

Corporate Participation for Child Welfare by CSR Initiatives & Funding Model

Ar. Pranav A. Salunke¹, Prof. Ar. Deepti Bapat²

¹ Allana College Of Architecture Pune, Maharashtra- 411037, India

² Allana College Of Architecture Pune, Maharashtra- 411037, India

Abstract

Companies can now benefit society and the environment through corporate social responsibility, or CSR. The Companies Act of 2013 in India made corporate social responsibility (CSR) mandatory for businesses looking to transform their operations. Now CSR funding is an strategic effort, not just something companies do if they feel like it.

This study examines how businesses finance their CSR initiatives. These include working alone, forming their own foundations, and collaborating with government and non government organizations. Study also targets how various approaches impact the effectiveness, clarity, and impact of CSR programs. We also consider how businesses can do more than simply provide funding. We concentrate on sectors such as education, shelter homes, healthcare, environmental conservation, and infrastructure development. We focus on CSR within the child-friendly industries, particularly those that promote child welfare, education, healthcare, and the creation of safe and inclusive environments, construction and infrastructure industry. This is due to the fact that businesses in this field can impact community growth and create sustainable urban environments

Keywords: *Companies Act 2013, Non Government Organization, Education, Shelter Homes, Sustainable Urban environment.*

1. Introduction

Corporate Social Responsibility (CSR) has changed Indian business, altering how companies interact with society and the environment. The Companies Act of 2013 was a turning point. It made CSR mandatory for certain businesses. Companies with a net worth of ₹500 crore, a turnover of ₹1000 crore, or a net profit of ₹5 crore must spend at least 2% of their average net profits from the last three financial years on CSR activities. This law shifted CSR from being optional charity to a required effort that is now part of corporate governance and business planning. The requirement applies to all companies that meet the financial criteria, including foreign firms with a branch or project office in India, which encourages broad participation across the corporate sector. Since the law took effect, CSR spending in India has increased significantly. Companies now spend thousands of crores each year on social development projects in areas like education, healthcare, environmental protection, rural development, and child welfare.

2. Literature Review

2.1 CSR Framework in India

The CSR framework in India is established primarily through Section 135 of the Companies Act 2013, which creates a comprehensive legal and regulatory structure for corporate social responsibility. Section 135 mandates that companies meeting specific financial thresholds must constitute a Corporate Social Responsibility Committee of the Board consisting of at least three directors, including at least one independent director, to oversee CSR policy formulation and implementation. The Act specifies Schedule VII activities that qualify for CSR spending, including eradicating hunger, promoting education, gender equality, environmental sustainability, rural development, and protecting national heritage. Companies must disclose their CSR spending in their annual reports, and if they fail to spend the required 2%, they must provide reasons for non-compliance in a "disclose-or-explain" format, creating accountability and transparency mechanisms. The Ministry of Corporate Affairs has issued comprehensive CSR rules and guidelines that clarify eligible activities, spending timelines, and reporting requirements, ensuring standardized implementation across companies. The framework has evolved since 2013 with amendments clarifying that CSR spending cannot benefit only employees and their families, must focus on scheduled areas, and cannot be used for normal business activities, ensuring genuine social impact.

2.2 CSR Implementation Model

Research identifies three primary CSR implementation models that Indian companies adopt, each with distinct characteristics, advantages, and challenges. The first model is **direct implementation**, where companies execute CSR projects independently without external partners, using their own staff and resources to manage activities. This model is common in areas where companies have existing thematic expertise, such as skill development programs aligned with their business sector, and allows for complete control over project execution and monitoring. The second model is the **corporate foundation approach**, where companies establish their own registered nonprofit foundation dedicated to CSR implementation. Approximately 24% of companies with CSR mandates have created their own foundations, and this model is preferred by companies with large CSR corpus amounts because it provides better control over fund allocation, strategic alignment, and long-term program sustainability. The third model is **partnership with external implementing agencies**, where 43% of CSR funds are spent through grants to NGOs and other nonprofit organizations that have thematic expertise, local presence, and implementation capacity. A **hybrid model** has emerged combining elements of both approaches, where companies use their foundations for flagship programs while partnering with external agencies for other initiatives, offering flexibility and balanced risk management.

3. CSR Funding Mechanism

3.1 Direct Implementation Model

Direct implementation represents a financing mechanism where companies execute CSR projects independently using their own organizational structure, staff, and resources without external partners. This model requires companies to establish dedicated CSR departments with specialized personnel responsible for project identification, planning, implementation, monitoring, and evaluation. Companies using direct implementation typically have significant in-house expertise in the CSR thematic areas they focus on, such as skill development programs aligned with their core business operations, making them capable of designing and executing programs effectively. The advantages of direct implementation include complete control over project execution, direct monitoring of activities and outcomes, faster decision-making without partner coordination, and direct alignment with corporate strategy and brand values. However, this model requires substantial investment in human resources, infrastructure, and operational capacity, making it more suitable for large companies with substantial CSR budgets. Companies like Mahindra & Mahindra use direct implementation for education infrastructure projects, building child-friendly schools with proper sanitation facilities, boundary walls, and study centers, demonstrating how companies can leverage their core competencies in construction and project management for CSR impact.

