



# Corporate Social Responsibility Challenges and Issues in Himachal Pradesh: A Study of Kinnaur District

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**Abstract:** A concept of corporate social responsibility is the intention of companies to integrate social and environmental concerns into their business operations and interactions with stakeholders. Even though companies should be able to generate profit, they should also know that they can contribute to enhancing economic growth and competitiveness by managing their operations in a way that promotes social responsibility as well as environmental protection. *This research paper examines the corporate social responsibility of hydel projects of Kinnaur district in the light of environment protection in Himachal Pradesh. And also, to study because the corporate social responsibility principle needs to be adopted.*

**Index Terms – Corporate Social Responsibility, Environment Protection, Hydel Projects.**

## INTRODUCTION

Despite its many contradictions, India is one of the most diverse countries in the world. Although it has become one of the world's largest economies and a key player in the emerging global order, it continues to have the largest number of people living in absolute poverty and the largest number of undernourished children, despite the fact that the percentage of poor people has decreased. Growth benefits have been unevenly distributed as a result. India's quest for equitable, inclusive and sustainable growth relies heavily on a robust and thriving development sector, especially in light of the government's "Make in India" campaign. There has been an unprecedented level of interest and investment in India's development sector over the last few decades. The inclusion of the CSR mandate under the Companies Act, 2013 is an attempt to supplement the government's efforts of equitably delivering the benefits of growth and to engage the Corporate World with the country's development agenda. The practice of CSR is not new to companies in India. However, what this Act does is bring more companies into the fold. According to Indian Institute of Corporate Affairs, a minimum of 6,000 Indian companies will be required to undertake CSR projects in order to comply with the provisions of the Companies Act, 2013 with many companies undertaking these initiatives for the first time.

Although the roots of CSR lie in philanthropic activities (such as donations, charity, relief work, etc.) of corporations, globally, the concept of CSR has evolved and now encompasses all related concepts such as triple bottom line, corporate citizenship, philanthropy, strategic philanthropy, shared value, corporate sustainability and business responsibility.

According to the UNIDO, "Corporate social responsibility is a management concept whereby companies integrate social and environmental concerns in their business operations and interactions with their stakeholders". CSR is generally understood as being the way through which a company achieves a balance of economic, environmental and social imperatives (Triple-Bottom-Line Approach), while at the same time addressing the expectations of shareholders and stakeholders.

## What is Corporate Social Responsibility (CSR)

Corporate Social Responsibility (CSR) is a self-regulating business model that helps a company be socially accountable to itself, its stakeholders, and the public. By practicing corporate social responsibility, also called corporate citizenship, companies can be conscious of the kind of impact they are having on all aspects of society, including economic, social, and environmental. To engage in CSR means that, in the ordinary course of business, a company is operating in ways that enhance society and the environment instead of contributing negatively to them.

Corporate social responsibility is a broad concept that can take many forms depending on the company and industry. Through CSR programs, philanthropy, and volunteer efforts, business can benefit society while boosting their brands. For a company to be socially responsible, it first needs to be accountable to itself and its shareholders. Companies that adopt CSR programs have often grown their business to the point where they can give back to society. Thus, CSR is typically a strategy that's implemented by large corporations. After all, the more responsibility it has to set standards of ethical behavior for its peers, competition, and industry.

### Types of Corporate Social Responsibility

In general, there are four main types of corporate social responsibility. A company may choose to engage in any of these separately, and lack of involvement in one area does not necessarily exclude a company from being socially responsible.

#### Environment Responsibility

Environment responsibility is the pillar of corporate social responsibility rooted in preserving mother nature. Through optimal operations and support of related causes, a company can ensure it leaves natural resources better than before its operations. Companies often pursue environmental stewardship through:

- Reducing pollution, waste, natural resource consumption, and emissions through its manufacturing process.
- Recycling goods and materials throughout its processes including promoting re-use practices with its customers.
- Offsetting negative impacts by replenishing natural resources or supporting causes that can help neutralize the company's impact. For example, a manufacture that deforests trees many commit to planting the same amount or more.
- Distributing goods consciously by choosing methods that have the least impact on emissions and pollutions.

