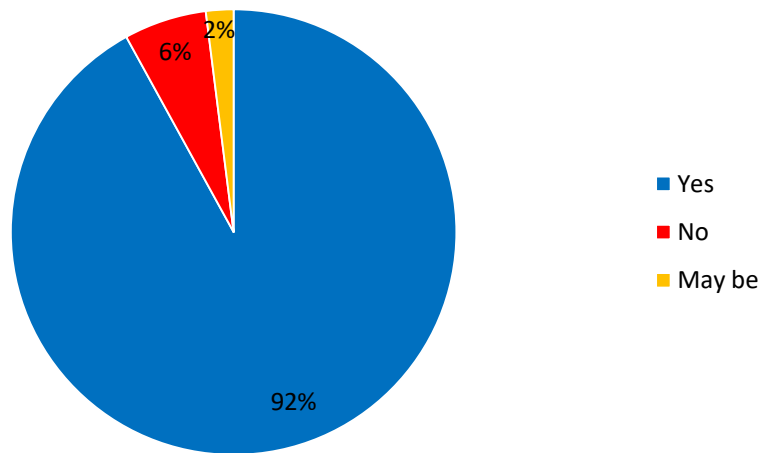


FIG 4.9: LEVEL ON PERSONAL BENEFITS THROUGH CSR

INTERPRETATION

Table 4.9 and figure 4.9 shows the level on personal benefits through CSR. Out of 50 respondents 46 (92%) are recipients who acquired personal benefits through CSR. At the same time only 3 (6%) are non recipients who no acquired any personal benefits. The remaining 1 (2%) includes other category.

TABLE 4.9.1: REASON FOR POSITIVE RESPONSES

RESPONSE	FREQUENCY	PERCENTAGE
Educational benefit	22	48
Health care facility	30	65
Infrastructural benefit	37	80
Others	4	9

SOURCE: PRIMARY DATA

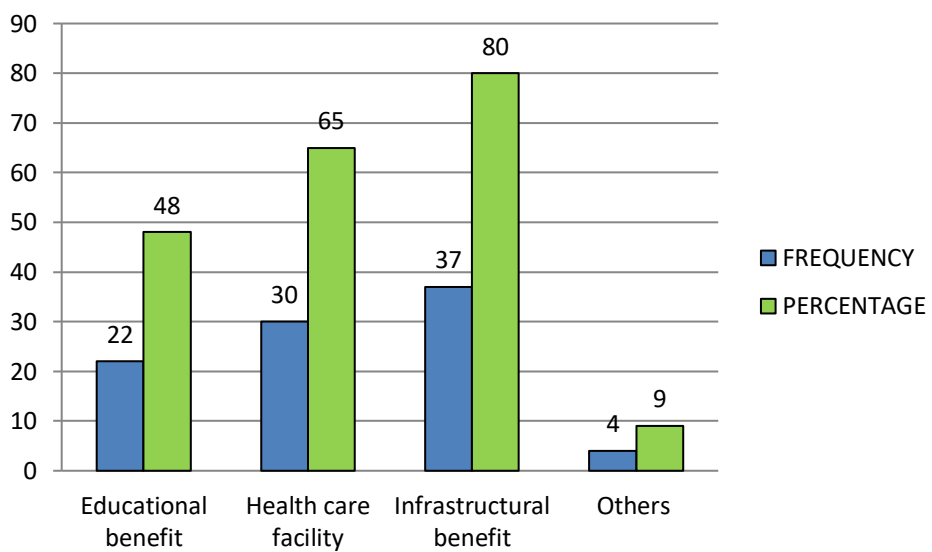


FIG 4.9.1: REASON FOR POSITIVE RESPONSES

INTERPRETATION

Table 4.9.1 and figure 4.9.1 illustrates the reasons for positive responses about the personal benefits through CSR. From this we can understand that most of the responses are for infrastructural benefits which is 37 (80%). The least responses are for others 4 (9%).

