**Corporate Social Responsibility (CSR) in India**

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***Abstract***

The concept of ‘Corporate Social Responsibility’ (CSR) has today become a key aspect of business philosophy and practice world over. CSR has been part of Indian business for long. There have been efforts, both in the remote and recent past, on the part of business community and government to make responsible business practices part of our business ethos. All the same, such efforts have been unsystematic, individual/ institution specific in orientation and, in certain cases, lacking a well-defined direction and purpose. Of late, there are indications that the scenario is changing. A host of factors such as globalization of business operations, the rise to prominence of climate change agenda, adoption of Millennium Development Goals and so on has contributed to an enhanced level of concern and commitment to the idea corporate social responsibility. As for the government’s initiatives are concerned, these are reflected in the new Companies Act passed in 2013, which mandates CSR spend for a defined category of corporate entities. This has given fillip to corporate CSR initiatives in a big way, which has, in many cases, gone beyond the requirements of the law. There have also been efforts, in tune with the global practice, to make CSR part of the corporate strategy and as a tool for attaining and sustaining , India, Government initiatives to make CSR a part of corporate functioning in the country and the emerging trends in Indian business sector which look at CSR as a tool for competitive strategy.

***Keywords:*** Companies act 2013, corporate social responsibility, CSR implementation, CSR committee, CSR impact.

**I Introduction about CSR**

Corporate Social Responsibility (CSR) broadly refers to the work and activities undertaken by corporates towards issues related to social causes and development, environment, disaster relief and community support. The Corporate Social Responsibility was made mandatory for companies in India by an Act in the year 2013. The term was coined first in 1953. In his publication named Social Responsibilities of the Businessman, American economist Howard Bowen coined the term and he is often referred as the father of CSR.

Early forms of CSR were largely focused on philanthropy and charitable giving. In the early 20th century, wealthy business leaders such as Andrew Carnegie and John D. Rockefeller used their fortunes to fund a range of charitable causes, including education, healthcare, and the arts.

**Why was CSR introduced in India?**

In line with this national endeavor, Corporate Social Responsibility (CSR) was conceived as an instrument for integrating social, environmental and human development concerns in the entire value chain of corporate business. The purpose of corporate social responsibility is to give back to the community, take part in philanthropic causes, and provide positive social value. Businesses are increasingly turning to CSR to make a difference and build a positive brand around their company. On April 1, 2014, India became the first country to legally mandate corporate social responsibility. The rules in Section 135 of India's Companies Act make it mandatory for companies of a certain turnover and profitability to spend 2% of their average net profit for the past three years on CSR. Corporate social responsibility is a business model by which companies make a concerted effort to operate in ways that enhance rather than degrade society and the environment. CSR can help improve various aspects of society as well as promote a positive brand image for companies.

**Objectives of CSR**

* CSR addresses various issues like human rights, education, health, and safety. It also covers corporate governance, working conditions, environmental sustainability, and more. Along with economic development, CSR also focuses on social and environmental development (the triple bottom line).
* After a detailed analysis, the article concludes that the future of CSR in India is bright, and that its importance will continue to grow even further given the increasing importance accorded to CSR world-wide, and India's own realization that it needs CSR to achieve long-term sustainability in the world economy.
* According to the MCA, over 16,000 companies were required to spend on CSR activities in 2019-20, with a total spending of Rs. 24954.78 crore ($3.05 billion). The top three sectors in terms of CSR spending were education, healthcare, and rural development.

**II Concept of Corporate Social Responsibility**

There has, in recent times, been an increasing interest in understanding corporate social (and environmental) responsibility (CSR) and, in particular, CSR reporting in developing countries.

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, companies can be conscious of the kind of impact they are having on all aspects of society, including economic, social, and environmental.

The practices and policies adopted by the corporation with relation to the corporate social responsibility needs to have positive influence on the world. These practices revolve around the idea that it is not necessary that the impact of a business is always negative. Businesses can make the world a better place with their practices and can reduce their negative social and environmental impact on the world. More and more corporations worldwide are involved in corporate social responsibility activities, and as a result are providing more social and environmental information to the public.

