

A Study of Corporate Social Responsibility in Adani Ports and Special Economic Zone (APSEZ) Limited

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ABSTRACT- Corporate Social Responsibility (CSR) has become a significant part of business strategies worldwide. This research paper aims to explore the CSR practices of Adani Ports and Special Economic Zone Limited, one of the largest private ports and SEZ developers in India. The study is based on secondary research of published reports, articles, and company websites. The research finds that Adani Ports and Special Economic Zone Limited has implemented various CSR initiatives related to education, health, environment, and community development. The company has established Adani Foundation, which undertakes CSR activities in areas such as education, health, rural development, and sustainable livelihoods. Adani Ports and Special Economic Zone Limited has also implemented several environmental initiatives such as energy-efficient technologies, renewable energy, and green ports. The company has been recognized for its efforts in environmental sustainability by various organizations. The study concludes that Adani Ports and Special Economic Zone Limited has implemented several CSR initiatives, which have positively impacted the communities in and around its operations. However, the company needs to be more transparent in reporting its CSR activities and their impact.

KEYWORDS- Adani Ports and Special Economic Zone Limited, Corporate Social Responsibility, Adani Foundation, Community and Rural Development, Company Act 2013.

I. INTRODUCTION

Corporate Social Responsibility (CSR) pertains to the voluntary initiatives undertaken by a corporation that surpass its legal responsibilities in order to contribute to society, the environment, and its stakeholders. These initiatives encompass a broad spectrum of actions, such as philanthropy, sustainable practices, ethical labor norms, and community engagement. The significance of CSR has escalated in recent times due to the escalating demands from consumers and investors for companies to play a more proactive role in addressing social and environmental issues. Embracing CSR practices can aid firms in cultivating a favorable public image, attracting and retaining skilled workforce, and ultimately, enhancing their long-term viability. Consequently, CSR has evolved into a pivotal element of corporate strategy, as companies

endeavor to harmonize their financial goals with their societal and environmental obligations.

The Companies Act of 2013, which superseded the previous Companies Act of 1956, incorporates stipulations concerning Corporate Social Responsibility (CSR) in the Indian context. Section 135 of the Act mandates that companies meeting specific criteria must allocate a minimum of 2% of their average net profits from the preceding three years towards CSR endeavors. This requirement is applicable to companies with a net worth exceeding Rs. 500 crore, or a turnover surpassing Rs. 1,000 crore, or a net profit of over Rs. 5 crore.

The legislation necessitates companies to establish a CSR committee comprising a minimum of three directors, including at least one independent director. The primary responsibility of this committee is to devise and propose CSR activities to the board, in addition to overseeing their execution. Furthermore, the Act compels companies to divulge their CSR policy, undertaken initiatives, and the financial outlay on CSR activities in their annual financial statements.

The Act enumerates a range of initiatives that qualify as CSR, encompassing endeavors such as eradicating hunger, poverty, and malnutrition, advocating for education, gender parity, and environmental conservation, and fostering socio-economic progress. Companies are afforded the liberty to select the initiatives they wish to back, provided they are in accordance with the provisions outlined in Schedule VII of the Act.

II. DEFINITION

The World Business Council for Sustainable Development defines CSR as "the continuing commitment by business to contribute to economic development while improving the quality of life of the workforce and their families as well as of the community and society at large."

The International Organization for Standardization (ISO) defines CSR as "the responsibility of an organization for the impacts of its decisions and activities on society and the environment, through transparent and ethical behavior that contributes to sustainable development, including the health and the welfare of society, takes into account the expectations of stakeholders, and is in compliance with applicable law and consistent with international norms of behavior."

III. CARROLL MODEL OF CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Carroll Model of Corporate Social Responsibility (CSR) is a framework that outlines four key components of CSR: economic, legal, ethical, and philanthropic responsibilities. The model was developed by Dr. Archie Carroll in 1979 and has been widely used by businesses and scholars to understand and implement CSR practices. The four components of the Carroll Model of CSR are:

A. Economic Responsibilities

These refer to a company's obligation to be profitable and to maximize shareholder value. Companies are expected to generate profits, provide returns to shareholders, and create jobs.

