



### CORPORATE SOCIAL RESPONSIBILITY INITIATIVE OF INDIAN AUTOMOBILE COMPANIES

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#### Abstract

Corporate Social Responsibility (CSR) is the most important discussed topic in the worldwide business houses especially in India, as it houses some of the major manufacturing industries of the world. CSR is an important function to accelerate the process of overall development and nation building. India, the second most populous country in the world and home to the largest number of people in need of basic amenities, needs more intensive efforts as part of CSR covering the length and breadth of the country. The recent introduction of Companies Act, 2013 whereby two percent of the net profit to be allocated for social activities has made mandatory for all the registered companies to take up CSR activities.

Automobile industry is one of the major manufacturing industry in India as its share accounted for 5 percent of the GDP in the last decade and providing employment for over 2,00,000 people. The overall percentage share in the world market is about 6-8% and it is expected to top the world in passenger car volumes with approximately 611 million vehicles by the year 2050. The Indian automobile industry has become the seventh largest in the world with an annual production of 3.7 million units in 2010. Being having a good sizeable market share in the Indian economy to what extent corporate social activities are carried out in this industry. This paper brings the corporate social activities carried in the automobile industries of India and the contribution towards the national growth.

**Keywords:** CSR, Corporate Social Responsibility, Indian Automobile Industry

#### Introduction on Corporate Social Responsibility (CSR):

The word CSR is a combination of three words ie Corporate, Social, Responsibility. Therefore, in broader



sense, CSR covers the responsibilities other than the profit, that have to be done to the societies within which they are based and operate. Corporate Social Responsibility is a business concern for society's welfare. This concern is demonstrated by managers who consider both the long range best interests of the country and the company's relationship to the society within which it operates. This refers to the idea that socially responsible companies will outperform their peers by focusing on the world's social problems and viewing them as opportunities to build profits and help the world at the same time. It is also the notion that companies cannot thrive for long in a world where billions of people are suffering and are desperately poor. Thus, it is in business's interest to find ways to attack society's ills. Only business organisations have the talent, creativity, and executive ability to do the job. Corporate Social Responsibility (CSR) is the continuing commitment by business to behave ethically, contribute to economic development ,improving quality of life of workforce, their family, local community and society, build a meaningful relationship between the has to adopt practices that ensure

ethical, legal, commercial and public expectations. According to R.C. Bhargava, Chairman, Maruti Suzuki all companies have direct and indirect stake holders. A company also impacts on the external environment. Direct stake holders would include all employees, suppliers and vendors, dealers, as well as shareholders. Indirect stake

holders would comprise communities living near the production facility, customers and others whose livelihood could be influenced by the operations of the company. The larger the company the greater would be the number of its stakeholders. It is clearly in the interest of all the direct stake holders that the company should have long term sustained growth, as closure of a company would lead to disruption in the lives of many, and often cause severe hardship to the weaker amongst stake holders, including small shareholders. CSR must be the integrated part of day to day business engaging all stakeholders, strategies to support individual managers to make socially responsible decisions confirming ethical behaviour and law.



### Indian Automobile Industry Market:

India has got the credit of one of the world's largest automobile industries. India's passenger car and commercial vehicle manufacturing industry is the sixth largest in the world, with an annual production of more than 3.9 million units in 2011. Also according to the reports, India overtook Brazil and became sixth largest passenger vehicle producer in the world and grew 16 to 18 percent to sell around three million units in the course of 2011 and 2012. Easy availability of finance and rising income levels are encouraging the middle class population to upgrade their two wheelers to a car. India is quietly becoming a production hub of high end vehicles meant for export to china. The cumulative production data for April- March 2012 showed production growth of 13.83 percent over the same period last year. In March 2012 as compared to march 2011, production grew at a single digit rate of 6.83.percent. in 2011-12, the industry produced 20,366,432 vehicles of which share of two wheelers, passenger vehicles, three

wheelers and commercial vehicles were 76 percent, 15 percent, 4 percent and 4 percent respectively. The majority of India's car manufacturing industry is around three zones in north, west and south. The northern zone consists of Delhi and Haryana, the western zone consists of Maharashtra and Gujarat and the southern zone consists of Chennai. Chennai has the biggest market share compared to other zones with 35 – 40 percent of the revenue share. Chennai is also credited with the title **"Detroit of Asia"** as it houses some of the biggest automobile companies such as Ford, Hyundai, Renault, Nissan etc. The automotive industry accounts for 5 percent of the GDP and provides employment for over 2,00,000 people. Having a good sizeable market share automobile industry engages in CSR activities such as community developments, education, healthcare, rural development, women empowerment, self-help groups, road safety, environment safety, vocational training etc.