## ****III Historical Backdrop of Corporate Social Responsibility****

For decades, companies have been using (CSR) to give back to the society. This management concept as we know it today is mainly a product of the twentieth century, taking shape in the early 1950s. Even though the practice of corporate social responsibility gained popularity in the recent times, the concept can be traced back to the times during the Industrial Revolution. Although responsible companies had already existed for more than a century before, the term Corporate Social Responsibility was officially coined in 1953 by American economist Howard Bowen in his publication Social Responsibilities of the Businessman. As such, Bowen is often referred to as the father of CSR.

In 1971, the concept of the ‘social contract’ between businesses and society was introduced by the Committee for Economic Development. This contract brought forward the idea that companies function and exist because of public consent and, therefore, there is an obligation to contribute to the needs of society. It was more of a philanthropic exercise and had nothing to do with business. It was more like an institution building exercise like building research and educational institutes. The thinking has now changed, and corporate have started to view CSR as strategic philanthropy linked with responsibility and veering towards community development through various projects. So, the thinking now is that it is no longer a forced philanthropy or tick the box responsibility. It is investing hard capital/resources to serve the society and build a company’s reputation. The change in the thought process is because CSR, though being a responsibility is not compulsory. It is “comply or explain.” it is not they “must do it” but “will do it or explain why we failed to do it.”

Corporates are also moving to spend in areas like road safety, pollution control, and slum development. Some corporates have even aligned their CSR spends with the broad objectives of the government in its various social impact schemes like “Skill India,” “Swatch Bharat.” Some have spent through the Prime Minister Relief Fund. The question one may ask is why only in these areas and say why not in areas like arts and culture or conservation of animals which are getting extinct, conservation of national heritage or say development of rural sports or sports which are dying or say building new technologies for the benefit of the poor. The answer to this is that there is a need to spend on the traditional areas as it tends to be beneficial to the larger group/community.

The larger organizations, some of whom assumed global stature, created their own foundations that were used to by the founders as vehicles for causes they wanted to be a champion. Other corporates also spent money for the upliftment of localities they operated in or for communities they came from. Companies that traditionally undertook CSR anyway, with or without the law, used this opportunity to streamline the investments they made in this regard. For these firms, this was a chance to re-review and re-strategize what they had already been doing in order to fit into the requirements of the law.

## ****IV Position of Corporate Social Responsibility in India****

On April 1, 2014, India became the first country to legally mandate corporate social responsibility. The new rules in Section 135 of India’s Companies Act make it mandatory for companies of a certain turnover and profitability to spend two percent of their average net profit for the past three years on CSR.

Now Corporate Social Responsibility (CSR) is well accepted among shareholders as well as with various other stakeholders of society in India. The term CSR is new normal for Indian organizations. CSR tends to focus on what is done with profits after they are made. Larger corporations understand that CSR is an integral part of business framework for sustainable development. Companies also consider that CSR is an approach towards Social Profit sustainable development and focus on the triple bottom line of Economic, Environmental and Social performance.

In India, the term Corporate Social Responsibility (CSR) is widely being used even though related concepts and terms, such as business responsibility, sustainable development, philanthropy, sustainability, corporate citizenship, responsible business, triple bottom line, shared value, value creation, business ethics, socio-economic responsibility, bottom of pyramid, stakeholder management, corporate responsibility, and corporate social performance.

It has been observed that for Indian Companies, Corporate Social Responsibility (CSR) is the commitment of businesses to contribute to sustainable economic development by working with the employees, their families, the local community, experts and the society at large to improve lives in ways that are good for business and for its development. At public sector business organizations in India, CSR has been also looked upon as closely linked with the principle of sustainable economic development, which demand that organizations should make decisions and act based not only on financial factors but also on immediate and long term social and environmental consequences of their operations and activities.

Businesses in India have been sensitive towards the concerns of society and are committed to operating its core business in a socially responsible way by taking into consideration the wider interests of the community and the environment.

