



EXPLORING THE SCOPE OF CSR FOR SUSTAINABLE SMART CITIES IN INDIA

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ABSTRACT

Urban India is on the verge of revolutionizing when the Government of India has initiated the 'Smart City Mission' to build 100 Smart Cities within 5 years which is undoubtedly very promising but at the same time is incredibly ambitious in terms of financial requirements. Few provisions mainly related to basic physical and social infrastructure, in the case of 'Smart Cities' development, do not attract investment, but holistically are of prime importance for the community 'Survival' and 'Sustainability'. Thus one of the most appropriate models of achieving 'Sustainability' could be the way of involving corporates under Corporate Social Responsibility (CSR). In this paper attempts has been made to explore the scope of CSR for sustainable development in delivering upcoming smart cities of the country.

Keywords - *Corporate Social Responsibility, Financial Requirements, Physical and Social Infrastructure, Smart city, Sustainability.*

1. Introduction

India, the seventh-largest country by area (3,287,590 km²) and most populous democracy in the world (1.2 billion people), is now rapidly urbanizing with 31% current urban population (Census of India, 2011) which contributes about 63% of the GDP. It is expected that by 2025 this urban population will be around 42.5% and by the year 2050, the number of people living in Indian cities will touch 843 million (Planning Commission). Experts

predict that about 25-30 people will migrate every minute to major Indian cities from rural areas in search of better livelihood and better lifestyles (Smart Cities India, 2015). This growing population will undoubtedly require a lot of infrastructure revamping and rebuilding. To accommodate this massive urbanization, India not only needs to find smarter ways to manage complexities, reduce expenses, increase efficiency and improve the quality of life but also a huge investment will be needed to create right, technologically driven and sustainable urban eco-system. With this background, the Government of India has initiated the ambitious ‘Smart City’ program where it plans to build 100 smart cities over a period of 5 years.

2. Smart City Mission

There is no universally accepted definition of a Smart City. The conceptualization of Smart City, therefore, varies from city to city and country to country, depending on the level of development, willingness to change and reform, resources and aspirations of the city residents. In the approach to the ‘Smart Cities Mission’ in India, the objective is to promote cities that provide core infrastructure and give a decent quality of life to its citizens, a clean and sustainable environment and application of ‘Smart’ Solutions (Ministry of Urban Development, 2015). The focus is on sustainable and inclusive development and thus the program envisions creating cities that are smarter, livable, safer, investment-friendly and able to generate employment opportunities for the increasing population.

3. Financing Smart Cities Development

According to the assessment of High Powered Committee (HPEC), on investment estimates in Urban Infrastructure, using an average figure of 1.0 million people in each of the 98 Smart Cities, the total estimate of investment requirement for the services covered by HPEC comes to INR 7.0 lakh crores over 20 years (with an annual escalation of 10% from 2009-10 to 2014-15). This estimate covers the cost of water supply, sewerage, sanitation and transportation related infrastructure. This translates into an annual requirement of INR 35,000crores or INR 350crores per city. However, the ‘Smart Cities’ programme envisages a spending of INR 100crores per city by the Central Government. The remaining amount of INR 250crores per city is expected to come from the State Government and by involving private sector either as complete private investment or through Public Private Partnerships. Further the contributions from the Government of India and the States/ Urban Local Bodies will be largely through Viability Gap Funding (VGF). Therefore, a large part of financing

for smart cities will have to come from Private Sector with the State/ Cities and the Central Government only supplementing that effort. So it is desirable to look for alternate strategies of involving Private Sectors to develop or fund the aimed development of 98 smart cities. One of the most appropriate models of achieving ‘Sustainability’ could be the way of involving corporates under Corporate Social Responsibility (CSR). (Amity University, Noida, 2016).

4. Role of CSR in Sustainable Development

“To be able to do the right thing in the right way, in each case and at every moment, one must be in the right consciousness.”- Sri Aurobindo

Inner consciousness is the awareness, the capacity to listen to the inner voice that tells us that there is someone who is looking up at us and also warns that there is someone who is watching us. The essence of a human being is consciousness and the world we create around us is the expression of our consciousness. The corporate governance, to be truly effective and enduring, has to be based on this higher part of our human nature or consciousness i.e higher mental, moral and spiritual being seeking for truth, beauty, goodness, harmony and unity. Ideally, corporate governance should endeavour to create corporate consciousness and an environment in which those who are charged with governance and those who are governed display genuine ethical, social and ecological responsibilities (The Institute of Company Secretaries of India, 2014). The corporate consciousness is about giving back to the communities that keep the business afloat, may be even ones beyond the reach. This corporate conscience embodies a good responsible social culture, which enables employees to know that they are working for something that is bigger than themselves; their business is not one dimensional and more importantly, it cares for people around it.

