

## Corporate Social Responsibility as a Veil to Keep Society in Disguise: A Case Study on Alcohol Industries in India

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**Abstract:** Corporate Social Responsibility (CSR) is a concept which has become important as well as dominant in corporate world. In India there are many corporate houses engaged in different business and some of them are engaged in those businesses where they can't control the negative impact of their business on the society though they are working on CSR. One of such industries is Alcohol industry which uses CSR as an instrument by showing the positivity in higher priority and keeping the negativity beyond the veil. The main focus of the research is to draw the veil which is used by alcohol industries to keep society in disguise. The study used qualitative methods to collect and analyze data. The study is based on secondary data collected from websites of different alcohol companies, social media platforms, media reports, and other secondary sources which is analyzed with an iterative approach. This research paper moves around creating awareness regarding undue advantage of CSR which is taken by Alcohol industries, delving into its concept and finding out its impact taking the case study of the Alcohol industries of India.

**Key Words:** Alcohol Industries, Society, Corporate Social Responsibility, Veil, Disguise.

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### I. Introduction

#### 1.1 Background:

CSR theme has been researched since the 1950s. Notwithstanding the fact that business produces goods and services that society needs, there is also interdependence between business and society as an ongoing process. Simon Zadek (2001) describes the development of CSR broadly in terms of three generation:

The first generation of CSR showed the companies can be responsible in ways that do not detract from commercial success.

The second generation is focusing on CSR as an integral part of long term business strategy.

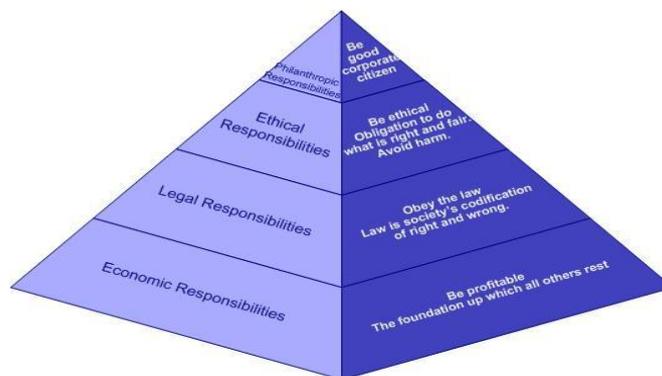
The third generation of CSR is expected to make a significant contribution to address issues such as poverty, exclusion and environmental degradation. This will involve both partnerships with civil society and changes in public policy.

The concept of CSR is not new in India; it is there from the time of M.K Gandhi, as he is rightly said:

“Suppose I have earned a fair amount of wealth either by way or legacy or by means of trade and industry. I must know that all that belongs to me is the right to an honorable livelihood no better than that employed by millions of others. The rest of the wealth belongs to the community and must be used for the welfare of the community” \_\_\_\_\_ **Mahatma Gandhi.**

#### 1.4 Theories and Models of CSR:

The most important and applied model of CSR is given by Carroll in Carroll's CSR pyramid. According to Carroll (1983:608), “Corporate Social Responsibility involves the conduct of a business so that it is economically profitable, law abiding, ethical and socially supportive. To be socially responsible then means that profitability and obedience to the law are foremost conditions when discussing the firm's ethics and the extent to which it supports the society in which it exists with contributions of money, time and talent”. And the different layers in the pyramid help managers see the different types of obligations that society expects of businesses.



Carroll's CSR Pyramid

Adopted from: [www.csrquest.net/imagefiles/CSR%20Pyramid.jpg](http://www.csrquest.net/imagefiles/CSR%20Pyramid.jpg)

There are other different models of CSR also and some of them are as follows:

- (a) **Altruistic Model:** the terms altruistic or humanitarian CSR involves possible personal or organizational sacrifice. Humanitarian CSR is Carroll's "Fourth face of CSR- Philanthropic responsibilities: the implied concept of corporate citizenship fundamental to the notion of giving back to society.
- (b) **A Political Theory of CSR:** The political theory of CSR is based on assumption about the "motivation of public official and corporation. Political decision makers orient their behavior towards constituencies that can provide valuable resources".
- (c) **Social contract theory:** The social contract theory developed in the 17<sup>th</sup> century through Thomas Hobbe's *Leviathan*. A social contract with explicit and implicit term is convinced to exist between the organization and the public at large, not just merely in shareholders.
- (d) **Stakeholder's theory:** stakeholder theory, which McWilliams (2001) called 'the dominant paradigm in CSR'. In 1984, freeman focused on the stakeholder view and propounded six categories: owners, employees, customers, suppliers, communities and governments.