#### Ethical Responsibility

Ethical responsibility is the pillar of corporate social responsibility rooted in acting in a fair, ethical manner. Companies often set their own standards, though external forces or demands by clients may shape ethical goals. Instances of ethical responsibility include:

- Fair treatment across all types of customers regardless of age, race, culture, or sexual orientation.
- Positive treatment of all employees including favorable pay and benefits in excess of mandated minimums. This includes fair employment consideration for all individuals regardless of personal differences.
- Expansion of vendor use to utilize different suppliers of different races, genders, veteran statuses, or economic statuses.
- Honest disclosure of operating concern to investors in a timely and respectful manners. Though not always mandated, a company may choose to manage its relationship with external stakeholders beyond what is legally required.

#### Philanthropic Responsibility

Philanthropic responsibility is the pillar of corporate social responsibility that challenges how a company acts and how it contributes to society. In its simplest form, philanthropic responsibility refers to how a company spends its resources to make the world a better place. This includes:

- Whether a company donates profit to charities or causes it believes in.
- Whether a company only enters into transactions with suppliers or vendors that align with the company philanthropically.
- Whether a company supports employee's philanthropic endeavors through time off or matching contributions.
- Whether a company sponsors fundraising events or has a presence in the community for related events.

## Financial Responsibility

Financial responsibility is the pillar of corporate social responsibility that ties together the three areas above. A company make plants to be more environmentally. Ethically, and philanthropically focused; however, the company must back these plans through financial investments of programs, donations or product research. This includes spending on:

- Research and development for new products that encourage sustainability.
- Recruiting different types of talent to ensure a diverse workforce.
- Initiatives that train employees on DEI, social awareness, or environmental concerns.
- Processes that might be more expensive by yield greater CSR results.
- Ensuring transparent and timely financial reporting including external audits.

## Objectives of Study

- To study the concepts of corporate social responsibility.
- To study the issues and challenges for corporate social responsibility in Himachal Pradesh.
- To suggest the measures to implement corporate social responsibility in Himachal Pradesh.

## Research Methodology

The current study uses a descriptive research design taking into consideration the objectives of the study. In this study, secondary data are used as part of a descriptive analysis. Various books, journals, articles, newspapers, and websites were used to collect secondary data for the present study. An in-depth analysis of the research study is done in order to have a greater degree of accuracy.

## Corporate Ignoring Environment Protection in Himachal Pradesh

It has become a progressing approach in the business sector that corporates invest in initiatives namely Corporate Social Responsibility (CSR) so that a company's environmental and business activities can align to serve the greater needs of the society. The business had to look beyond the financial constraints and integrate social concerns of the environment into their strategic management to improve their brand, value, providing goods and services at reasonable prices and motivate people for the optimal use of resources.

Kinnaur district is mainly marked by its cold desert, tribal population, fragile topography, rich and diverse culture, apple orchards, off-season vegetables and the Satluj river. The river has been dammed at multiple places along the valley to create an additional feature to Kinnaur's identity as Himachal's hydropower hub, which locals believe is a malediction. An integral part of the old Hindustan-Tibetal Route, Jangram Valley, lies on the right bank of the Satluj river in the district. This is not the first time that the cold desert has witnessed such a contestation. Over the past two decades, such struggles had become an annual phenomenon. The Satluj has taken the biggest load of state hydropower ambition since the early 90s. out of the total installed capacity, 56 percent (5720MW) is done in the Satluj basin. In other words, 92 per cent of the river flowing through tunnels or part of reservoirs. Such a cumulative scale of disturbance with the river's natural state drastically impacted the life, livelihood and ecology in the Satluj basin.

Almost two-third the working population in Kinnaur is associated with agriculture. Close to 85 per cent of agrarian livelihood is allied to horticulture and off-season vegetables. Being a rain shadow, Kinnaur is part of India's cold desert. The only reliable sources for drinking, domestic and agriculture water is mountain springs fed by glaciers. Tunnels for water diversion in a major component of hydroelectric project. The process of tunnelling disturbs the hydrogeology of the region significantly and thus impacts the springs drastically. The same was widely experienced in the pas hydroelectric project experiences in the Kinnaur region, where the springs disappeared, dried or their discharge reduced significantly. Agriculture in the cold desert is not feasible without irrigation. The major source of irrigation for highly valued horticulture and off-season vegetables are derived from these springs and the absence of the same will drastically impact the life and livelihood of this region.

