
An Assessment of Corporate Social Responsibility Practices by Public and Private Life Insurance Companies in India

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Abstract:

"We make a living by what we get, but we make a life by what we give." – Winston Churchill

The growing concept of Corporate Social Responsibility (CSR) goes beyond charity and requires the company to act beyond its legal obligations and to integrated social, environmental and ethical concerns into company's business process. With the rapidly changing corporate environment and more functional autonomy, many organizations have set up separate CSR wings as a strategic tool for sustainable growth. In the current scenario, CSR goes way beyond the old philanthropy of the past — donating money to good causes at the end of the financial year. Instead, it is an all year round responsibility. Indeed, the brand names depend not only on quality, price and uniqueness but on how, cumulatively, they interact with companies' workforce, community and environment. Business has today, emerged as one of the most powerful institutions on the earth. The globalization and liberalization of the Indian economy has helped in stepping up growth rates. Companies are expanding their operations and crossing geographical boundaries. Indian Life insurance companies too have made their way into the business boom and are today acknowledged as major player and fastest growing sector in India. This sector has also made momentous contribution towards corporate social responsibility. CSR has gained unprecedented importance and has become imperative to any company's strategic decision making.

The present paper highlights the CSR practices adopted by selected public and private insurance companies in India. This research is based on the secondary data collected from different sources and company websites using internet. The research concludes the way that Indian life insurance companies exhibiting their responsibilities towards the societal wellness by organizing a range of CSR projects and practices. This study includes three insurance companies viz. LIC of India, SBI Life Insurance Company Ltd, Reliance-Nippon Life Insurance Company Private Ltd.

Key Words: Corporate Social Responsibility, CSR Practices, Life Insurance

I. INTRODUCTION:

The concept of CSR is not simple to define; various concepts and themes overlap this term. The concepts of corporate citizenship, sustainable business, environmental responsibility, the triple bottom line, social and environmental accountability, business ethics and corporate accountability are all very much linked with CSR. The term CSR itself came into common use in the early 1970s. The last decade of the twentieth century witnessed a shift in focus from charity and traditional philanthropy towards a more direct engagement of business in mainstream development, and concern for disadvantaged groups in society. In India, there is a growing realization that business cannot succeed in isolation and social

progress is necessary for sustainable growth. An ideal CSR practice has both ethical and philosophical dimensions, particularly in India where there is a wide gap between sections of people in terms of income and standards as well as socio-economic status (Bajpai, 2001).

I.2. various perspectives of CSR:

Business perspective focuses on the importance of ‘reputation capital’ for capturing and sustaining markets. CSR is nothing but a new business strategy to reduce investment risk and maximize profits by taking all the stakeholders into confidence.

Eco - social perspective recognizes the fact that social and environmental stability and sustainability are two major prerequisites for sustainability of the market in the long run. CSR is both a value and a strategy for ensuring sustainability of a business.

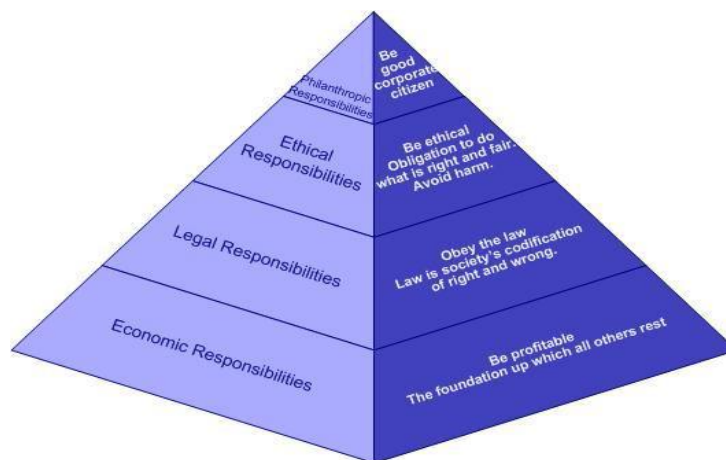
Right - based perspective focuses on the fact that consumers, employees, stakeholders and affected communities have a right to know about corporations and their businesses. It stresses accountability, transparency, and social and environmental investment as major aspects of CSR.

I.3. IMPORTANCE OF CSR:

CSR has become an important issue because of the following factors:

- ✓ CSR helps in strengthening the relationship between companies and stakeholders.
- ✓ It enables continuous improvement and encourages innovations.
- ✓ Attracts the best industry talent as a socially responsible company.
- ✓ Provides additional motivation to employees.
- ✓ Mitigates risk as a result of its effective corporate governance framework.
- ✓ Enhances ability to manage stakeholder expectations.