### 1.8 Why CSR as a Veil?

CSR is used by different corporate houses in different ways. Some of the corporate houses use CSR for their benefit and some other for the benefit of the society. Some use CSR as a strategy and some others as a weapon to protect their business while some other uses it as a veil to hide their negative impacts which is on the higher side as compared to the positive impacts on the society as a whole. The concept of "CSR as a Veil" refers to the use of CSR in the society to hide the negative impacts which is higher as compared to the positive impacts and those negative impacts can be hidden by using CSR as a Veil between Society and negative impacts of the corporate. CSR as a veil can be used to keep the society in disguise so that they can continue their business and earn profit.

### 1.9 Who can use CSR as a Veil?

Especially in India, companies who produce those products which are not appreciable by the society and they are always in controversies regarding their production and consumption. Some of these companies are like Alcohol companies, Cigarette companies, Tobacco companies, Gutkha Companies, etc. There is a strong possibility that these companies may use CSR as a veil to keep the society in disguise.

## II. Literature Review

An attempt has been made here in this heading to review some of the previous studies undertaken, for better understanding of the paper and through reviews one can define how this project similar or differ from them.

**Shah and Bhaskar (2010)**, has taken a case study of public sector undertaking i.e. Bharat Petroleum Corporation Ltd. in their research work which has discussed that there is a broad relationship between the organization and society and organization used the resources/inputs of the society like material and human etc. In reverse, the organization provides services to the society. From the case study of the BPCL, it was found that company has taken a lot of initiatives in order to serve the society.

**Windsor. (2001)**, reveals the relationship between business and society in the long run. The research finds three alternatives of CSR i.e., conceptions of responsibility, stakeholder management practices and global corporate citizenship.

**Nigel Sarbutts. (2003)**, the objective of the paper is to examine the way of doing CSR by small and medium size companies. The research reveals that large corporate house have many resources to implement CSR

but when it comes to SME; they have to be based on Cost benefit analysis. So, in that situation by imparting much information, proper utilization of resources, doing well for businesses, SME's can minimize their risk and manage CSR.

**Yoon & Lam. (2013)**, studied on "The illusion of righteousness: Corporate social responsibility practices of the alcohol industry". The study is based on secondary data and used qualitative method. The objective of the paper was to reveal whether alcohol industries are creating illusion of righteousness or not and they conclude that through different tactics alcohol industries are creating illusion of righteousness.

### **III. Research Design**

#### **3.1 Objectives of the study:**

- (a) To understand the concept of "CSR" and "CSR as a Veil".
- (b) To know how the Alcohol companies have fulfilled its responsibility towards all stakeholders; what specific activities, programs and strategies it has set, devised and implemented for the same.
- (c) To understand the use of CSR as a Veil to hide the negative impact on the society by Alcohol companies in India.

#### **3.3 Research Methodology**

Literature survey is done regarding the topic and related concepts have been done. Secondary data inclusive of quantitative and qualitative data as well collected from various sources including books, research papers, journals, articles, newspapers, magazines, published materials and various websites are used for the purpose of study.

#### **3.4 Limitation of the study**

The study can also be done on other corporate industries except alcohol. The study is only based on secondary source of information but the study can be done by taking primary source of information. All the legal aspects are not taken into consideration while preparing the paper.

### **IV. Alcohol Companies and CSR**

#### **4.1 Alcohol Companies in India**

The Indian liquor market is a growth oriented industry which is comprised of four major categories: Indian Manufactured Foreign Liquor (IMFL), Imported Liquor, Beer, and Homemade Liquor. Indian alcohol industry is currently pegged at INR \$ 507 billion is stated to grow at a CAGR of – 29percent to reach INR \$ 1400 billion by 2015. The alcohol beverage industry is assumed to be recession proof. With a rising and promising GDP, the economic status of India is robust. According to Organization for Economic Corporation and Development (OECD), the per capita consumption of Alcohol during 1999-2012, in India has increased by whopping 55percent, the third highest increase in the world after Russian Federation and Estonia. Though alcohol is banned in some states of India such as Manipur, Gujarat and Bihar, but it is legally consumed in the majority of states. There are believed to be 62.5 million people in India who at least occasionally drink alcohol. India has also become one of the largest producers of alcohol – it produces 65percent of alcoholic beverages in South-East Asia. Most urban areas have witnessed an explosion in the number of bars and nightclubs that have opened in recent years.