TABLE 4.10: ELIGIBILITY OF SERVICE

RESPONSE	FREQUENCY	PERCENTAGE
Below poverty line	13	26
Lack of financial status	20	40
Through kudumbasree	12	24
2020 Kizhakkambalam	3	6
Others	2	4
TOTAL	50	100

SOURCE: PRIMARY DATA

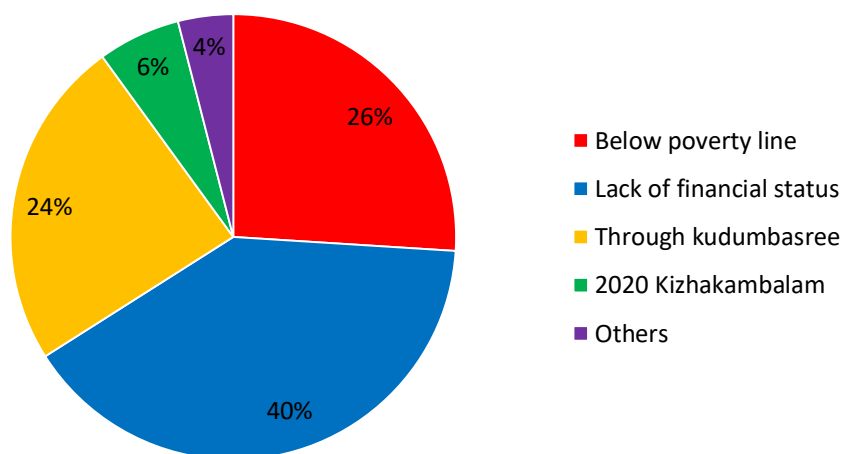


FIG 4.10: ELIGIBILITY OF SERVICE

INTERPRETATION

Table 4.10 figure 4.10 shows the eligibility criteria for receiving services. Out of 50 respondents, 20 (40%) responses received the service due to lack of financial status. On the other hand 2 (4%) responses were eligible due to other reasons.

TABLE 4.11: SATISFACTION AFTER IMPLEMENTATION OF CSR

RESPONSE	FREQUENCY	PERCENTAGE
Excellent	34	65
Good	12	23
Fair	6	12
Poor	0	0
TOTAL	50	100

SOURCE: PRIMARY DATA

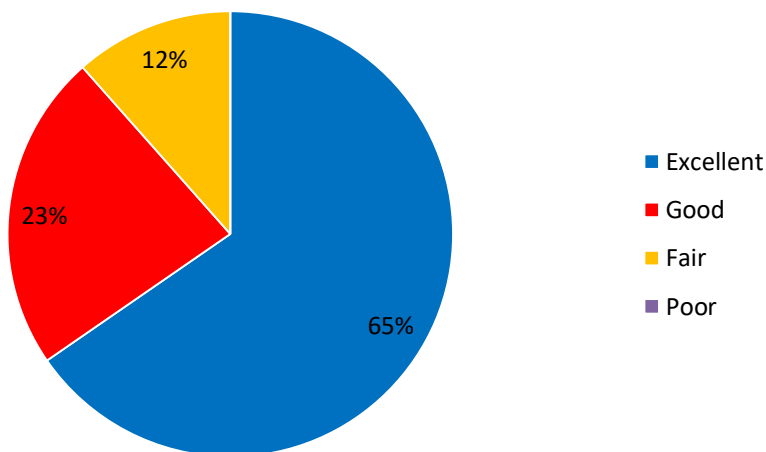


FIG 4.11: SATISFACTION AFTER IMPLEMENTATION OF CSR

INTERPRETATION

Table 4.11 and figure 4.11 depicts the level of satisfaction after implementation of CSR. Out of the 50 respondents, most of the responses 34 (65%) shows excellent satisfaction and the least responses 6 (12%) shows fair satisfaction. From this we can interpret that here is excellent and fair responses.

TABLE 4.12 LIKELY RESPONSES AFTER CSR

RESPONSE	FREQUENCY	PERCENTAGE
Yes	48	96
No	0	0
May be	2	4
TOTAL	50	100

SOURCE: PRIMARY DATA

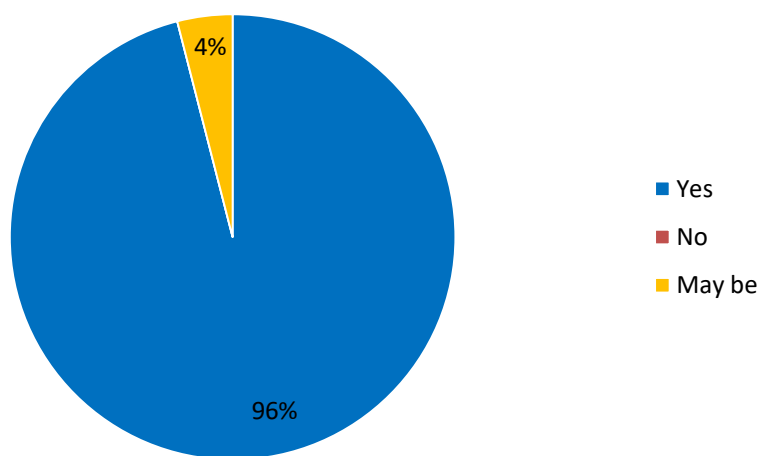


FIG 4.12 LIKELY RESPONSES AFTER CSR

INTERPRETATION

Table 4.12 and figure 4.12 shows the likely responses after CSR activities. Out of the 50 respondents, the highest percentage is for positive responses 48 (96%) and the lowest percentage is for neither positive nor negative responses 2 (4%). It clearly shows that the most of the respondents are very likely to those services provided through CSR.

