

Corporate Social Responsibility Practices in the Fmcg Sector: A Comparative Study of ITC and Patanjali

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CITATION

Garg, A. (2025). Corporate Social Responsibility Practices in the Fmcg Sector: A Comparative Study of ITC and Patanjali.

Shodh Manjusha: An International Multidisciplinary Journal, 02(02), 402–408.

<https://doi.org/10.70388/sm250169>

Article Info

Received: May 21, 2025

Accepted: Aug 23, 2025

Published: Sep 12, 2025

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<https://doi.org/10.70388/sm250169>

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Abstract

Corporate Social Responsibility (CSR) has evolved into a critical business strategy, especially in consumer-centric sectors like Fast-Moving Consumer Goods (FMCG). Companies in this space face increasing scrutiny from stakeholders to demonstrate ethical, environmental, and social consciousness. This review compares the CSR strategies of two major Indian FMCG companies ITC Limited and Patanjali Ayurved. The study highlights their differing approaches, implementation mechanisms, and impact on stakeholders.

Keywords: Corporate Social Responsibility, FMCG Sector, ITC, Patanjali.

Introduction

Corporate Social Responsibility has transitioned from a voluntary philanthropic act to a strategic business function. In India, the Companies Act, 2013 mandates that companies meeting certain thresholds must allocate at least 2% of their average net profit to CSR activities (Ministry of Corporate Affairs, 2013). FMCG companies, due to their vast customer

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base and environmental footprint, are particularly expected to be socially responsible. This paper examines and compares the CSR practices of ITC and Patanjali, both prominent players in the Indian FMCG sector.

Corporate Social Responsibility (CSR) has emerged as a crucial pillar in shaping the ethical and sustainable dimensions of modern businesses. In India, with the enactment of the Companies Act, 2013, CSR has transitioned from a voluntary initiative to a legal obligation for companies exceeding specific financial thresholds. The Fast-Moving Consumer Goods (FMCG) sector, known for its vast consumer base, environmental impact, and direct engagement with society, holds a particularly significant position in the discourse around CSR. With growing environmental concerns, stakeholder activism, and the increasing demand for ethical business conduct, FMCG companies are now compelled to integrate CSR into their core strategic framework. This transformation is not merely regulatory compliance but a vital driver for long-term sustainability, brand reputation, and community trust.

In this context, the present study aims to explore and compare the CSR practices of two prominent Indian FMCG giants ITC Limited and Patanjali Ayurved. Both companies have achieved significant market share and customer loyalty but differ substantially in their CSR philosophies, execution strategies, and stakeholder engagement. ITC, a century-old conglomerate, has adopted a structured, data-driven, and globally benchmarked CSR approach that aligns with sustainable development goals and international reporting standards. The company is widely recognized for its e-Choupal initiative, afforestation programs, women empowerment projects, and its consistent commitment to becoming carbon, water, and solid-waste positive. ITC's CSR strategy reflects a blend of business innovation and social upliftment aimed at inclusive rural development and environmental conservation.

On the other hand, Patanjali Ayurved, a relatively new entrant founded in 2006, has taken a unique approach to CSR, blending traditional Indian values with its modern FMCG business model. Propelled by the ideals of yoga, Ayurveda, and nationalism, Patanjali's CSR ethos is deeply rooted in cultural identity and indigenous empowerment. The company emphasizes health and wellness, Swadeshi consumption, organic agriculture, and employment generation in rural India. Although Patanjali's CSR reporting lacks the formal structure and transparency of ITC, its initiatives resonate strongly with a section of consumers who value authenticity, spirituality, and natural living. The brand's informal CSR practices such as setting up free healthcare camps, yoga centers, and supporting small farmers contribute to a socially conscious corporate image that aligns with its brand philosophy.

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This comparative analysis is vital to understand how different organizational cultures, values, and leadership styles shape CSR approaches in the FMCG sector. While ITC represents the corporate, institutionalized model of CSR with a focus on quantifiable impact and sustainability metrics, Patanjali illustrates an alternative pathway through value-driven and grassroots-oriented social engagement. By comparing these two contrasting yet successful models, the study seeks to highlight best practices, identify gaps, and offer insights for evolving CSR frameworks in emerging markets. It also aims to contribute to the broader understanding of how FMCG companies can leverage CSR as a strategic tool to balance profitability with social and environmental responsibilities. Ultimately, the study underscores the growing relevance of CSR as a cornerstone of responsible business in a rapidly transforming socio-economic landscape.

CSR in the Indian FMCG sector

FMCG companies deal with large-scale production and distribution, impacting the environment and society significantly. CSR initiatives in this sector often include sustainability, rural development, health and hygiene awareness, skill development, and education (Kotler & Lee, 2005). These initiatives not only address societal needs but also foster customer loyalty and enhance brand image.

Corporate Social Responsibility (CSR) has emerged as a cornerstone of ethical business conduct, particularly in the Indian Fast-Moving Consumer Goods (FMCG) sector. The FMCG industry, characterized by high-volume production and widespread consumer interaction, significantly impacts the environment, society, and economy. As a result, companies operating in this sector are increasingly expected to go beyond profit-making and engage in responsible practices that contribute to sustainable development. In India, the formal integration of CSR into the corporate framework was institutionalized through Section 135 of the Companies Act, 2013, which mandates eligible companies to allocate at least 2% of their average net profits towards CSR initiatives. This legal requirement has created a framework for structured social investment, compelling FMCG companies to align their operations with national development goals, including health, education, sanitation, and environmental conservation.

The Indian FMCG sector, comprising products like packaged foods, personal care items, cleaning agents, and over-the-counter drugs, has a pervasive presence in both urban and rural markets. Given its direct interface with consumers and vast supply chains involving farmers, vendors, and factory workers, FMCG companies possess both the opportunity and the

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responsibility to implement impactful CSR strategies. Their CSR efforts often include promoting sustainable agriculture, empowering rural communities, supporting health and hygiene awareness, reducing plastic use, improving packaging sustainability, and investing in renewable energy. In addition, initiatives targeting skill development and women's empowerment have become prominent, addressing both social equity and economic development.

Several leading FMCG companies in India, such as ITC, Hindustan Unilever Limited (HUL), Dabur, and Patanjali Ayurved, have adopted diverse approaches to CSR that reflect their brand values and market strategies. For instance, ITC has embedded sustainability deeply into its business model, focusing on inclusive growth through initiatives like e-Choupal and watershed development programs. These initiatives aim to increase rural incomes, enhance environmental quality, and create shared value across the supply chain. On the other hand, Patanjali's CSR is shaped by its spiritual and Swadeshi ideology, promoting indigenous wellness systems and rural self-sufficiency. While both companies operate under the same legal and economic environment, their CSR approaches differ significantly in philosophy, execution, and outreach, offering valuable insights into how organizational identity influences corporate responsibility.

Moreover, the increasing awareness among Indian consumers about ethical consumption is influencing CSR in the FMCG space. Modern consumers, especially in urban centers, are more inclined toward products and brands that demonstrate environmental consciousness, ethical sourcing, and social inclusiveness. Consequently, CSR is not only viewed as a legal or moral obligation but also as a strategic tool for brand differentiation, market penetration, and long-term value creation. The integration of sustainability reporting standards, stakeholder engagement frameworks, and third-party impact assessments is further professionalizing CSR in the sector.

In conclusion, the FMCG sector in India is at the forefront of a transformative journey where CSR is becoming integral to business sustainability and societal progress. By balancing economic interests with social commitments, FMCG companies have the potential to redefine the corporate role in nation-building. Their ability to scale impactful solutions across diverse geographies places them in a unique position to drive inclusive and equitable growth through meaningful corporate social responsibility.

Overview of ITC's CSR Practices

ITC Limited, a diversified conglomerate, is known for its holistic CSR approach integrated into its core business model. Key initiatives include:

1. **e-Choupal:** A digital infrastructure project empowering rural farmers by providing market information, agricultural best practices, and direct procurement (Annamalai & Rao, 2003).
2. **Social and Farm Forestry:** ITC supports afforestation by providing saplings to small farmers, thereby enhancing livelihoods and promoting environmental sustainability.
3. **Vocational Training and Women Empowerment:** ITC runs skill development programs and SHGs for women in rural India.
4. **Health & Sanitation:** ITC has constructed toilets, promoted hygiene awareness, and contributed to Swachh Bharat Abhiyan.

These programs are guided by the company’s sustainability vision, aiming to be carbon positive, water positive and solid waste recycling positive.

Overview of Patanjali’s CSR Practices

Patanjali Ayurved, led by Baba Ramdev and Acharya Balkrishna, presents a unique case of integrating traditional Indian values and Ayurveda into its business model. Though relatively new, Patanjali’s CSR initiatives focus on:

1. **Ayurveda and Healthcare:** Establishing hospitals, yoga centers, and distributing Ayurvedic medicines.
2. **Rural Employment:** Creating job opportunities in rural areas through small-scale manufacturing units.
3. **Swadeshi Movement:** Promoting self-reliance by using indigenous ingredients and supporting local farmers.
4. **Environmental Conservation:** Emphasis on organic farming and chemical-free products (Soni & Soni, 2016).

Though Patanjali lacks detailed CSR disclosures compared to ITC, its activities are aligned with spiritual, cultural, and nationalistic ideals.

Comparative Analysis

Criteria	ITC	Patanjali
CSR Philosophy	Corporate sustainability, inclusive growth	Cultural-nationalistic and Ayurvedic heritage

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Reporting Transparency	Extensive, aligned with GRI standards	Limited formal reporting
Key Focus Areas	Rural development, environment, education, sanitation	Ayurveda, rural employment, health, environment
Stakeholder Engagement	Community, government, NGOs, investors	Community and followers of Ayurveda and yoga
Scalability & Reach	National, with structured programs	Regional, rapidly growing

ITC's CSR practices are data-driven, corporate-governed, and comply with global standards. In contrast, Patanjali's efforts are culturally embedded but less institutionalized.

Challenges and Recommendations

- 1. ITC:** Needs to continue expanding CSR programs in underserved regions and integrate more impact assessment tools.
- 2. Patanjali:** Should improve CSR transparency and adopt standardized reporting mechanisms.

Both companies must adapt to emerging sustainability trends like ESG investing and circular economy practices (KPMG, 2020).

Conclusion

The comparative review of ITC and Patanjali reveals divergent yet impactful CSR approaches. ITC's structured model contrasts with Patanjali's cultural CSR rooted in Indian traditions. Together, they demonstrate how CSR in the FMCG sector can be tailored to suit organizational ethos while contributing significantly to social development. Future research could explore the quantifiable impact of these initiatives on local communities and business performance.

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