



Role of Corporate Social Responsibility in India

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Abstract:

Corporate Social Responsibility is now accepted as means to achieve sustainable development goal of an organization. The corporation can no longer limit themselves in using resources of society and they have to be socially responsible because corporate citizens must also contribute to the social good. Corporate Social Responsibility in India is finally reality. Indian business realized that they have to look not only at the economic dimension of their companies, but also its ecological and social impact to move towards.

Corporate social responsibility focusses on the idea that a business has social obligation above and beyond making a profit. It requires a management to be accountable to the full range of stakeholders. Corporate social responsibility is the continuing commitment by the business to behave ethically and contribute to the economic development of the country while improving the quality of life of the workforce and their families and local community and society at large. CSR is achieving commercial success in the ways that honour ethical values and respect people, communities and the natural environment. CSR is a combination of policies, education and practices which extent throughout a corporation's operations and into the communities in which they operate.

Corporate Social Responsibility (CSR) in India as we see today has come long way from philanthropic act in society to a legally mandatory act with the introduction of Section 135 in the Companies Act 2013 (MCA, 2013) resulting compulsory CSR applicability on the covered companies as per Act. The provisions of the Section 135 make expenditure and reporting under CSR a legal binding.

There is a huge gap in targets and spending of CSR. Some companies make CSR expenditure as per their wish and will. There is also lack of expertise in corporation implementation of CSR in India is also negative factor to CSR success story.

Keywords: Corporate Social Responsibility, Implementation, stakeholders

Introduction:

In the last twenty years, there has been a sea change in the nature of the triangular relationship between companies, the state and the society. No longer can firms continue to act as independent entities regardless of the interest of the general public. The organizations are valued highly by its stakeholders who do good in terms of social and environmental aspects. The Corporate Social

Responsibility (CSR) is much talked about terminology in the corporate world today globally and India is no exception to it. In Indian context, this term and phenomena is more apt as India is a developing economy and needs to discharge a lot of social obligations to a larger society.

Companies Act, 2013 has introduced the concept of Corporate Social Responsibility – CSR in the Act itself and even though the Act advocates it strongly but it has still prescribed a “comply or explain” approach only. This means as per the new norms, the two per cent spending on CSR is not mandatory but reporting about it is mandatory. In case, a company is unable to spend the required amount, then it has to give an explanation for the same.

The Corporate Social Responsibility Policy is strictly applicable to every company including its holding or subsidiary and a foreign company, having its branch office or project office in India having:

- The net worth of rupees 500 crores or more;
- Turnover of rupees 1000 crore or more;
- Net profit of rupees 5 crores or more during ANY financial year.

This requirement is applicable irrespective of the nature of the activities carried out by the company. And, the company meeting the above financial criteria shall mandatorily constitute a CSR Committee.

Research Methodology:

1] Primary Data:

Primary data is collected from the questionnaire which was circulated among the public and also those who are stakeholders in a company affairs and further data was collected from personal interviews and observations.

2] Secondary Data:

Secondary data was collected from primary and secondary authorities such as books, the various companies, websites, commentaries, journals and articles and including primary data as well.

Objectives:

1. To understand the benefits of Corporate Social Responsibility.
2. To understand the importance and need of Corporate Social Responsibility.
3. CSR activities of some companies.

Limitations:

- The research paper is subject to only few companies.
- Non availability of company's data.
- Time Constraint.

Scope:

As the present paper would be focusing on few companies only.

Importance of Corporate Social Responsibility:

- It aims at consumer protection.
- It aims at protection of local and global environment.
- It ensures respect for human rights.
- It results in avoiding bribery and corruption.
- It promotes adherence to labour standards by companies and their business Partners.

Need of Corporate Social Responsibility:

1. Better Public Image:

Each firm must enhance its public image to secure more customers, better employees and higher profit. Acceptance of social responsibility goals lead to improve public image.

2. Conversion of Resistances into Resources:

If the innovative ability of business is turned to social problems, many resistances can be transformed into resources and the functional capacity of resources can be increased many times.

3. Long Term Business Interest:

A better society would produce a better environment in which the business may gain longterm maximization of profit. A firm which is sensitive to community needs would in its own self-interest like to have a better community to conduct its business. To achieve this, it would implement social programmes for social welfare.

4. Avoiding Government Intervention:

Regulation and control are costly to business both in terms of money and energy and restrict its flexibility of decision making. Failure of businessmen to assume social responsibilities invites government to intervene and regulate or control their activities. The prudent course for business is to understand the limit of its power and how to use that power carefully and responsibly thereby avoiding government intervention.

Benefits of Corporate Social Responsibility:

- **Productivity and Quality:**

Improved working conditions, reduced environmental impacts or increased employee involvement in decision making which leads to increase productivity and defective rate in a company.

- **Improved Financial Performance:**

Socially responsible business is linked to positive financial performances. Improved financial results are attributed to stable socio-political legal environment, enhanced competitive advantage through better corporate reputation and brand image, improved employee recruitment, retention and motivation and a more secure environment to operate in.

- **Brand Image and Reputation:**

A company considered socially responsible can benefit both from its enhanced reputation with the public as well as its reputation within the business community, increasing the company's ability to attract trading partners.

- **Access To Capital:**

The growth of socially responsible investing concept means companies with strong CSR performance have increased access to capital that might not otherwise have been available.



Top 10 Companies

1. Godrej Consumer Products Limited

Godrej Consumer Products Ltd. (GCPL) spent Rs. 34.08 crore on CSR initiatives in FY2020-21. The company's CSR initiatives reached over 2.77 lakh people from the most vulnerable communities.

During the last financial year, GCPL diverted 63 per cent of its CSR budget to initiate medium to long-term livelihood recovery programmes to support over 9000 nano entrepreneurs.