Dr. Pankaj Chaturvedi, Oncologist at Tata Memorial Hospital said – "Alcohol is causally related to cancer of the mouth, Oropharynx, Liver, Oesophagus and Breast. It is said that such a toxic and carcinogenic compound is being brazenly advertised and consumed by ever increasing number of youngsters without any warning. The rapid rise in Alcohol consumption is an alarming statistics for public health. So far alcohol is not considered as a public health problem and no alcohol control policies are in place from public health point of view. These reports and studies clearly underline need for a comprehensive national policy on alcohol control."

#### **4.2 Alcohol Consumption pattern and culture in India**

In, 2014, the world Health Organization or WHO says that about 30 percent of India's population, just less than a third of the country's populace – consumed alcohol regularly some 11 percentage are moderate to heavy drinkers. The average Indian consumes about 4.3 litres of alcohol per annum says the report, average rural consumption is much higher as compare to urban at about 11.4 litres a year. Dadra & Nagar Haveli, Arunachal Pradesh, Andaman & Nicobar Islands, Andhra Pradesh, Daman & Diu, Sikkim, and Pondicherry are among the highest consumers of alcohol and spirits in India. Underage and binge drinking is affecting the Indian society very hardly. The most dangerous pattern of drinking is binge drinking where the individual consumes an excessive amount in a short period of time and in underage drinking refers to drinking alcohol before the legal age which is increasing in numbers very rapidly.

India is a vast sub-continent and the drinking habits vary greatly between the different states. It is therefore impossible to describe a single drinking culture for the whole of India. Those who live in the south western state of Kerala are the heaviest drinkers. People who live in this state drink an average of 8 litres per

capita, and this is four times the amount of the rest of India. Other areas of the continent where people tend to drink relatively heavily include Haryana and Punjab. In some parts of India there is hardly any drinking culture to speak of – in some of these places alcohol is banned completely. In recent years there has been a noticeable rise in the number of urban males who claim to use alcohol as a means to relax. It still tends to be the poor and those who live in rural areas that are the highest consumers of alcohol. It is believed that as little as 5 percent of alcohol consumers are female – although this figure is higher in some states.

#### **4.3 Alcohol Ban and Prohibition in India**

Although alcohol is freely available in most part of India, some states and union territories in the country have various forms of alcohol bans in force. Alcohol prohibition is currently in force in Gujarat, Kerala, Lakshadweep, Manipur, Nagaland and Bihar. Andhra Pradesh, Haryana, Mizoram, and Tamil Nadu had previously imposed alcohol bans but were forced to withdraw the prohibition.

#### **4.4 How Alcohol is promoted in the society?**

Promotion of alcohol directly is not permissible in India but alcohol companies are promoting alcohol through surrogate advertising. Surrogate advertising is that kind of advertising which promotes alcohol not directly but indirectly. The alcohol brand is not advertised directly but through other products which are meant to be developed for promotion of alcohol. For example, Bacardi, popular name in the business of alcohol, promoted its signature rum through sponsorship of various events, most notably the annual NH7 weekender music festival, and music CDs.

Now a day's surrogate advertising is not only relied on television, radio and newspaper but it is growing in digital medium as the clear guidelines from the Government are absent. Many alcohol companies are trying to promote their brands in social media by different tactics.

According to Samar Singh, VP, UB Groups, maker of kingfisher beer amongst other brands, “we are living in media dark era. Hence, we are organically weaving the product into the story to avoid obvious advertisement.” The group recently associated with TVF to produce “Pitchers”, a five part series on four friends trying to launch a startup. With more than 10 million viewers, the show went viral in the startup community, and is currently rated 9.7 on IMBD. By producing the show, UB group avoid surrogate advertising and revolutionized liquor advertising in India, said a top media planner.

The films and the songs are also a very important source for the promotion of alcohol in India. In films and songs alcohol is shown in a very positive way and plays a very key role in changing the behavior of an adult. Most of the adults started taking alcohol by the influence made by the actors of the films and songs which shows alcohol as a very superior and tension relief or give matured feeling to the adults.