B. Legal Responsibilities

These refer to a company's obligation to comply with laws and regulations. Companies are expected to follow the laws and regulations that govern their operations, such as labor laws, environmental regulations, and tax laws.

C. Ethical Responsibilities

These refer to a company's obligation to do what is right, just, and fair, and to avoid harm to stakeholders. Companies are expected to act ethically and to avoid engaging in practices that may harm their stakeholders, such as discrimination, exploitation, and corruption.

D. Philanthropic Responsibilities:

These refer to a company's obligation to contribute to the well-being of society and to engage in charitable activities. Companies are expected to give back to society through philanthropic initiatives such as donating to charity, supporting community development programs, and providing disaster relief.

IV. ADANI GROUP OF INDUSTRIES

The Adani Group, established in 1988 by Gautam Adani, is a conglomerate of companies based in India. Known for its diverse portfolio, the group is involved in various sectors such as infrastructure, power, energy, ports, logistics, mining, and agribusiness.

Some of the key businesses of Adani Group include:

A. Adani Ports and Special Economic Zone Limited (APSEZ)

It is India's largest ports and Logistics Company, operating ports across the Indian coastline and catering to a wide range of customers and industries.

B. Adani Power

It is one of India's largest private power producers, generating electricity through a diverse portfolio of thermal, solar, and wind power plants.

C. Adani Enterprises

It is the flagship company of the Adani Group and operates across various businesses including coal mining, agribusiness, and defense.

D. Adani Transmission:

It is a leading player in the transmission sector, owning and operating power transmission lines across India.

E. Adani Green Energy Limited:

It is one of the largest renewable energy companies in India, generating electricity through solar, wind, and hybrid power projects.

V. ADANI PORTS AND SPECIAL ECONOMIC ZONE LIMITED (APSEZ)

- Adani Ports and Special Economic Zone Limited (APSEZ) is the largest ports and logistics company in India and a subsidiary of the Adani Group. It was established in 1998 and has grown rapidly over the years to become a major player in the Indian ports sector.
- APSEZ operates ten ports across India, including Mundra Port, the largest commercial port in India by volume, and other ports in Gujarat, Maharashtra, Goa, Tamil Nadu, and Odisha. The company also operates a logistics business under the brand Adani Logistics, which provides end-to-end logistics solutions to customers across various industries.
- The company's business model is based on a hub-and-spoke concept, where the major ports act as hubs and smaller ports act as spokes, providing connectivity and access to hinterlands. This model has enabled APSEZ to create a vast network of ports and logistics infrastructure, offering customers a wide range of services and solutions.
- APSEZ has been at the forefront of driving the growth of the Indian ports sector and has played a key role in promoting exports and trade. The company has been recognized for its innovative and sustainable business practices and has received several awards and accolades.
- In addition to its business operations, APSEZ is also actively involved in Corporate Social Responsibility (CSR) initiatives through the Adani Foundation, which focuses on education, healthcare, community development, and environmental sustainability. The company has been committed to sustainable development and has taken several measures to reduce its carbon footprint and promote environmental sustainability.

VI. REVIEW OF LITERATURE

The author of the research paper posited that Corporate Social Responsibility (CSR) is a concept with historical roots and not a novel term. Historically, a limited number of companies engaged in activities aimed at enhancing societal well-being. This was driven by the belief that all stakeholders are essential components of any business entity. By prioritizing the needs of stakeholders, organizations can enhance their sustainability. The primary objective of this paper is to explore the significance of CSR in fostering economic growth within society. [6], studied the article titled "The Mandatory CSR in India: A Boon or Bane" and observed that the stipulation in the recent Indian Companies Bill requiring a minimum of 2% investment in CSR initiatives represents an innovative strategy in addressing social concerns within the nation. Despite being suboptimal, this provision was implemented out of necessity in order to promote economic equity in India. The lack of accountability among Indian enterprises regarding the actual costs associated with their operations has been highlighted. Many of these businesses have