**Landslides in Himachal Pradesh highlight adverse impact of large Hydel Project in the Himalayas**

Two big landslides in the Kinnaur district of Himachal Pradesh have re-emphasized the need for ecologically protective development in geologically fragile and vulnerable hills. On August 11, 2021 a massive landslide on National Highway 5, near Nigulsari, led to the raining of boulders and rubble on several vehicles, including a bus. After eight days of challenging rescue efforts, 28 deaths and 14 injuries have been confirmed, although initial reports had stated that even more people may have been buried under debris.

Earlier on July 25, 2021, nine tourists died and three were injured as boulders crushed not just their vehicle but even an iron bridge on a small river in the Singla area. The force of the falling boulders was such that it destroyed the bridge within a matter of minutes, and a video of this which went viral has provided a chilling reminder of how destructive landslides in the Himalayan region can be.

While these bigger disasters make newspaper headlines, several smaller disasters have making living and livelihood difficult for the locals. Kinnaur district is the part of fifth schedule area with a large population of tribals and there is a need to provide more autonomy to the tribal communities. However, a development model marked by big hydel projects, tunnels and dams has not taken into account the real wishes and need of people.

**“No means No” Campaign in Kinnaur against Hydel Projects**

Massive environmental destruction, loss of rare biodiversity including an endangered forest species of Chilgoza and spate of human tragedies due to huge landslides, the tribal population in Himachal Pradesh's Kinnaur is up in their arms to oppose new hydel projects, much against the total carrying capacity of the fragile mountain ecology. “No means No, “is a powerful slogan coined by the local supported by some social and environmental groups to stop sanctioning of any new hydel projects, almost on the lines of Uttarakhand's famous “Chipko anadolan”, a mass movement to save the forests there.

**Conclusions and Suggestions**

CSR activities are not only about social upliftment but also contribute immensely in terms of environmental protection as day-to-day activities of people increase the level of pollution which releases harmful toxicants. For the sustainable environment and protection of people's interests, the companies have accepted the legislation framed by the parliament to contribute effectively for the larger benefit of the society.

Kinnaur district in HP, located in the upper reaches of Satluj basin, is the state's hydel power hub with the highest installed generation capacity among the district. The effort to tap this green energy source as an alternative to fossil fuels is altering the ecology, rendering it vulnerable to natural hazards such as cloudbursts, flash floods, landslides and earthquakes. The plan fails to take into account the ecology of the river basin environment, all which in some form or another is disturbed by this development. The projects involve construction of high concrete gravity dams, approach roads, powerhouses, colonies and labor camps, submergence areas and towers for transmission lines. The tunneling in mountain areas results in more landslides as large amounts of water percolate into surface.

In the past decades, several guidelines have been built with legal framework by the Supreme Court. Hence, payment for ecosystem services has to be made according to monetary evaluation of forests lost due to development. Moreover, plantations, undertaken as a method of ecological restoration, have been controversial, both for their effectiveness as well as for their impacts on ecosystems and the livelihoods of communities dependent on them. Kinnaur is not favorable for hydel power projects as its ecological fragile. The use dynamites for blasting through the surfaces and underground components of the projects disturb existing slopes and the fragile geology. There is hardly any check on the frequency of blasting. The region ranks below the global average on the human development index. Income inequality is also high in these places. This means, with more development, the vulnerability, exposure to natural hazards will increase with decreasing adaptive capacity. The parliament standing committee on energy during 2018-19 noted that the state could more than double its existing harnessed hydel power potential of 10,547 MW. Forget about mitigation, this will only make the region vulnerable, attracting negative impacts of climate change. Its high time for us to take necessary actions to think wisely on our development interventions.

When avoiding impacts is not possible, protection, mitigation, and enhancement are three broad strategies to meet their environmental responsibilities. Protection preserves areas that are ecologically important, healthy and intact, e.g., protecting natural spawning grounds and wetlands to help with overall watershed health. Mitigation offsets losses where environmental impacts are unavoidable, e.g., building a fish hatchery. Enhancements improve preexisting project condition, e.g., planting riparian areas lacking vegetation to stabilize streambanks. When demand for power generation affect river flows, hydropower operators use these strategies and technology to balance water quality, fish, and other environmental needs. For instance, as water passes through a dam and powerhouse, technologies are employed to address water quality effects to temperature and dissolved gases like nitrogen and oxygen.

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