The Indian Automobile industry consists of two wheelers, three wheelers, four



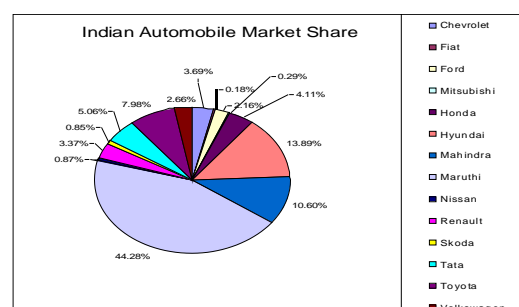
wheelers both passenger and commercial , Heavy vehicles, utility vehicles, tractors, defense vehicles, ship manufactures and aircraft manufacturers. The passenger car market is dominated by Maruti Suzuki India Motors and the heavy vehicle market is dominated by Ashok Leyland and Tata Motors

Here is the top list of automobile companies in India:

1. Ashok Leyland
2. Maruti Suzuki
3. Hero Motorcycles
4. Honda Motorcycle and Scooter India Pvt Ltd
5. Suzuki Motorcycle
6. Toyota Kiroloskar Motors Private Limited
7. Eicher Motors
8. General Motors
9. Volkswagen Group Sales India Private Limited
10. Mahindra and Mahindra
11. Piaggio Vehicles
12. Tata Motors
13. India Yamaha motorsHonda Cars India Limited
14. TAFE Tractors

15. TVS Motors
16. Hyundai Motors India Limited
17. Mitsubishi Motors
18. Ford India Private Limited
19. Renault Nissan Automotive India Private Limited
20. Royal Enfield
21. Bajaj Auto
22. Force Motors

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\* Source : [www.theautomotiveindia.com](http://www.theautomotiveindia.com) \* Market share is based on total sales of specified manufactures only

Company Name	Market Share in Percentage
Chevrolet	3.69
Fiat	0.18



Ford	2.16
Mitsubishi	0.29
Honda	4.11
Hyundai	13.88
Mahindra	10.59
Maruti	44.24
Nissan	0.87
Renault	3.37
Skoda	0.85
Tata	5.06
Toyota	7.97
Volkswagen	2.66

Here is the CSR activities carried in these automobile industries -

### Corporate Social Responsibility in

**Ashok Leyland:** A number of development initiatives run in communities around the manufacturing facilities and in far flung areas, through constant and well monitored support to educational, medical, and charitable organisations. Ashok Leyland encourages employee volunteerism to enable employees to be a part of company's social initiatives and bring out their talents. It provides employee family welfare schemes, also construction and repairs of public buildings, erecting bus shelters, putting street lights, Funbus for differently abled children and children of orphanages. Ashok Leyland conducts HIV awareness camps, Rehabilitation camps for truck drivers and safety awareness

camps.

### Corporate Social Responsibility in

#### Maruti Suzuki Motors India

**Limited:** Maruti Suzuki India

Limited has been a responsible corporate citizen, as it has been believed in high standards of products. Maruti focuses upon its employee welfare , its stakeholders, customers and its surroundings ie environment. The company works on providing environmental friendly products, preserving natural environment and virtually zero pollution vehicles. The company has made huge investments in building /repairing schools, providing drinking water, toilets, pathways etc. the company focus on road safety awareness camps and promotes safe driving through drivingschools.

### Corporate Social Responsibility in

#### Hyundai Motor India Limited

**(HMIL) :** HMIL focus CSR activities

on road safety awareness, traffic squads to regulate traffic during peak hours, developmental projects like construction of a small houses for disabled children, projects on sanitation, donation of writing benches and desks to schools, medical camps, educational and





vocational training programs etc. HMIL has also started driving schools in a motive to reduce accidents and safe driving.

### **Corporate Social Responsibility in Mahindra and Mahindra (M&M):**

Mahindra has involved in CSR activities such as providing education to small children as well as to youth, taking care of the environment by making zero water waste automobile factory, non pollutant vehicles, health care facilities, AIDS awareness camp, road safety camps etc.

### **Corporate Social Responsibility in**

**Tata Motors :** From the beginning of Tata group of companies, they have involved in various CSR activities even before the term CSR was coined. Tata Motors are providing technical and vocational training programs, providing training and skills to women self help groups, health care services, preventive health services, infrastructure and up gradation of schools, building of low cost toilets, plantation growth and employability of tribal youth etc.

**Relevance of CSR today:** CSR as a

strategy is becoming increasingly important for businesses today because of three identifiable trends:

### **Changing Social Expectations:**

Consumers and society in general expect more from the companies whose products they buy. This sense has increased in the light of recent corporate scandals, which reduced public trust of corporations and reduced public confidence in the ability of regulatory bodies and organisations to control corporate excess.

**Increasing Affluence :** Affluent consumers can afford to pick and choose the products they buy. A society in need of work and inward investment is less likely to enforce strict regulations and penalize organisations that might take their business and money elsewhere.

**Globalisation:** The growing influence of the media sees any 'mistake' by companies brought immediately to the attention of the public. In addition, the Internet fuels the communication among like minded groups and consumers empowering them to spread their



message, while giving them the means to co-ordinate collective action ie, product boycott.

### Conclusion

Corporate Social Responsibility (CSR) today is seen as something more far reaching, engaging at a much wider level with business operations and relations with communities. CSR is a means of matching corporate operations with stake holder values and demands, at a time when these values and demands are constantly evolving. CSR can, therefore, best be described as a total approach.

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