TABLE 4.13: LIST OF SOCIAL BENEFITS

RESPONSE	FREQUENCY	PERCENTAGE
Product available at fair price	46	96
Modern agricultural development	28	58
Medical assistance	35	73
Household items	1	2

SOURCE: PRIMARY DATA

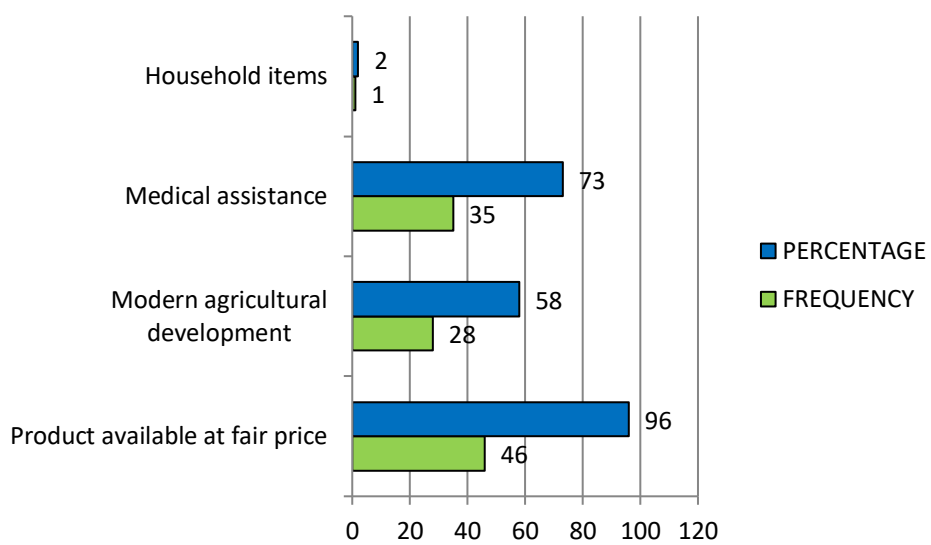


FIG 4.13: LIST OF SOCIAL BENEFITS

INTERPRETATION

Table 4.13 and figure 4.13 shows the list of social benefits provided to those respondents through CSR activities. Here majority of the respondents receives product at fair price 46 (96%) and at the same level just below this is medical assistance 35 (73%) received by them. And the least they receive is household items i.e. 1 (2%).

TABLE 4.14: SATISFACTION ON SOCIAL COMMITMENT

RESPONSE	FREQUENCY	PERCENTAGE
Excellent	33	66
Good	15	30
Fair	2	4
Poor	0	0
TOTAL	50	100

SOURCE: PRIMARY DATA

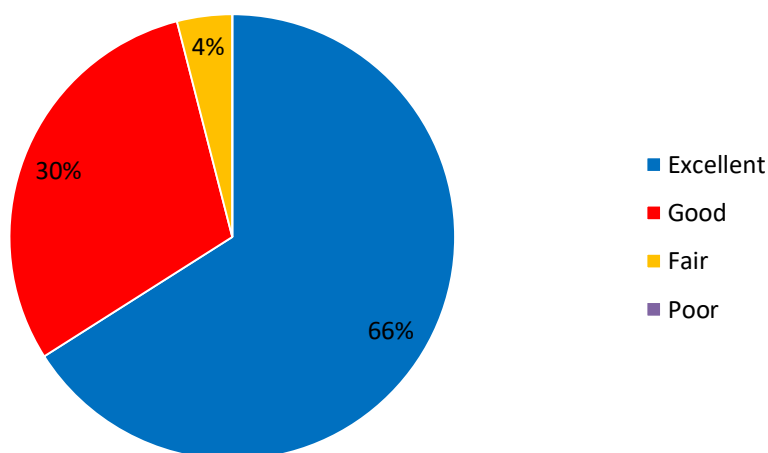


FIG 4.14: SATISFACTION ON SOCIAL COMMITMENT

INTERPRETATION

Table 4.14 and figure 4.14 shows the satisfaction level on social commitment of Kitex ltd. Out of the 50 responses most of them opted for excellent satisfaction 33 (66%) and the least of the opted for fair satisfaction 2 (4%). From this analysis there are excellent and good responses regarding the satisfaction on social commitment of Kitex ltd.