I.4. CARROLL’S MODEL OF RESPONSIBILITY:



Carroll's CSR Pyramid

The first responsibility which is given in the above model is economic responsibility, which means that every business have the responsibility to be profitable. It includes providing high returns for investors, providing workers with jobs and fair wages and advancing new technology. The second responsibility is the legal responsibility which defines the rule and regulation guidelines which business has to obey. The third responsibility is closely related to the second, is the ethical responsibility. That is to do what is right even when business is not forced to do so by law. The fourth responsibility which is on the top of Carroll's model is the philanthropic responsibility and also called the discretionary responsibility, it is best described by the resources contributed by corporations toward social, educational, health, recreational and/or cultural purposes (Carroll, 1991).

II. REVIEW OF LITERATURE:

Kavitha Vyas and Dr. S.P. Mathur (2006) in their study titled "An important step of Life Insurance Companies towards Corporate Social Responsibility" originates the CSR initiatives undertaken by life insurance companies in India and concludes that CSR is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of workforce as well as the local community and the society at big.

Babita Yadav and Dr. Varsha Rokade (2011) in their "study on the role of LIC towards Corporate Social Responsibility" accomplished that CSR practices is now quite an integral part of organizational objectives and becomes an effective tool by which a company can differentiate itself from their competitors and holds strong position in the market. Folake

Olowokudejo and S.A. Aduloju (2011) in the research paper titled on "Corporate Social Responsibility and Organization effectiveness of insurance companies in Nigeria found that there is a positive impact of CSR on organization effectiveness. The study concludes that company's involved in CSR related activities can help insurance companies to succeed, increase their profitability and improve performance.

Kaur Maneer and Agarwal Sudhir (2011) investigate the efficacy of Corporate Social Responsibility initiatives creating positive brand image in the minds of the consumers.

II.2. OBJECTIVES OF THE STUDY:

- ✓ To study the concept of Corporate Social Responsibility.
- ✓ To emphasize the objectives and importance of Corporate Social Responsibility.
- ✓ To show up CSR practices undertaken by selected Life Insurance Companies in India.

III. RESEARCH METHODOLOGY:

The present research is an exploratory type and is moving towards the analysis of existing literature, life insurance company's websites and their annual reports. By scouting the secondary data this study presents the brief about the concept of CSR and CSR initiatives taken by life insurance companies in India. The study has used secondary sources of

information from selected life insurance companies' websites (viz. LIC of India, SBI Life Co. Ltd, Reliance-Nippon Life Insurance Co. Ltd) and research papers, articles published by researchers & insurance experts related to the topic.

IV. CSR in Life Insurance Sector:

The insurance industry brings numerous positive contributions to society, and that a number of pioneering companies in the sector are striving hard to operate in a socially responsible way. The CSR policy of insurance companies in India mainly focuses on environment, education, community, workforce, human rights, health, senior citizens, marginalized groups, safety and standard of business conduct. Insurance companies favor the wellbeing of society as a whole through a variety of initiatives. They contribute to improve and enhance the quality of life of society in which they operate by helping to create an equitable society. In addition to it, they are strongly involved in promoting public health and their interventions have led to the adoption of higher security standards in several important areas such as car safety. Insurance companies also strive to integrate the environmental concern, both internally and externally.

In recent decades economic losses due to natural disasters have risen sharply and are doubling every ten years, this directly affects the industry as the claims related to natural disasters are massive. Therefore insurance industry is confronted with the responsibility to devise innovative responses to the environmental challenges. Apart from this insurance companies are also showing great interest in socially responsible investment. A group of leading insurance companies have adopted clear policies of socially responsible investment and have undertaken to implement them in their asset management practices. From the above discussion it is clear that CSR is now an effective part of organizational objectives of insurance companies and has become an effective tool by which a company can differentiate itself from their competitors and can hold strong position in market.

IV.1. "CSR Practices" by Life Insurance Companies in India:

In India maximum life insurance companies attain their corporate social responsibilities in their own way but for this study the researcher have selected India's top life insurance companies' viz. Life Insurance Corporation of India (LIC), SBI Life Insurance Company Limited, and Reliance Nippon Life Insurance Company Limited. The CSR practices initiated and implemented by these companies are shown up in detailed below:

IV.2. "CSR Practices" by Life Insurance Corporation of India (LIC):

An important development in the role of corporate houses has been the increasing focus on their corporate social responsibility. Corporate Social Responsibility is the continuing commitment by businesses to behave ethically and contribute to economic development while improving the quality of the workforce as well as of the local community and society at large.

LIC as a responsible Corporate Citizen has been fulfilling its social responsibilities from time to time. **LIC Golden Jubilee Foundation** was established on 20.10.2006 as a part of LIC's Corporate Social Responsibility, and registered with charity commissioner under Bombay Public Trust Act 1950 with the objective of promoting education, health, relief of poverty or distress and advancement of other objects of general public utility. **Golden Jubilee Foundation** can provide a great avenue of fulfilling our social responsibility at the corporate level and our philanthropic needs at the individual level.