## V ****Challenges Faced in the Evolution of Corporate Social Responsibility****

**1. Lack of Community Participation in CSR Activities:**

There is a lack of interest of the local community in participating and contributing to CSR activities of companies. This is largely attributable to the fact that there exists little or no knowledge about. CSR within the local communities as no serious efforts have been made to spread awareness about CSR and instill confidence in the local communities about such initiatives. The situation is further aggravated by a lack of communication between the company and the community at the grassroots.

**2. Need to Build Local Capacities:**

There is a need for capacity building of the local nongovernmental organizations as there is serious dearth of trained and efficient organizations that can effectively contribute to the ongoing CSR activities initiated by companies. This seriously compromises scaling up of CSR initiatives and subsequently limits the scope of such activities.

**3. Issues of Transparency:**

 Lack of transparency is one of the key issues brought forth by the survey. There is an expression by the companies that there exists lack of transparency on the part of the local implementing agencies as they do not make adequate efforts to disclose information on their programs, audit issues, impact assessment and utilization of funds. This reported lack of transparency negatively impacts the process of trust building between companies and local communities, which is a key to the success of any CSR initiative at the local level.

**4. Non-availability of Well Organized Non-governmental Organizations:**

 It is also reported that there is non-availability of well-organized nongovernmental organizations in remote and rural areas that can assess and identify real needs of the community and work along with companies to ensure successful implementation of CSR activities. This also builds the case for investing in local communities by way of building their capacities to undertake development projects at local levels.

**5. Visibility Factor:**

The role of media in highlighting good cases of successful CSR initiatives is welcomed as it spreads good stories and sensitizes the local population about various ongoing CSR initiatives of companies. This apparent influence of gaining visibility and branding exercise often leads many nongovernmental organizations to involve themselves in event-based programs; in the process, they often miss out on meaningful grassroots interventions.

**6. Narrow Perception towards CSR Initiatives:**

 Non-governmental organizations and Government agencies usually possess a narrow outlook towards the CSR initiatives of companies, often defining CSR initiatives more donor-driven than local in approach. As a result, they find it hard to decide whether they should participate in such activities at all in medium and long run.

**7. Non-availability of Clear CSR Guidelines:**

 There are no clear cut statutory guidelines or policy directives to give a definitive direction to CSR initiatives of companies. It is found that the scale of CSR initiatives of companies should depend upon their business size and profile. In other words, the bigger the company, the bigger is its CSR program.

**8. Lack of Consensus on Implementing CSR Issues:**

There is a lack of consensus amongst local agencies regarding CSR projects. This lack of consensus often results in duplication of activities by corporate houses in areas of their intervention. This results in a competitive spirit between local implementing agencies rather than building collaborative approaches on issues. This factor limits company‘s abilities to undertake impact assessment of their initiatives from time to time.

**Corporate Social Responsibility and Companies Act 2013**

* The new concept of Corporate Social Responsibility has been introduced by the Companies Act, 2013.
* Under the erstwhile Companies Act, there was no concept of Corporate Social Responsibility.
* The new concept of Corporate Social Responsibility has been introduced under section 135 of the Companies Act, 2013 and Companies (Corporate Social Responsibility) rules, 2014.
* India is the first country in the world to introduce statutory Corporate Social Responsibility (CSR) through the new Companies Act, 2013. Prior to this landmark development, CSR was not a new concept in India and can be traced with historic pieces of evidence.
* While doing web search about CSR and CSR policies apparently one feels that lot many things have been done in foreign countries and India has borrowed the concept from the foreign countries. But, the fact is that the concept of CSR has existed in ancient India and our ancient wisdom has framed a platform for CSR and the proud moment is such ancient wisdom has given direction to the corporate houses and industries. Our rich ancient knowledge and tradition is the very basis of modern corporate level CSR practices. The origin of CSR can be traced from our Upanishads, Puranas and Vedic literature like Ramayana, Mahabharata, and Bhagavad-gita.
* As is common wisdom, Indian companies have been engaged in CSR/charity/philanthropy since time immemorial. Whether it was the factories investing in the communities around them to reduce dependence on a migratory workforce and for having happier families and hence happier employees, or businessmen giving back to their communities or causes near and dear to their hearts, or foundations building places of worship to bring communities together, or a whole host of other methods through which we had corporates giving back to the society in some shape or form. In most instances, these were treated as acts of charity or philanthropy, or the owners giving back to society.