CHAPTER 5

FINDINGS, CONCLUSION AND

SUGGESTIONS

5.1 FINDINGS OF THE STUDY

- **Age:** When we categorize the respondents on the basis of the age, a major part of the respondents fall on the age group of 30 to 60 years which forms 58% of the sample. Another major part of the respondents comes close to the age group of 18 to 30, which covers 30% of the sample. Below 30 and above 60 have only 1% and 5% responses respectively.
- **Annual Income:** On the basis of annual income classification, a major portion of respondents fall in the income level between 10,000 to 50,000 which is 58% of the sample. Income level having less than 10,000 and more than 100,000 are 30% and 10% of sample respectively. Thus collectively the beneficiaries comes under 10,000 to 50,000 annual income category.
- **Respondents Awareness:** When we look upon the respondents' awareness regarding the CSR activities of Kitex Ltd, about 90% of the sample is fully known. There is nobody who doesn't know anything about CSR activities carried out by Kitex Company. A few of the respondents i.e. 10% are partly known about the activities. From this we can conclude that more than half of them are aware and known about CSR activities.
- **Individual Opinion on CSR:** When we comes to the individual opinion on CSR activities of Kitex Ltd, we found that every respondents had positive and good opinion regarding CSR i.e. 100% of sample is responding a positive side they achieve. Nobody in the sample respondents had said any negative opinion on CSR.
- **Social Services under CSR:** Kitex Company provides many CSR activities to the beneficiaries such as education, health care, infrastructural developments, sustainable environment etc. About 82% of the sample had responded towards the infrastructural development and both health and education activities had 74% each and 66% for the sustainable environment. Almost everyone receives one or the other services provided by Kitex Company.
- **Economic Development:** More than half i.e. 62% of the respondents achieved economical developments like increase in family income and standard of living etc. The respondents achieved their income increased and got employment opportunities i.e. 44% and 20% respectively. Only few such as 28% of sample doesn't achieved any of the economical developments.

- **Social developments:** The respondents achieved social developments too i.e. 64% of sample like road and water facilities. They received 63% of road and water facilities and 20% of social commitment as social developments. Only 34% of the sample doesn't receive yet.
- **Other Developments:** Almost equal responses are received out in the achievement of other development i.e. 48% and 44% are received and not yet received respectively. Other developments such as self development, maintenance facilities are achieved by the beneficiaries.
- **Personal Benefits:** Most of the respondents received personal benefits through CSR activities i.e. 92% of the sample which is near to 100%. Personal benefits such as health care facility, infrastructural and educational benefit etc. 80% of them received infrastructural benefit and 65% of health care facility. Only a few of them doesn't receive yet.
- **Eligibility of Service:** A sample of 40% of them had become eligible for the services of Kitex ltd due to lack of financial status whereas 26% of the samples were made them eligible because of below poverty line. Some of them had received the services through Kudumbasree too.
- **Satisfaction after Implementation of CSR:** When it comes to the satisfaction after implementation of CSR in Kizhakkambalam Panchayath, 64% considers that the activities provide by them are excellent and some of them i.e. 24% and 12% considers as good and fair respectively. Nobody mention any dissatisfaction on the implementation of CSR there.
- **Likely Responses:** We found that the responses about social impacts of CSR of Kitex ltd had made a social impact which is a major portion of sample i.e. 96% whereas 4% are not sure about the same.
- **List of Social Benefits:** In the case of social benefits through CSR of Kitex Company 96% of the beneficiaries are benefited by availing products at fair prices and they are benefited through medical assistance and modern agricultural development of 73% and 58% respectively. Meanwhile there are some of them received household items too.
- **Social Commitment:** We found that the level of satisfaction of beneficiaries on social commitment of CSR, majority of them said excellent performance of Kitex Company and some said good and fair performance i.e. 30% and 4% respectively. Thus most of all are satisfied with those activities under CSR.

5.2 CONCLUSION

Corporate Social Responsibility is mainly considered as a private firm policy. Kitex ltd Company had contributed their certain profits towards CSR activities in Kizhakkambalam Panchayath. The projects undertaken under CSR activities by Kitex ltd Company are well appreciated by the community and were within the broad framework of Schedule VII of the Companies Act, 2013.