The Foundation has supported projects ranging from construction of Hospitals, School buildings and classrooms, library, computer centre, Old age homes, Hostel buildings for children in tribal areas, Vocational training centres for differently abled persons to provide infrastructural facilities to needy persons in different pockets of the country. We have also provided funds for purchase of School buses for transportation of differently abled children and Ambulances for transportation of patients to Hospitals. The Foundation has supported cochlear implant programme for children from economically weaker sections of the society spread across the country through KEM Hospital, Pune. LIC Golden Jubilee Foundation has reached out in areas where natural calamities have devastated human life and provided infrastructural support to orphan children through NGO's.

Project range from scholarships, health initiatives, rural education programmes and providing infrastructural support in fields of education and health (till the year 2005-06):

| CATEGORY | NUMBER (since inception) | AMOUNT SANCTIONED IN ₹ |
|-----------------------------------|-----------------------------|---------------------------|
| Advancement of Education | 155 | ₹ 23,36,63,719 |
| Medical Relief | 143 | ₹ 22,89,72,046 |
| Objects of General Public Utility | 35 | ₹ 5,68,60,755 |
| Total | 333 | ₹ 51,94,96,520 |

IV.2.A. The Foundation has supported the following projects:

- ✓ Construction of Hospitals, school buildings, library & computer centre
- ✓ Construction of Old age homes
- ✓ Hostel buildings for children in tribal areas
- ✓ Vocational training centres for differently abled persons
- ✓ Provides the infrastructural facilities to needy persons in different pockets of the country
- ✓ It has also provided funds for purchase of School buses for transportation of differently abled children and Ambulances for transportation of patients to Hospitals.
- ✓ Provides scholarship' for students belonging to the economically weaker families for pursuing higher studies and others.
- ✓ Provides Group insurance and social security schemes such as Janashree Bima Yojana, Aam Aadmi Bima Yojana, Shiksha Sahayog Yojana at nominal

So, CSR initiatives taken by the company to achieve long-term sustainability LIC is committed by business to behave ethically and contribute to the economic development while improving the quality of the local community and society at large. Most of LIC's funds are invested for the community as a whole keeping in view national priorities and the list of projects supported by Golden Jubilee Foundation in the different areas of country to uplift the society.

IV.3. "CSR Practices" by SBI Life Insurance Co. Ltd:

SBI Life consistently strives for opportunities to conduct various activities under CSR as prescribed under the Companies Act, 2013 and the rules / directions made there under. CSR is about the way in which the Company meets its wider economic, social and environmental obligations towards all stakeholders and society at large. It includes, but is not limited to sustainable development practices, corporate citizenship, corporate governance and business ethics.

SBI Life undertakes its CSR initiatives with an objective to bring about effective change as a Responsible Corporate Citizen. Through various CSR initiatives, Company intends to ameliorate the conditions of the people from the underprivileged sections of the society by facilitating them with education, adequate health care services and contributing towards making their lives better.

IV.3.a Facilitate education for underprivileged children through the following initiatives:

- ✓ Contributed towards the academic support of 1,200 underprivileged girls in Mumbai and 69 girls in Andhra Pradesh in partnership with Nanhi Kali. In addition to primary education, the support includes Academic Support (Cost of Tutors, Training) and Material Support (Uniform, Stationery and Notebooks).
- ✓ Nanhi Kali is a project jointly managed by KC Mahindra Education Trust and Naandi Foundation was incepted in 1996.
- ✓ Organized Project Unnati along with Smile Foundation and supported the educational needs of 25 young girls.
- ✓ Smile Foundation is an Indian development agency registered as an Indian Charitable Trust in 2002, working for the holistic development of children, youths and women (in the areas of education, health, girl child, empowerment and livelihood).
- ✓ Contributed towards supporting the educational requirement of the children like note books, stationary items from Adruta Foundation.
- ✓ Adruta Foundation rehabilitates orphaned or deserted children in Odisha. It aims at becoming the centre of excellence in providing food, clothing, education and holistic growth to destitute children.
- ✓ Contributed towards procuring school bags, water bottles, notebooks, pencils, erasers, crayon boxes and white board for classroom teaching 125 children in UTSAH, Guwhati.

- ✓ UTSAH (Universal Team for Social Action & Help) is a Child Protection Centre, accommodating 125 students from the slum area under the Education Programme.
- ✓ SBI Life Chandigarh office identified an orphanage for girls - “Unique Homes for Girls”, Jalandhar. The office distributed a set of uniform, bags and shoes to 45 girls.
- ✓ Unique Home is run by a trust named after Bhai Ghanayya Ji, a disciple of Guru Gobind Singh
- ✓ SBI Life distributed books at Jaibai Choudhary School, New Colony, Sadar Nagpur.