**VI Notable Work by Some Companies**

**Ashok Leyland**

 Operates a FunBus in Chennai and New Delhi. This bus, equipped with a hydraulic lift, takes differently abled children and those from orphanages and corporation primary schools on a day‘s picnic. The company also runs AIDS awareness and prevention programmes in its Hosur factories for about 3.5 lakh drivers.

**Axis Bank**

The Axis Bank Foundation runs Balwadis which are learning places for children living in large urban slum clusters. It also conducts skill development programmes (PREMA and Yuva Parivartan) in motor driving, welding, mobile repairing, tailoring etc., for the youth in backward districts.

**Bharat Petroleum Corporation**

Its rain water harvesting project Boond, in association with the Oil Industries Development Board, selects draught-stricken villages to turn them from „water-scarce to water-positive‟. Some of BPCLs other social programmes include adoption of villages, prevention and care for HIV/AIDS and rural health care.

**Hindalco Industries**

Its CSR activities are concentrated in 692 villages and 12 urban slums, where it reaches out to about 26 lakh people. It has constructed check dams, ponds and bore wells to provide safe drinking water. In education, it awards scholarships to students from the rural schools it supports. Its other interests include women‘s empowerment and health care, in which it treats patients in hospitals, runs medical camps and operates rural mobile medical van services.

**Indian Oil Corporation**

It runs the Indian Oil Foundation (IOF), a non-profit trust, which works for the preservation and promotion of the country‘s heritage. IOCL also offers 150 sports scholarships every year to promising youngsters. Some of its other initiatives lie in the domains of clean drinking water, education, hospitals and health care.

**Infosys**

The Infosys Science Foundation, set up in 2009, gives away the annual Infosys Prize to honor outstanding achievements in the fields of science and engineering. The company supports causes in health care, culture and rural development. In an interesting initiative undertaken by it, 100 school teachers in Karnataka, who were suffering from arthritis, underwent free surgery as a part of a week-long programme.

**Mahindra & Mahindra**

Nanhi Kali, a programme runs by the KC Mahindra Education Trust, supports education of over 75,000 underprivileged girls. The trust has awarded grants and scholarships to 83,245 students so far. In vocational training, the Mahindra Pride School provides livelihood training to youth from socially and economically disadvantaged communities. M&M also works for causes related to environment, health care, sports and culture.

**Oil & Natural Gas Corporation**

 It offers community-based health care services in rural areas through 30 Mobile Medicare Units (MMUs). The ONGC-Eastern Swamp Deer Conservation Project works to protect the rare species of Easter Swamp Deer at the Kaziranga National Park in Assam. ONGC also supports education and women empowerment.

**Tata Consultancy Services**

 Its Computer Based Functional Literacy (CBFL) initiative for providing adult literacy has already benefitted 1.2 lakh people. The programme is available in nine Indian languages. Besides adult education, TCS also works in the areas of skill development, health care and agriculture.

**Tata Steel**

It comes out with the Human Development Index (HDI), a composite index of health, education and income levels, to assess the impact of its work in rural areas. Health care is one of its main concerns. The Tata Steel Rural Development Society aims to improve agricultural productivity and raise farmer’s standard of living.

**Conclusion:**

Corporate social responsibility has now become an important aspect of business performance and strategy. The focus on CSR has been there for a long time, but it is acquiring a new urgency and importance in the backdrop of heightened awareness regarding the perils of unplanned growth with single minded focus on corporate financial performance. Thinkers, researchers, activists and global bodies are all now thinking in unison regarding the need and urgency of corporate involvement in social, economic and environmental activities, though their approaches to details of social engagement of companies may differ. Increasingly, there is growing focus on strategic orientation to CSR activities, in place of the earlier philanthropic approach. This has helped in companies paying greater importance to CSR activities and to higher level of involvement and commitment of resources and personnel. This global trend is slowly catching up in India as well. This is becoming amply evident from the early emerging trends of CSR programmes of companies in India. As Indian corporate entities start getting involved in social engagement and sustainability activities on a larger scale and the process is bound to be more pronounced in the years to come.

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