The Company had served disadvantaged communities in and around their factory premises directly or through Twenty20 Kizhakkambalam association through its focus on Eradicating hunger and poverty, education and skill development, ensuring good health and wellness, environment sustainability and making available safe drinking water etc.

In our study, major part of the CSR services are given to the beneficiaries in Kizhakkambalam Panchayath belongs to the age group 30-60 years and their annual income lies between 10,000 to 50,000. Our study notifies that 90% of them are aware or fully known about the importance or need of Corporate Social Responsibility. Each and every beneficiary provided with positive responses against the services provided to them and through the study we indentified those social services such as health care, infrastructural facilities, education etc. After the implementation of CSR services the beneficiaries is fully satisfied with the company's services and we found that 96% had got social positive impacts through the implementation and out of that most of them receives the products which is needy in livelihood at fair prices that is of organic items to the society.

When we conclude the project we found that the beneficiaries had given 66% plus 30% excellent and good satisfaction level on the services the company provided.

Kitex ltd. Company contributed their maximum in the social healthy lifestyle of Kizhakkambalam Panchayath beneficiaries. They are on the vision "to effectively contribute to the social and economical development in which they operate. In doing so they intend to build a better, sustainable way of life for the weaker sections of society and raise the country's human development index". They had been successfully moving to gain their vision and they made the Kizhakkambalam Panchayath being a model village to the world through these CSR social services.

5.3 SUGGESTIONS

Kitex Company provides whole types of social services to the beneficiaries and they all are fully satisfied with their activities and services. Still there are some suggestions for more efficiency in their activities to being a good model to the world.

❖ **Encouragement for Women Employment**

Encouragement of women employment is a necessity for the very development of a society, since it enhances both the quality and the quantity of human resources available for development. They can also improve their commitments to the society and build their own life in a competitive world.

❖ **Health Care Facilities**

Health care facilities like quarterly or yearly medical camps can be improved likewise the beneficiaries can improve their health and stay healthy.

❖ **Development in Agricultural Field**

Development in agricultural sector includes supply of seeds, organic fertilizers, grow bags to the beneficiaries. So they can grow organic eatables for their own consumption and make the society environment friendly.

❖ **Improvement for Infrastructural Facility**

Infrastructural development is necessary such as road maintenances, smooth drainage systems etc. can be improved in the society.

❖ **Promote Educational Facilities**

Promote educational facilities to those children who are efficient in their studies and providing scholarships for their better education and to build literate youngsters for economy developments.

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APPENDIX

QUESTIONNAIRE

A Study on the Effectiveness of CSR Initiatives of Kitex Ltd in the Society

1. Name _____
2. Age
 - a) Below 18
 - b) 18 to 30
 - c) 30 to 60
 - d) 60 above
3. Annual income
 - a) Below 10,000/-
 - b) 10,000 to 50,000
 - c) 50,000 to 1,00,000
 - d) 1,00,000 Above
4. Are you aware of the term Corporate Social Responsibility?
 - a) Yes
 - b) No
 - c) Maybe
5. According to you what is the purpose of CSR?
 - a) To improve the image of a company
 - b) To attract customers attention
 - c) To develop society and environment
 - d) To increase profit
6. What all social services are provided by Kitex Ltd?
 - a) Education
 - b) Health care
 - c) Infrastructural developments
 - d) Sustainability of environment
 - e) Others _____
7. Do you get any economical development through CSR activities?
 - a) Yes
 - b) No
 - c) Maybe
8. If yes, what development you achieve?

9. Do you think that through CSR activities, you achieve social development?

- a) Yes
- b) No
- c) Maybe

10. If yes, what you achieve?

11. Is there any other development you achieved?

- a) Yes
- b) No
- c) Maybe

12. If yes, please specify.

13. Do you get any personal benefits from those social services provided by them?

- a) Yes
- b) No
- c) Maybe

14. If yes, what type of benefit?

- a) Educational benefit
- b) Health care facility
- c) Infrastructural benefit
- d) Others _____

15. How you became eligible for this service personally?

- a) Below poverty level
- b) Lack of financial status
- c) Others _____

16. What is your opinion about the positive/negative impacts in your village after the implementation of CSR?

- a) Excellent
- b) Good
- c) Fair
- d) Poor

17. Do the CSR implementation by Kitex Ltd resulted in any social impacts?

- a) Yes
- b) No
- c) Maybe

18. If yes, what are those social benefits?

- a) Product available at fair price
- b) Modern agricultural development
- c) Medical assistance
- d) Others _____

19. What is your opinion on the social commitment of Kitex Ltd?

- a) Excellent
- b) Good
- c) Fair
- d) Poor

20. Suggestions:
