

# Corporate Social Responsibility in Maharashtra: Issues and Challenges

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**Abstract:** *This paper focuses on Corporate Social Responsibility in Maharashtra, which has become a crucial element of corporate management, reflecting the need to balance economic prosperity with social welfare. As India's primary industrial and economic center, Maharashtra hosts a diverse range of CSR activities. Businesses are frequently making an investment in sectors together with education, healthcare, women's empowerment, ability development, environmental sustainability, and rural improvement. The implementation of the organizations Act, 2013, has similarly accelerated these CSR tasks by guiding corporations to interact in based, purpose-unique social sports aligned with countrywide improvement dreams. In Maharashtra, CSR works toward addressing the lengthy-borne social issues of first-rate education in some distance flung additives, scientific facilities, and environmental sustainability, with sensitivity to environmentally sustainable obligations. Firms also are running on uplifting the underprivileged sectors of society, providing advanced infrastructure, and inclusive growth. Coordination among corporations, NGOs, and local government has been the use of stress within the back of such CSR initiatives, ensuing in marked improvement in socio-financial situations. This paper delves into the extremely good expanse of CSR in Maharashtra, detailing the effect and positing new perspectives at the way CSR want to keep to growth to cope with worrying situations and take advantage of possibilities within the future.*

**Keywords:** Corporate Social Responsibility, CSR, NGOs, Maharashtra, Education, Healthcare

## I. INTRODUCTION

Corporate Social Responsibility has emerged as a part of modern business doctrine primarily in the developing economies like India, where social inequality, environmental degradation, and economic disparities remain pressing concerns. Maharashtra is the industrial and commercial state that leads the country's CSR perspective. It ranges from manufacturing to services and agriculture, thus making it a fertile ground for various CSR interventions in order to increase societal well-being.

The Companies Act 2013 institutionalized CSR in India by passing the legal provision on a corporate's obligation to spend at least 2% of its net profits on CSR. This legislation has immensely influenced CSR policies in Maharashtra, bringing in a heavy dose of corporate investments to deal with social issues such as education, healthcare and women's empowerment, skill development, and rural development. The sectors which have largely been part of CSR in the state include pharmaceuticals, automobiles, IT, and agriculture. The various corporations have also embraced the concept of environmental sustainability, especially in the energy, waste management, and water conservation sectors.

Despite this rising participation, the effectiveness of the CSR initiative in Maharashtra is hampered by a few key problems and challenges. For instance, resources allocated to urban and industrial regions are much higher than those to rural and less developed regions; thus, CSR influence in the most deprived communities - all this can come through greater impacts in rural Maharashtra where developmental needs are particularly relevant. There are two main challenges in implementing CSR mandates: most organizations focus on short-term compliance-based projects rather than working towards sustained community development. Most corporations are complying with CSR mandates but in doing so treat the activities as adjuncts to their core business, which in turn does not allow for full transformation potential in such activities.

Additionally, there is no standard process of monitoring and evaluating the actual effect of the CSR initiatives in place. This leads to inefficiencies, redundancies, and missed opportunities for meaningful community engagement in many programs with inadequate oversight. Poor coordination sometimes exists between NGOs and government agencies, which leads to fragmented and less impactful interventions with regard to corporate partnerships. CSR must therefore be built on stronger partnerships that clearly define roles, better communicate, and have common goals, moving the notion of social responsibility from just a statutory obligation to becoming a strategic tool for social change.

The other challenge between corporate interests and social welfare is that while some businesses really integrate social responsibility into their corporate ethos, others are ultimately driven by profitability, which most of the time orientates CSR projects to satisfying the company's public relations goals rather than the source of social and environmental problems, which contravenes the credibility and sustainability of the CSR programs.

Industrial development has also brought major environmental issues, especially pollution and resource exploitation in the case of Maharashtra. Balancing industrial growth with ecological sustainability is one of the biggest challenges for the state. As a result, demand for green CSR initiatives, especially carbon footprint reduction, biodiversity conservation, and renewable energy usage, has increased.

Concluding, it has to be said that CSR in Maharashtra is having a positive contribution to the development of society and environment. However, many challenges, including uneven distribution, lack of long-term orientation, insufficient quantification, and conflict of interest, continue to hold it from being able to develop to its full potential. In fact, the goal of this paper is to dig more into this challenge and find opportunities for the improvement of the state's CSR practices. By encouraging more strategic, more inclusive, and more sustainable use of CSR initiatives, Maharashtra can successfully respond to its critical developmental needs and advance long-term social and economic progress.

#### **OBJECTIVES OF THE STUDY:**

In light of the above-mentioned observations, the objectives of the present paper are:

- To review the literature on various aspects of CSR
- To discuss the CSR provisions in India and Maharashtra
- To analyze different issues and challenges associated with CSR and to suggest certain measures for ensuring improved CSR practices in India.
- It may be mentioned that this study is completely based upon the secondary data. A systematic review of the literature was done in detail for drawing necessary inferences. The secondary sources of data used included journals, newspaper articles, textbooks, eBooks, reports of companies, search engines, company websites, scholarly articles, research papers, and other academic publications.

#### **II. LITERATURE REVIEW**

The concept of Corporate Social Responsibility has evolved from being philanthropic and voluntary to becoming an increasingly structured and regulated aspect of the corporate governance system, especially in the wake of the post-globally rising wave of sustainability and ethical business practices. This literature review brings together existing research on CSR with its particular focus on the theoretically sound and practically challenging policy of CSR implementation within the industrially and socially diverse state of Maharashtra.

The roots of CSR in India go way back to ancient philanthropic practice but more recent triggers were closely associated with the post-liberalization period of the 1990s. According to such scholars as Arora and Puranik (2004), liberalization in the Indian economy ushered in new expectations from corporations for accountability over and above profit maximization, and organizations worldwide have been keenly adopting international standards and practices in CSR, particularly community development, environmental sustainability, and employee welfare.

However, the Companies Act 2013 institutionalized this and made CSR mandatory for companies of a certain size and profitability through the allocation of 2% of average net profits to CSR activities. Shinde (2017) and Gupta (2019) are examples of authors who have explored how this legislation transformed the scenery of CSR from voluntarism towards compliance in India. They further argue that this shift was called for to standardize corporate contributions to societal well-being but again admitted that such emphasis led to most corporations focusing on ensuring they meet the minimum requirements of the law while disregarding the contribution to be made to society.

The most industrialized state in India, Maharashtra, has come up as one of the regions that play the most critical role in the pursuit of CSR initiatives. Many studies highlight how corporations in Maharashtra have remained actively engaged in education, healthcare, women's empowerment, and environmental sustainability sectors (Patil & Jadhav, 2018). The state presents an equivalent national focus but its industrial dynamics has portrayed many positives and significant challenges that need to be addressed.

Kale (2020) comments that Maharashtra's industrial belt located in Mumbai, Pune, and Nagpur has mainly attracted large corporate capital investment because of the concentrated presence of big corporations. The presence of MNCs and Indian conglomerates has been characterized by the multiplication of CSR initiatives related to the eradication of urban poverty, infrastructural development, and ecological issues. But, Kale also mentions the geographical and economic imbalance in the state: even though the urban centers are the receiving end of a moderate amount of CSR, the rural sector is still in the development stage.

The most visible issue arises from the literature is irregular CSR fund distribution. Sharma (2021) affirms that most CSR expenditure is biased towards urban and industrial places, hence resulting in an imbalanced resource structure. The issue becomes worse as corporations tend to invest in those activities which are big and visible, aligned with business interests, but do not look into most important needs of rural or underdeveloped regions.

The literature also indicates that effective monitoring and evaluation frameworks for CSR initiatives lack robustness. According to Agarwal and Singh, though such reporting of CSR activities is mandatory by law, since there is no standard impact assessment, it does not establish whether such programs add value to society in improvement. Chaturvedi (2019) shares this view, claiming that many CSR projects have failed to address the root causes while only focusing on superficial interventions and offering little or no long-term benefits.

Some of the issues cited in the literature include compliance rather than real social responsibility. Joshi and Mehta (2021) are part of those who criticize the compliance-driven trend of CSR that has taken center stage post-2013, as many consider CSR just a check-the-box exercise rather than a strategic and purposeful move to engage with the community. Their findings depict how CSR initiatives can be sharply removed from the needs of the community in general, since companies focus on projects aligned with their brand image or corporate interests.

According to the literature, the most salient aspect that has been highlighted in enhancing CSR performance is the partnership among corporations, NGOs, and government bodies. This is one of the major arguments by scholars like Bhardwaj and Kapoor (2019), arguing that an alliance has proved to be a solution for some of the broader social problems on the ground because it packages the strengths of business organizations with the skills of development organizations. Such linkages in Maharashtra have the potential-especially in education and health fields-and the NGOs play an important role as partners in the implementation and follow-up on these programs.

However, literature also claims that despite such partnerships, challenges are still there. Coordination issues, mismatched goals, and bureaucratic inefficiencies exist. As stated by Mishra and Rao (2020), although a proper implementation of CSR initiatives is in demand, the most important thing should be sustainable periods over time as well, which would come through better communication and strategic alignment.

Nevertheless, with the advantage of being an industrial powerhouse, the state of Maharashtra has confronted environmental concerns, and CSR has been increasingly used for the solution of these issues. According to the research conducted by Deshmukh (2021) and Pandey (2022), the CSR projects undertaken by the state of Maharashtra have been prominently on the decrease of industrial polluting matters, renewable energy, and conservation of water resources. This is all the more owing to its susceptibility to climate change and resource depletion.

However, Deshmukh (2021) again warns about the limitation of corporate-driven environmental CSR when such practices jeopardize business operations. There are instances in which corporations undertake projects of environmental sustainability while, simultaneously, inadvertently or consciously continue to contribute to environmental damage through their core activities. This duality presents both ethical as well as operational challenges to CSR in the state of Maharashtra.

### **CSR Provisions in Maharashtra**

As a virtue of CSR in Maharashtra, the Companies Act, 2013 aims to direct companies with an average annual net profit of any amount while having a net worth of Rs 500 crore or more, or having a turnover of Rs 1000 crore or more,

to meet 2% of the average profits towards CSR activities. That act has institutionalized CSR, and corporations spend on CSR activities in education, health, women's empowerment, rural development, and environmental friendliness. Such a huge corporate presence in the state has therefore provided CSR initiatives in Maharashtra, largely in urban and industrial regions. Major investments have been into healthcare, sanitation, skill development, and environmental protection initiatives. Despite that, several challenges persist in the implementation of CSR. The distribution of resources seems quite uneven as the needs of rural and remote areas are given less priority than that in the urban centers. Many associates CSR with compliance and, therefore, focus on getting by with legality rather than meaningfully taking long-term impact through CSR activities. There is no standardized monitoring and evaluation method across CSR initiatives, making it difficult to know whether an initiative is effective and sustainable. Coordination problems and divergent goals greatly afflict partnerships between corporations, NGOs, and government bodies in addressing the complex social issues. Many CSR projects in Maharashtra face the problem of sustainability. Those that are not interactive with the local community fail to sustain. There should be a shift toward more strategic, collaborative, and long-term approaches toward creating lasting social and environmental change to attain maximum impact from CSR in the state.

1. Elimination of hunger, malnutrition or poverty
2. Dissemination of health care and sanitation
3. Instructional and employment schemes which can be undertaken with the objective of building vocational skills
4. Promoting gender equality
5. Eco-friendly
6. Heritage and art and culture-oriented activities
7. Welfare of the military
8. Performance and training in sports
9. Aiding the relief program.

CSR of Maharashtra stands for the position of the state as an important industrial hub, with large scales of corporate contributions to social welfare and environmental sustainability. Through provisions under the Companies Act, 2013 these contributions have formalized contributions to critical areas like education, healthcare, and rural development. However, still associated problems such as that of resource distribution, motives alienated to the compliance driven and imperatives for sustainability persist. In addition, increased focus on long-term impact, effective monitoring, and collective efforts to redress the varied needs of the population of Maharashtra would be required in order to tap the full potential of CSR.

#### **Issues and Challenges in Implementing CSR in Maharashtra**

- **Lack of Transparency:** Transparency is one of the major issues in the efforts of CSR across Maharashtra. Most of the companies have failed to share their CSR activities transparently. This causes lack of trust amongst the communities and the stakeholders. Without being transparent, none of the communities get to know about the initiatives; hence, corporate effort appears very superficial. Authentic CSR initiatives, therefore, demand open communication with stakeholders; hence, companies must avoid greenwashing and must make CSR objectives and results pretty clear.
- **Integration of People's Development Goals with Stakeholders' Interests:** One of the major concerns is to balance the business development agenda of CSR with social responsibility. Development in Maharashtra is uneven between the urban and rural segments, thereby raising conflicting obligations. Companies need to have CSR goals that serve the interests of all their shareholders as well as the rest of the community, such as unemployment, education, and environmental degradation. This requires understanding the issues and being strategically constructive through investment in projects where community control prevails.
- **Greenwashing:** Rapid industrialization and urbanization in the state of Maharashtra increasingly put forth questions about the authenticity of CSR efforts, thereby making it more greenwash. Companies, mostly from the real estate, energy, and manufacturing sectors, have made exaggerated or false claims about eco-friendly initiatives on paper. Weak enforcement mechanisms under CSR law worsen the problem by making it difficult for accountability. This is something that needs to be overcome by strengthening regulations and actual efforts.

- **Scalability Constraint due to Limited Financial Resources and Capacities at the Local Level:** Successful implementation of CSR in Maharashtra is thwarted oftentimes due to the lack of money and local capacity. The smaller companies in the rural belt lack finances, which serves as a big enough reason for not implementing CSR obligations. Infrastructural inadequacies in the state, particularly peripheral rural regions, sometimes become a detractor from successful CSR implementations. Companies need to establish partnerships with local organizations and the government to bridge these gaps and maximize their CSR investments.
- **Dissensus and Unnecessary Replication:** Duplication is caused due to the lack of coordination between the business and local agencies in Maharashtra. There can be so many different companies working parallelly on even the same project, seeming to defeat the overall impact and making quite a great waste of resources. There should be a common-effort approach toward synergies between corporate entities, non-profits, and government agencies so that the CSR projects undertaken appear to be complementary and respond to a diversified community need base.
- **Lack of Involvement by Communities:** Since Maharashtra happens to be a hub for CSR activities, community participation is quite low in such an area. This is mainly because of a lack of awareness about the programs or people might have no confidence in the corporate programs. There must be greater effort from companies in engaging communities and bringing them into the planning process as well as the execution of CSR initiatives. With more community involvement, CSR projects will actually support a need and have more local impact.
- **Lack of Strategic Planning:** This is one of the primary drawbacks where CSR activities fail in Maharashtra. Companies fail to innovate or think and devise profoundly for CSR; hence, there is minimal social impact. Strategic planning should be fully aware of the socio-economic issues that face the state, such as rural development, health, and environmental sustainability, and invest significantly in long-term effects.
- **Failed Implementation and Poor Execution:** Even in the companies of Maharashtra, poor execution of its CSR strategy is a prominent issue. Lack of commitment over extended periods, lack of proper engagement of employees, and less involvement of the leadership circle prevents effective CSR executions. Ideal CSR is all about persistent, long-term action that engages strong stakeholders: employees, local people, and government administration.

## CONCLUSION AND RECOMMENDATIONS FOR CSR IMPLEMENTATION IN MAHARASHTRA

### Definition of Long-term Objectives and Sustainable View :

The companies of Maharashtra need to formulate sustainable-oriented long-term CSR goals. It is only integration among corporate entities and communities, government bodies, and NGOs that can make the participation of business enterprises in CSR activities more effective. Long-term planning with collaboration can ensure that the activities are properly matched with the state's development priorities.

### Development Issues of Diversity:

Companies in Maharashtra need to expand their definition of CSR to also address a vast and area-specific agenda, including water conservation, skill building, health, and education in rural and tribal regions. This will ensure that resources are not doubled up and rendered ineffective; instead, CSR initiatives will gain more significance.

### Pooling Resources and Building Synergies":

The Government must work seriously with companies, NGOs, and government agencies to pool resources and create synergies for effective implementation of CSR initiatives in Maharashtra. Such partnerships will ensure that CSR activities can be more targeted, effective, and can leverage the strength of a group of organizations working together.

### Underprivileged in Urban and Rural Areas:

Activities of CRS should begin first with the underprivileged section in slum as well as rural areas of the state of Maharashtra. In addition to quality education and healthcare, this initiative must be accompanied by skill development programs that may empower the economically weaker sections to improve their socio-economic environment eventually.



**Government Recognition and Incentives:**

The Maharashtra government could include awards, accolades, and incentives to corporate houses that excel in CSR, particularly concerning issues such as poverty alleviation, rural development, and environmental sustainability. This recognition shall motivate more firms to participate in influential CSR activities.

**CSR in Curriculum:**

Awareness to the minds of young individuals must begin with making CSR compulsory as a subject in schools, colleges, and universities. A well-equipped student would learn this great role of social responsibility and be facilitated with capabilities and education for executing future CSR activities. With this, there will be responsible leadership and innovative solutions for social and environmental issues in the long run.

**Support for Sustainability Reporting:**

Companies in Maharashtra have begun to look at sustainability reporting as an integral part of their activities. With the GRI framework, the companies can render such detailed reporting regarding their performance on issues of sustainability. These need to be transparent reports where the positive and adverse effects arising out of the operations on the environment and the society at large are stated. Then only will accountability towards CSR initiatives build, and transparency will cultivate credence among all stakeholders .

**III. CONCLUSION**

One of the more industrially advanced states of India, Maharashtra offers an excellent opportunity to set a benchmark on CSR practices. By addressing these challenges-forged as a result of problems in transparency issues, allocations of resources, and stakeholder collaborations-it can bring actual change among communities across the state. The benefits from responsible businesses for underprivileged groups not only will last long but also will ensure sustainable development toward creating a more equal business environment: a more socially responsible one in Maharashtra.

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