In today’s globalised world, the corporate sector is growing day by day which is combining the economic value creation and development of wealth for its stakeholders including society. The society being an important element for a company can’t be ignored to be part of this development. CSR activities have its advantages. It builds up a positive image encouraging social involvement of employees, which in turn develops a sense of loyalty towards the organization, while society gains through better neighbourhoods and employment opportunities, while the organisation benefits from a better community, which are the main source of its workforce and the consumer of its products.

Howard Bowen had preliminary defined CSR as “It refers to the obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society”. According to the World Business Council for Sustainable Development, 1999, “Corporate Social Responsibility is the continuing commitment by business to behave ethically and contribute to the economic development while improving the quality of life of the workforce and their families as well as of the local community and the society at large.” Whereas Sustainability is derived from the concept of sustainable development which is defined by the Brundtland Commission as “Development that meets the needs of the present without compromising the ability of future generations to meet their own needs” (Brundtland Commission, 1987) and Corporate sustainability essentially refers to the role that companies can play in meeting the agenda of sustainable development and entails a balanced approach to economic progress, social progress and environmental stewardship.

In recent years, CSR has become a major focus of interest for development practitioners for sustainable development. While development NGOs have been critical of voluntary corporate initiatives, official development agencies have taken a more positive view and in some cases encouraged CSR. (Jenkins, 2005).

5. Role of CSR in India

The Indian business has traditionally been socially responsible. The Ministry of Corporate Affairs has adopted the role of an enabler, facilitator and regulator for effective functioning and growth of the corporate sector. A number of initiatives are underway on the legislative, service delivery and capacity building sides so that the corporate sector is provided with a buoyant and enabling regulatory environment for its growth. The Corporate Social Responsibility Voluntary Guidelines, 2009 issued by the Ministry of Corporate Affairs was a recommendatory initiative which underlined that the business sector also needs to take the responsibility of exhibiting socially responsible business practices that ensures the distribution of wealth and well-being of the communities in which the business operates. Many Indian Corporate Houses have been indulging for long in delegating community services as part of their philanthropic activities. With the coming of Corporate Social Responsibility Law under Companies’ act 2013, these activities have assumed a deliberative form. Companies such as Yes Bank, Tata Steel, IDFC and ONGC have incorporated sustainability and, according to the Global Reporting Initiative (GRI), about 56 Indian companies include some ESG (environmental, social and corporate governance)

data in their annual reports or sustainability reports (Patel, 2016). It has become one of the most effective ways for corporate citizens to contribute towards ‘Sustainable’ societal development and uplift.

6. Scope of CSR in India for delivering Smart Cities

The 21st century is characterized by unprecedented challenges and opportunities, arising from globalization, the desire for inclusive development through Smart cities development and the imperatives of climate change. Indian business, which is today viewed globally as a responsible component of the ascendancy of India, is poised now to take on a leadership role in the challenges of our times. Although we have seen a period of sustained economic growth in the current decade, we still continue to face major challenges on the human side in India. On the one hand, it has grown to be one of the largest economies in the world, and an increasingly important player in the emerging global order; on the other hand, it is still home to the largest number of people living in absolute and the largest number of undernourished children. What emerges is a picture of uneven distribution of the benefits of growth which many believe, is the root cause of social unrest (PricewaterhouseCoopers Private Limited, 2013). The problems like poverty, illiteracy, malnutrition etc. have resulted in a large section of the population remaining as “un-included” from the mainstream. That’s why the Schedule VII of Companies Act, 2013 further lists out the activities to be undertaken by CSR where the communities has been suggested to be the focal point. The activities are like:

- Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation and making available safe drinking water;
- Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;
- Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
- Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro forestry, conservation of natural resources and maintaining quality of soil, air and water;

- Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional arts and handicrafts;
- Rural development projects etc. (The Institute of Company Secretaries of India, 2014).

In the case of ‘Smart Cities’ development there are these kind of few provisions which do not attract investment, mainly related to basic physical and social infrastructure, but in holistic sense which are of prime importance for the community ‘Survival’ and ‘Sustainability’. For a cohesive and comprehensive development of a city into ‘smart category’ requires involvement of Centre, State Governments, Public and Private sectors (CSR) and citizens. Need of the hour is bringing social innovation with social engagement for less commercially viable services, like sanitation, waste management and open space amenities specifically dealing with urban poor which do not have economic viable models. Thus these are the urban provisions which can be targeted through CSR initiatives.

7. Conclusion

"No success in material terms is worthwhile unless it serves the needs or interests of the country and its people". – JRD Tata.

Corporations are expected to “build a better future” – not only for their shareholders but also for their customers, workers, business partners, community, nation and the wider world. Thus role of CSR in Smart City is not entirely dependent on functioning of the city but it has involvement in what already is happening in the city. CSR can be viable in developing the new proportions in it through community participation and advancement of technology.

As businesses have unique opportunities to give back to communities in a way that amplifies the intentions of their employees and company mission, CSR key intervention areas like poverty reduction, health, and environment sustainability can be targeted to harness in improving the provision of services for the urban poor under the ‘Smart City Mission’ of Government of India.

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