IV.3.b. Support towards Underprivileged Citizens:

- ✓ SBI Life Kolkata donated 15 Wheel Chairs, 15 Ceiling Fans, 50 Plastic Chairs, and Medicines for one month, 50Kgs Horlicks, Fruits, Biscuits, etc to Prem Daan a home for destitute run by Missionaries of Charity.
- ✓ Prem Daan is a home for destitute run by Missionaries of Charity, Kolkata with a mission of serving underprivileged destitute brought from different part of the city. People with psychological problems are treated and helped to return to normal life.

IV.3.c. Towards Environmental Related Cause:

- ✓ SBI Life in association with GrowTrees.com plants a tree on the occasion of every employee’s birthday. The trees are planted at various reforestation areas like Kanha National Park at Madhya Pradesh, periphery of Satkosia Gorge Wildlife Sanctuary, Angul, Orissa etc and are maintained at a high survival rate. In FY 2010-11, 8,763 trees were planted.
- ✓ GrowTrees.com focuses on tree plantation as it creates low-skill jobs and trees provide benefit to current and future generations, have a direct impact on carbon reduction, restoring forests, improving wildlife habitats, and upgrading water catchment areas, offer flowers, fruit fodder and fuel for local communities and all living creatures. (www.sbilife.co.in/)

IV.4. “CSR Practices” in Reliance-Nippon Life Insurance Company Limited:

Reliance Life Insurance, a fast growing life insurance player in the country following are the initiatives of CSR activities are: -

IV.4.a. Child Secure Plan: - Reliance Life Insurance started the ‘Secure Child Plan’. In the event of total and permanent disability of the child due to an accident, the plan offers the benefit of fixed income at a rate of 10% of the sum insured under the policy, per annum, payable to the child throughout his/her life.

IV.4.b. Education for Poor Slum children: - RLI handed over the cheque of Rs. 5 lakhs to Akanksha Foundation - a non-profit organization that educates less privileged children from Mumbai’s slum areas and provides them with vocational opportunities (www.relianceada.com).

IV.4.c. School on Wheels Project: - Reliance Life Insurance has launched 'School on Wheels' project in association with Project Crayon, an NGO focused on child rights and youth development. Project 'School on Wheels' aim to bring a mobile school close to children living in the slums of Mumbai (www.economictimes.indiatimes.com).

IV.4.d. Room to Read:- Room to Read is a global non - profit organization committed to promoting literacy and gender equality in education in the country by providing libraries in schools. Reliance Life Insurance and Room to Read create and maintain libraries in Municipal Corporation Schools across Rajasthan, Uttarakhand, Andhra Pradesh and Maharashtra in the first year of their programme. Under the 'Boundaries for Books' campaign, Reliance-Nippon Life Insurance contributed Rs. 25,000 for every six hit during the ICC Cricket World Cup 2011. This donation was given to Room to Read for setting up libraries and providing local language and English books to underserved children across India (www.reliancenipponlife.com).

V. CONCLUSION:

The concept of corporate social responsibility has gained prominence from all avenues. Organizations must realize that government alone will not be able to get success in its endeavor to uplift the browbeaten of society. From the present review it can be concluded that CSR practices are symbiotic in nature leading to the welfare of all i.e., customers and the common people. Therefore, in this era of high competition companies need to pin their attention on social welfare projects besides caring for their economic health. That's why the concept of corporate social responsibility has gained immense importance throughout the country.

The Indian corporate sector has realized the magnitude of CSR activities for attaining the importunate supremacy in the marketplace. Though, the concept of CSR evolved in 1920's but in India, the concept was recognized only in 1990's after the liberalization of the economy. It can be articulated that on the advent of globalization, the Indian corporate were inclined towards CSR practices because of the amplified gung ho demands. More recently, the companies Act 2013 made a landmark development in the CSR history of India. Today, numbers of industries have started CSR activities for enhancing their reputation and brand value and the life insurance sector is no exception to it.

Life Insurance companies like LIC, SBI Life and Reliance-Nippon Life in India have been contributing impressively in various socio-economic development projects through different CSR schemes/projects. The benefits are in terms of building a positive image, encouraging social involvement of employees, which in turn develops a sense of loyalty for the organization. CSR activities help to bond employees as a team with the organization, which in turn helps in creating a dedicated workforce. As a result after everything else we can conclude that Corporate Social Responsibility is the enduring assurance by business to act

morally and contribute to monetary enlargement at the same time as humanizing the eminence of the personnel as well as of the neighboring society at outsized.

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