#### **4.5 Alcohol and major concerns**

Alcohol-related deaths and deaths caused by diseases due to alcoholism are major concerns for India. More than 11 percent of Indians are binge drinkers, against the global average of 16 percent. As the debate over alcohol bans grows across India, 15 people die every day – or one every 96 minutes – from the effects of drinking alcohol, reveals an India Spend analysis of 2013 National Crime Records Bureau (NCRB) data. In 2012 alone about 3.3 million deaths in India were attributed to alcohol consumption. This amounts to some 5.9 percent of the global deaths that year. The per capita consumption of alcohol in India increased 38 percent, from 1.6 litres in 2003-05 to 2.2 litres in 2010-12, according to a World Health Organization (WHO) report, which also revealed that more than 11 percent of Indians were binge drinkers, against the global average of 16 percent.

On the WHO's ‘Years of Life’ (YLL) scale- a measure of premature mortality- alcohol attribute years of life lost puts India on a precarious 4 on a scale of 1 to 5. This simply mean that a large number of people from India lose their lives early due to alcohol consumption and its fallouts. In Tamil Nadu, J Jayalithaa shut down 500 liquor stores on May 23, the first day of her fourth term as Chief Minister. In April, Bihar imposed prohibition – a ban on the sale, production and consumption of alcohol. In August 2014, Kerala restricted the sale of liquor to five-star hotels. Early this year, in January 2015, about 94 people lost their lives due to consumption of toxic liquor in Maharashtra.

Before the latest crackdowns on alcohol, Gujarat and Nagaland were the only Indian states with prohibition. “Major crimes and accidents are fuelled by alcohol, which also leads to sexual harassment of women and robberies”, S Raju, of Tamil Nadu's MakkalAdhikaram (People's Power) told the BBC. “Alcohol abuse is also the reason why Tamil Nadu has the largest number of widows less than 30 years of age”, he added.

A quarter of all hospital admissions and 69 percent of all crimes in Kerala are due in part to intoxication, according to the Alcohol and Drug Information Centre, an NGO, quoted in The Economist. Five people died every day in 2014 after drinking spurious liquor. In 2015, consumption of illegally brewed liquor claimed more than 100 lives in Malwani, Mumbai, triggering widespread outrage. As many as 1,699 people died in 2014 after consuming spurious/illicit liquor, an increase of 339 percent from 387 in 2013.

Consumption of alcohol is a social taboo in most parts of India. While Islam as a religion does prohibit the consumption of alcohol, and Hinduism mentions it as one of the moral evils, alcoholism in India is linked more with the economic and family circumstances than with religious dictates.

#### **4.6 Alcohol companies and CSR**

Corporate Social Responsibility is one of the important parts of the business to survive in the market and to expand it in near future. Alcohol companies have also responsibilities towards societies and they are doing it in different ways. Alcohol companies are doing CSR by the following ways:

##### **(i) Awareness Camp**

An interactive resource is leveraged to help combat alcohol misuse and to promote responsible drinking through the sharing of best practice tools, information and initiatives by Alcohol Companies.

##### **(ii) Empowering Women**

Alcohol companies are doing their best to empower women. They are giving opportunities to learn and develop skills to be able to influence society and the economy. They are giving opportunities to grow talents, skills and capabilities of the women who work in our wider value chain. An estimate of 5,75,000 women's are empowered and 18429 people are covered under skill development in initiative taken by United Spirits.

##### **(iii) The Young Women Social Entrepreneurship Programme**

In partnership with the British Council and the Indian Institute of Management, Kozhikode the programme aims to contribute to entrepreneurship education by training women Master Trainers, and through them train a larger group of women to become entrepreneurs.

##### **(iv) Safety, Health and Education**

A grass-roots program to build thriving communities around our plants: USL's bottling plants are mostly situated in semi-urban areas with its distilleries mostly situated in rural areas. They are investing in programmes to benefit 40,000 people in 13 intervention villages around 5 plants to develop safety, health and education through:

- Safe access to water
- Healthcare
- Employable skills training

##### **(v) Micro-Enterprise Development**

All Women technology Training Initiative in Bangalore trained primarily women with disabilities and underprivileged backgrounds in spoken English, computer & professional skills, personality development and interview skills. 1050 women were trained and 65 percent of trained beneficiaries were employed within 25 medium-sized companies and 5 large corporate by USL.