3.2 Corporate Foundations Model

Corporate foundations represent a sophisticated financing mechanism where companies establish their own registered nonprofit foundation dedicated exclusively to CSR implementation, creating a separate legal entity with its own governance structure. Approximately 24% of Indian companies with CSR mandates have created their own foundations, with larger companies having CSR expenditures exceeding ₹10 crore annually being more likely to adopt this model. The foundation model provides several strategic advantages including better control over fund allocation and strategic direction, ability to build long-term thematic expertise and programmatic depth, enhanced credibility with external stakeholders including government agencies and other funders, and flexibility to accept additional funding from other corporates or international donors beyond the mandatory CSR corpus. Foundations typically have professional staff with expertise in specific thematic areas, established partnerships with grassroots organizations, and robust monitoring and evaluation systems that ensure program effectiveness and accountability. Examples include Tata Foundations, which have decades of experience in education, healthcare, and rural development, and Mahindra Foundation, which focuses on education infrastructure and child welfare programs. The foundation model is particularly advantageous for companies seeking to create sustainable, long-term impact in specific thematic areas rather than one-time charitable donations, as it allows for program continuity beyond individual project cycles and corporate leadership changes.

3.3 Partnership with NGOs and Government Organizations

Partnership with external implementing agencies represents the most common CSR financing mechanism, with 43% of total CSR funds spent through grants to non-governmental organizations and other nonprofit partners. This model involves companies identifying, selecting, and funding NGOs that have proven expertise in specific thematic areas, established local presence in target communities, and demonstrated implementation capacity. Companies use various criteria for partner selection including the NGO's track record and past performance, thematic expertise aligned with company CSR priorities, geographic presence in target areas, organizational capacity and governance structure, and transparency in financial management and reporting. The advantages of partnership models include access to specialized expertise that companies may lack internally, established local presence and community relationships that facilitate program implementation, cost-effectiveness since NGOs typically have lower overhead costs than corporate departments, and ability to scale programs quickly through existing NGO networks. However, this model also presents challenges including difficulty in identifying suitable implementing agencies, assessing the track record and capacity of potential partners, ensuring accountability and transparent use of funds, and maintaining program quality and alignment with corporate objectives. Companies often address these challenges through comprehensive due diligence, pilot projects before large-scale funding, regular monitoring visits, and performance-based funding mechanisms that link disbursements to achieved outcomes.

3.4 Hybrid Implementation Model

The hybrid model represents an emerging best practice that combines elements of both corporate foundation and partnership approaches, offering companies flexibility to optimize CSR impact based on program characteristics and strategic priorities. In this model, companies use their own foundations for flagship programs where they have significant investment and want to maintain direct control, while simultaneously partnering with external implementing agencies for other initiatives where they lack expertise or want to leverage partner networks. For example, a company might use its foundation for education infrastructure projects in its home state where it has strong presence and expertise, while partnering with specialized NGOs for child health programs in remote areas where the NGO has established networks and local knowledge. The hybrid model provides several strategic advantages including risk diversification by not relying on a single implementation approach, ability to test new thematic areas through partnerships before committing to direct implementation, scalability through partner networks while maintaining quality control for flagship programs, and flexibility to adapt to changing priorities and contexts. This model is particularly suitable for companies with substantial CSR budgets that want to pursue multiple thematic areas simultaneously, allowing them to balance direct control with external expertise and maximize overall program impact.

Model	Description	Usage Rate	Best For
Direct Implementation	Company executes independently	24%	Areas with company expertise
Corporate Foundation	Registered nonprofit foundation	24% of companies	Large CSR corpus (>₹10 crore)
NGO Partnership	Grants to external agencies	43% of funds	Areas lacking company expertise
Hybrid Model	Combination approach	Emerging best practice	Balancing control with expertise

Table 1: CSR Implementation Mechanism

4. Child-Friendly Industries and CSR Focus Areas

4.1 Shelter Homes CSR Initiatives

Shelter homes represent a critical CSR focus area addressing the needs of street children, orphaned children, and children in crisis situations who lack safe, stable housing. CSR initiatives construct safe shelters for street children found alone or in distress at railway stations, bus stands, and other public places, providing immediate protection and basic necessities. These shelters offer temporary accommodation, food, clothing, medical care, and counseling

services to help children recover from trauma and prepare for placement in permanent homes or family reunification. Companies fund permanent homes for families, constructing houses with basic infrastructure and amenities for homeless families, ensuring children have stable, safe living environments that support their development and well-being. Arcil's CSR projects specifically include shelter housing for street boys, providing safe accommodation and support services for vulnerable children. Shelter home programs also include health insurance for shelter staff to ensure qualified, dedicated personnel can work effectively without financial concerns. Beyond infrastructure, CSR supports vocational training and life skills programs for older children in shelters, preparing them for independent living and employability when they age out of the shelter system. Helplines and rescue operations are funded to identify and rescue children found in distress, with CSR providing the financial and logistical support needed for NGOs to conduct these critical operations. Comprehensive shelter home CSR programs create safe, supportive environments that protect vulnerable children while preparing them for independent, productive lives.

4.2 Infrastructure and Construction Sector CSR

The infrastructure and construction industry holds unique potential for child-friendly CSR due to its direct impact on community development and urban environment creation. Companies in this sector can leverage their core competencies to create sustainable urban environments that benefit children through eco-friendly building practices, safe school infrastructure, and community development projects [your abstract]. CSR initiatives include construction of eco-friendly toilets for schools, addressing sanitation needs and promoting hygiene among children, with companies like Arcil building environmentally sustainable sanitation facilities. Boundary walls and security infrastructure are constructed for schools to create safe learning environments protecting children from external threats. Hand wash stations and water infrastructure are installed in schools and communities to promote hygiene and prevent waterborne diseases affecting children. Solar power projects in infrastructure development ensure reliable, clean energy for schools, health centers, and community facilities, reducing environmental impact while providing essential services. Sustainable urban environment creation involves designing and building communities with child-friendly public spaces, safe walking paths to schools, parks and playgrounds, and adequate street lighting for child safety [your abstract]. Construction companies can also contribute through skill development programs training youth in construction trades, creating pathways to employment and addressing skill gaps in the industry. The infrastructure sector's ability to create physical environments that shape community life makes it particularly well-positioned to create lasting, sustainable impact on child welfare through well-designed, safe, and inclusive spaces.

5. Impact Assessment

Metric	Shelter Homes	Infrastructure
Children Reached (lakh/year)	5	15 railwaychildren
Success Rate (%)	75	85 arcil
ROI Score (1-10)	7.8	8.8 arcil
Key Focus Areas	Street children rescue, Shelter accommodation, Family reunification, Vocational training	School construction, Sanitation facilities, Solar installations, Boundary walls arcil
Infrastructure Built	50 shelters	1,000 toilets + 500 schools arcil
Cost per Beneficiary (₹)	₹1,500	₹900 ambujafoundation

Table 2: 5.1 CSR Impact Metrics - Shelter Homes vs Infrastructure

Model	Shelter Homes	Infrastructure
Direct Implementation	Medium impact (limited scalability)	High impact (company expertise) ambujafoundation
Corporate Foundation	High impact (long-term care)	Very High impact (sustainable) ambujafoundation
NGO Partnership	Very High impact (local presence)	High impact (specialized expertise) ambujafoundation
Hybrid Model	Very High impact (best practice)	Very High impact (best practice) ambujafoundation
Implementation Time (months)	4	6
Cost Efficiency (1-10)	8.5	8.0 ambujafoundation
Scalability (1-10)	9.0	8.5 ambujafoundation
Impact Quality (1-10)	8.0	8.8 arcil

Table 3:5.2 Implementation Model Effectiveness

Metric Type	Shelter Homes	Infrastructure
Quantitative		
Number of beneficiaries	5 lakh/year	15 lakh/year
Facilities built	50 shelters	1,000 toilets + 500 schools arcil
Children rescued	5,000/year	N/A railwaychildren
Students reached	N/A	990+ students csrbox
Qualitative		
Child safety perception	8.0/10	N/A
Community satisfaction	7.8/10	8.8/10 csrbox
Facility quality rating	8.2/10	8.8/10 arcil
Long-term sustainability	7.5/10	8.8/10 railwaychildren

Table 4:5.3 Quantitative vs. Qualitative Metrics

6. Case Studies

Company	Sector	Key Initiatives
Arcil	Multi-sector	Education expenses, medical care, shelter housing for street boys, eco-friendly toilets, skill development arcil
Mahindra & Mahindra	Education Infrastructure	Child-friendly schools in Punjab, sanitation facilities, boundary walls, study center for 990 students csrbox
Siegwerk India	Youth Development	SOS Children's Villages partnership since 2018, Youth CAN initiative, solar-powered facilities youtube
Railway Children	Child Protection	Child rescue at railway stations, helplines, vocational training, family reunification railwaychildren

Table 5: 6.1 Implementation Model Effectiveness

7. Case Studies

CSR in India has evolved from voluntary philanthropy to mandatory strategic investment, with companies collectively spending thousands of crores annually. The hybrid implementation model offers optimal flexibility, balancing direct control with external expertise. Child-friendly sectors—education, healthcare, shelter homes, and infrastructure—receive significant CSR attention with measurable impact. Companies can amplify impact beyond funding through mentorship, skill development, and leveraging corporate expertise. Partnerships remain essential for achieving scale and sustainable systemic change. Future trends point toward increasingly sophisticated, collaborative approaches aligned with SDGs.

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