routinely caused environmental degradation and evaded responsibility for the risks posed to individuals as a result. The potential for technology firms to embrace measures aimed at safeguarding the environment and ensuring safety, along with the possibility of chemical and oil companies following suit, was also noted. The author further observed that this new requirement could potentially benefit both the corporate sector and the general public, ultimately propelling India towards a trajectory of fair and sustainable development. [3] studied "Corporate Social Responsibility and Education in India" and found that there is strong desire to change the current state of education, and of the current less-than-adequate regard for the impact of business on larger societies are, however, prerequisites. India has to restructure the education system at all the levels i.e. elementary, secondary and higher education level. This is possible when the corporates also perform their responsibilities towards society. They are also the consumers/users of trained/skilled manpower produced by the universities. [2] studied the research titled "Emerging trends in Corporate Social Responsibility in India-A Descriptive study" which indicated that prior to the 1990s, Corporate Social Responsibility (CSR) in India was primarily associated with philanthropic activities. Businesses perceived CSR merely as a form of philanthropy, leading them to often limit their involvement to one-time financial contributions without committing their resources for sustainable projects. Furthermore, the consideration of stakeholders was largely absent in the planning of such initiatives, consequently diminishing the effectiveness and value of CSR endeavors. Nevertheless, recent years have witnessed a notable shift in the understanding of CSR. There has been a discernible evolution from viewing CSR as a charitable obligation to recognizing it as a strategic imperative. Analysis of various case studies and corporate practices related to CSR in India highlights a gradual departure from the traditional notions of charity and reliance, towards an emphasis on empowerment and collaboration. [5] The study on "The New Spectrum of Corporate Social Responsibility in Emerging Economies" concluded that The idea of corporate social responsibility has gained popularity across the board and is a crucial component of success and a helpful tool for businesses in the current cutthroat marketplace. Corporate Social Responsibility is a brand-new idea that has emerged as a result of the way that businesses currently sell to society. Hence, CSR research have concentrated on developing country enterprises in Asia, particularly Indian firms, and there has been little effort to thoroughly study about the CSR spectrum framework in developing countries [1]. Corporate Social Responsibility: A Very Short Introduction. The author discusses in this book corporate social responsibility, which in his opinion is the way through which corporate houses manages their relations within society. Explaining the main principles of CSR in company policies and national approaches, the book provides solid grounds why CSR has become so pertinent and essential in business and government, the short introduction of the book also provides justification for the responsibilities which businesses espouses, and the strategies taken to manifest these responsibilities.[4]

VII. OBJECTIVES OF THE STUDY

- To study the overview of Corporate Social Responsibility.
- To study the CSR Activities initiatives taken by the Adani Ports and Special Economic Zone Limited.

VIII. RESEARCH METHODOLOGY

The present study is based on the descriptive and exploratory research. The research methodology is based on web based research, reviews of print literature and company media releases. The secondary data and information has been collected from different sources such as official websites of Adani Group, articles, Research papers, journals and website etc.

IX. FOCUS AREA OF CSR IN ADANI PORTS AND SPECIAL ECONOMIC ZONE LIMITED

Adani Ports and Special Economic Zone Limited (APSEZ) is one of the largest port operators in India and has a significant presence in the logistics and infrastructure sectors. The company has a strong focus on CSR and has implemented various initiatives in the areas of education, healthcare, environment, and community development. APSEZ contributes towards inclusive growth, especially in the areas where it operates. It is committed to build integrated systems to widen the social prosperity circle. In March 2020, the outbreak of coronavirus marked the beginning of an unprecedented phase and the Foundation's relief extended into FY 2021-22 to build a resilient and inclusive society. APSEZ made H33.83 crore of community investments and H16.45 crore of charitable donations. Some of the focus areas of CSR initiatives in APSEZ include:

A. Education

- The company has initiated various programs to improve access to quality education for children from marginalized communities. These programs include the establishment of schools, provision of scholarships, and infrastructure development.
- Adani Foundation provided quality subsidised education to 3,289 students through the Adani Public School in Mundra (Gujarat), Adani DAV School in Dhamra (Odisha), Navchetan Vidyalaya in Junagam (Gujarat) and Adani World School in Krishnapatnam (Andhra Pradesh).
- Utthan Support was provided for enrolling in National Means-CumMerit Scholarship (NMMS) and Jawahar Navodaya Vidyalay (JNV), covering scholarship and offering admission in Class VI on a merit basis. In FY 2021-22, more than 1000 students were supported through JNV and NMMS
- Merit-based scholarships, Dhamra Adani Foundation at Dhamra Port provided meritcum-means scholarship to 69 students worth H8.28 lakh. Started in 2009, this programme has extended scholarship grant to 304 students from the 10 vernacular medium high schools under Odisha Board of Secondary Education for pursuing 10+2 worth H12.02 lakh.

B. Health Care

- APSEZ has undertaken various initiatives to improve access to healthcare services for communities living in and around its port areas. These initiatives include mobile health clinics, medical camps, and the establishment of hospitals and dispensaries.
- Health cards and camps.
- Rural clinics and mobile healthcare units.
- Adani Hospital, Mundra
- Project Swasthya in Dahej.
- Potable water

C. Skill Development

- The company has set up skill development centers to provide training to youth from nearby communities in various trades such as welding, plumbing, electrical, and hospitality. The Adani Skill Development Centre has trained over 30,000 people and has helped in improving their employability.

D. Environmental Sustainability

- Adani Ports and Special Economic Zone Limited has taken several initiatives to promote environmental sustainability. The company has implemented green initiatives such as the use of renewable energy, rainwater harvesting, and waste management.

E. Community Development

- The Adani Foundation has undertaken several initiatives to support community development. The foundation has provided assistance to families affected by natural disasters, supported rural development projects, and promoted sports and cultural activities in the surrounding communities.

F. Women Empowerment

- Adani Ports and Special Economic Zone Limited has launched several initiatives to promote women's empowerment. The company has provided training in tailoring, handicrafts, and other skills to women from nearby communities to help them become self-reliant.

G. Disaster Relief

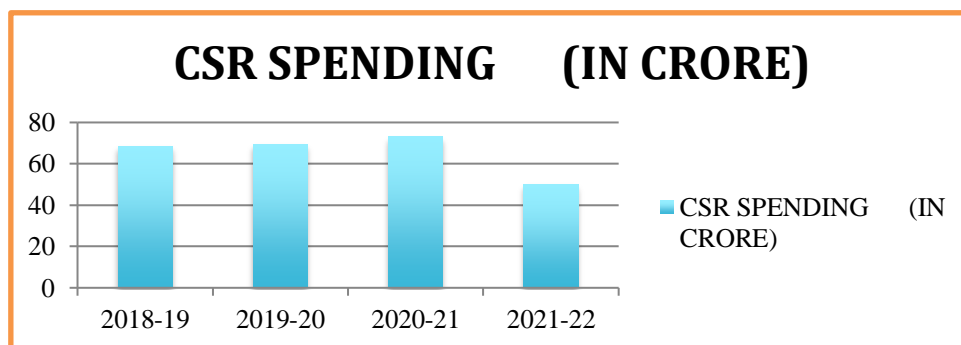
- APSEZ has a disaster relief program in place to provide immediate assistance in the event of natural disasters. The company has provided emergency relief supplies such as food, water, and medicine to affected communities.
- Overall, APSEZ has adopted several CSR practices to contribute to the social and economic development of the communities it operates in. The company is committed to sustainable development and is continuously striving to improve its CSR initiatives.