##### **(vi) Water**

Alcohol companies intend to focus on the availability of safe drinking water within this broad cause of 'Water'. The company has committed a significant proportion of its CSR budget to availability of safe drinking water for the communities.

##### **(vii) Healthcare**

Alcohol Companies intends to improve the access to health care services for the co-communities. The breweries would establish Health Centers/Dispensaries/Mobile Medical Units, which shall provide free medical check-ups and basic medication to the communities. Health camps would be carried out in the villages on a regular basis.

##### **(viii) Education**

Alcohol companies would be helping to provide improved quality of primary education for its co-communities. It will adopt schools in the vicinity of its breweries; work on improvising teaching-learning methodology, along with development of physical infrastructure. Each brewery shall adopt at least one primary school.

##### **(ix) Eye camp**

Eye check-up camps are one of the initiatives taken by alcohol companies. Tilaknagar Industry sponsors 5 to 10 patients for cataract surgery every month. Till date, Tilaknagar Industry has sponsored 75 patients for cataract surgery and conducted 12 eye camps.

##### **(x) Sponsorships and grants**

Across the country, alcohol companies has been sponsoring young boys and girls with promising talent and abilities to help them achieve their fullest potential in their chosen fields of sports and academics. Alcohol companies also support economically deprived students in fulfilling their academic ambitions.

### **(xi) Environment**

Tree plantation program, green initiatives are some of the programmes initiated by the alcohol companies. SPROUTS is an environmental trust in Mumbai provided the necessary guidance and expertise for the program initiated by Tilaknagar Company.

## **V. Conclusion**

### **5.1 Findings of the study**

After a deep and thorough analysis, the important findings which came out from the study have been summarized below:

- (i) The Alcohol Companies always blame people by saying that people are not consuming alcohol “Responsibly” but they never blame themselves for harming the society and they are blind to their hazardous activities. The alcohol companies use “Responsible Drinking” or “Personal Responsibility” as a shield to protect themselves and to shift the attention of the society from those who manufacture and promote the products to those who consume them.
- (ii) Alcohol Companies use CSR as a promotional tool by philanthropic sponsorship for cultural events or for any other developmental issues. But it has been observed that they sponsor different events just to promote their brand by surrogate marketing (where alcohol brands are indirectly promoted) and brand stretching (advertising of non-alcoholic events carrying alcohol brand name).
- (iii) The study reveals that the alcohol companies try to keep their positivity in high priority as compared to their negative impact on the society. The positive impacts are lesser as compared to negative impacts and alcohol companies are using that little portion of the positivity as a veil to keep society in disguise.
- (iv) It has been observed that in recent years the CSR practices are very much doubtful because the amendment made in companies act in 2013, alcohol companies gave very little amount of emphasis on CSR but the emphasis on CSR is increased after the amendment because government made it compulsory to provide 2 percent of the net profit (after tax) for the benefit of the society. It shows that CSR practices in alcohol companies are done more or less by the compulsion not by the will.
- (v) Alcohol Companies showcase CSR practices in such a way so that they can take undue advantage of the government rules and regulations as there are no strict rules regarding Alcohol companies CSR practices. Alcohol companies are giving such a rosy view that they are successful in creating illusion of righteousness among the society and government.
- (vi) It has been found that the main activities and programs relating to CSR practices organized by alcohol companies in India are awareness camp, health camp, education, safe drinking water, environment protection, empowering women, micro enterprise development, temples, community marriages etc.
- (vii) Alcohol companies portray alcohol as part of the ‘good life’ – associations with sex, fun, success, peer acceptance and independence.

### **5.2 Suggestions and Recommendations**

For bringing back and maintaining the general balance in the economic and social arena it is evident to think deeply and act wisely about CSR. The study provides the following suggestions about CSR and its sustainability and development for the society:

- Periodic review of CSR activities should be conducted by the Government & the Alcohol industries to identify the pitfalls and the areas left out.
- Government should mandate how CSR practices should be done and Government should be proactive regarding alcohol laws.
- More and more NGO should be created to aware people regarding the impact of alcohol in the society
- The concept of Public Private Partnership (PPP) should be applied in the effective implementation of CSR practices in alcohol industries.
- Government should design a wing like “Anti Addiction Wing” in each and every college to keep the youth in track, so that they do not get derailed.

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