Table 1: Expenditure on CSR by Adani Ports and Special Economic Zone Limited

YEAR	EXPENDITURE ON CSR ACTIVITIES
2018-19	68.37 CRORE
2019-20	69.50 CRORE
2020-21	72.99 CRORE
2021-22	49.89 CRORE

(Source: Adani Ports and Special Economic Zone Limited Annual Report)

In the above table 1, it shows the spending on Corporate Social Responsibility (CSR) initiatives by Adani Ports and Special Economic Zone Limited over a span of four years, from 2018-19 to 2021-22. The information shows a steady rise in CSR investments over the initial three years, beginning with an initial outlay of ₹68.37 crores in 2018-19, which modestly increased to ₹69.50 crores in 2019-20, and reached its highest point at ₹72.99 crores in 2020-21. Nonetheless, in the year 2021-22, there is a significant drop in CSR spending, falling sharply to ₹49.89 crores. This reduction marks a break in the positive trend seen in the preceding years and might be attributed to various reasons, including shifts in corporate policy, external economic conditions, or changes in strategic focus towards CSR. The table underscores a robust initial dedication to CSR efforts, which is then followed by a notable decrease in the most recent year.



(Source: Adani Ports and Special Economic Zone Limited Annual Report)

Figure 1: Amount of Money Invested in CSR

In the above figure 1, the bar graph displays the amount of money invested in Corporate Social Responsibility (CSR) Initiatives by Adani Ports and Special Economic Zone Limited Across Four Financial Years: 2018-19, 2019-20, 2020-21, And 2021-22. 2018-19: The firm allocated around ₹68.37 crores for CSR initiatives.

- 2019-20: The investment in CSR slightly went up to approximately ₹69.50 crores.
- 2020-21: The investment continued to grow, reaching its peak at ₹72.99 crores, marking the highest point during the period.
- 2021-22: There was a notable decrease in CSR investment, falling to ₹49.89 crores.

The graph depicts the trend, illustrating a gradual rise in CSR spending over three years, which then sharply declined in the last year. This indicates that initially, the company either maintained or even increased its CSR investments over the first three years, but a change in strategy was observed in 2021-22, resulting in a decrease in spending.

X. FINDINGS

Based on my research, Adani Ports and Special Economic Zone Limited (APSEZ) has implemented several CSR practices to address social, environmental, and economic challenges in the areas it operates. Some of the findings and suggestions are:

A. Findings

- APSEZ has established various educational institutions to provide quality education to children in the communities around its port locations.
- The company offers skill development training programs for youth to enhance their employability.
- APSEZ has set up health centers in the vicinity of its ports to provide primary healthcare services to the local communities.
- The company has launched various sanitation programs to ensure clean and hygienic living conditions for the residents.
- APSEZ is committed to minimizing its impact on the environment through various initiatives such as afforestation, waste management, and water conservation.
- The company has undertaken various community development initiatives, including building roads, providing clean drinking water, and supporting livelihood programs.
- APSEZ has a disaster management plan in place to provide immediate relief in case of natural calamities such as floods, cyclones, and earthquakes.

XI. SUGGESTIONS

The company can focus on improving the quality of education in the schools it has established by investing in teacher training programs and infrastructure development.

- APSEZ can expand its health centers to provide specialized healthcare services, especially in remote areas.
- The company can explore innovative ways to promote environmental sustainability, such as promoting renewable energy sources in its operations.
- APSEZ can collaborate with local authorities to support large-scale community development initiatives such as creating employment opportunities and promoting entrepreneurship.
- The company can conduct regular assessments to measure the effectiveness of its CSR programs and make necessary improvements based on the findings.
- APSEZ can involve local communities in its disaster management planning and response efforts to ensure their needs are met during emergencies.

XII. CONCLUSION

In conclusion, Adani Ports and Special Economic Zone Limited has made significant strides in implementing CSR practices, but there is still room for improvement. By addressing the above suggestions, APSEZ can further strengthen its CSR practices and contribute to sustainable development in the areas it operates.

CONFLICTS OF INTEREST

The authors declare that they have no conflicts of interest between them and with any third party.

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