In addition to this, GCPL achieved zero waste-to-landfill and water positivity in the last financial year. The company is 100 per cent Extended Producer Responsibility compliant. It takes back the post-consumer plastic packaging waste equivalent to the plastic packaging it sends out.

2. Infosys Limited

Infosys Limited is an early adopter of CSR in India. It has been undertaking most of its CSR initiatives through Infosys Foundation, which was established in 1996, way before CSR was mandated in the country. In FY 2020-21, the company spent Rs. 325.32 crores on its CSR initiatives. In the last financial year, the company launched Infosys Head start with an aim to enabling digital skills at scale, in alignment with its ESG Vision 2030. Infosys Head start is a platform that includes learning content developed by Infosys and leading content providers. Through this initiative, Infosys plans to empower over 10 million people with digital and life skills by 2025.

3. Wipro Limited

Wipro implements its CSR programs happens through multiple channels, majority of them being through Wipro Foundation. The company spent Rs. 251 crores for CSR in the last financial year.

During the last 12 months, Wipro has supported more than 1,561 projects covering humanitarian aid, integrated healthcare support, and livelihoods regeneration, cumulatively reaching over 10 million by its COVID-19 response.

4. Tata Chemicals Limited

Tata Chemicals is one of the leading Sustainability Champions over the past few years. The company has launched multiple initiatives and projects to conserve the environment and engages with local communities toward building an ecosystem that is sustainable and eco-friendly. The Company spent Rs. 21 crores on its CSR programs in FY21.

5. ITC Limited

ITC's sustainability initiatives are driven by the belief that an organisation needs to serve a larger societal purpose keeping national priorities in focus. The Triple Bottom Line commitment of the Company to simultaneously build economic, social and environmental capital has orchestrated a symphony of efforts that address some of the most challenging societal issues including widespread poverty and environmental degradation.

ITC's waste recycling programme, 'Well Being Out of Waste (WOW)', was responsible for collection of the quantum of dry waste collected during the year was about 70,900 MT from 1,067 wards.

In total, the company spent Rs. 353.46 crores on its CSR initiatives in FY 2020-21.

6. Jubilant Life Sciences Limited

This year, Jubilant Life Sciences Limited has secured a place in top 10 companies for CSR against its last year's 23rd position. Jubilant Life Sciences conducts majority of its CSR initiatives through Jubilant Bhartia Foundation. The company's CSR interventions are reaching out to over 6.5 Lacs populations in 240 villages through multiple social development projects in the realm of health, education livelihood and social entrepreneurship.

The programs include School digitalisation program, improving the quality of education through programs like Khushiyon ki Pathshala (teacher's training on value-based education) and Muskaan Fellowship (building capacity of youths to impart value-based education in the community); Swasthya Prahari and Arogya initiatives to promote health-seeking behaviour in the community; Livelihood initiatives like Samridhhi (SHG & micro-enterprise Promotion) and Jubifarm (Sustainable Agriculture programme) to strengthen the financial capacity of the community especially women; JBF with the Schwab Foundation recognise & award exceptional individuals in Social Business.

In the FY 2020-21 the company spent Rs. 5.83 crores on its CSR programs.

7. Grasim Industries Limited

Grasim Industries Limited has increased its CSR expenditure by about 45 per cent since the previous financial year. It spent Rs. 84.66 crores in FY 2020-21 as against Rs. 47.14 crores in FY20. It ranked 9th among the India's Top Companies for Sustainability and CSR by The Economic times and Futurescape Responsible Business Rankings 2020. This year, its rank has jumped up to 7th in the list.

Grasim's social outreach footprint is spread across 15 locations, spanning seven states in India. In FY21, the company was able to impact the lives of over 31.6 lakh people through its CSR interventions.

Its focus areas for CSR include education, healthcare, sustainable livelihoods, women empowerment, infrastructure development among others. At its various locations, the company operates six hospitals with a combined capacity of 370 beds. In FY21, 2,12,000 patients underwent various treatments at Grasim's medical facilities. It operates six company schools with a total strength of 6,349 students.

8. Vedanta Limited

Vedanta Limited not only supports agriculture and rural development but also has a host of CSR initiatives focusing on themes such as water, energy and carbon management. The group has adopted advanced technologies to optimise water consumption, enhance energy productivity, mitigate climate change and safeguard diversity through their group companies including Hindustan Zinc (HZL), Cairn Oil & Gas, Electro steels Steel, Sesa Iron Ore Business and Vedanta Aluminium.

During FY2021, Vedanta spent over Rs. 331 crores on social development activities, spread across our core impact areas of education, health, sustainable livelihoods, women empowerment, sports and culture, environment and community development.

9. Tata Power Company Limited

Tata Power has made a major leap in the CSR ranking by securing a spot in top 10 as against its 57th rank in the last year. The electric utility company spent Rs. 3.45 crore on CSR in 2020-21. Its CSR initiatives are categorised into five thrust areas: financial inclusion, education, health & sanitation, water, livelihood & skill building.

Tata Power has always undertaken various initiatives with an aim to improve quality of life and ensure holistic development of its surrounding communities.

10. JSW Steel Limited

JSW Steel Limited believes in creating value for all its stakeholders through quality products, consistent growth and CSR initiatives. In FY 2020-21, the company spent an amount of Rs. 78.32 crores towards CSR expenditure, and an additional Rs. 86.49 crores were transferred to the unspent CSR account.

The Company carries out its social and out of fence environment initiatives through JSW Foundation. Through the Foundation, JSW Steel has deployed a strategic inclusive development approach that encompasses preserving and building drinking water resources, building better sanitation facilities, conserving environment, providing health and nutrition amenities, providing quality education, creating platforms for skill-building and livelihoods, promoting sports and art, culture and heritage.

Conclusion:

Corporate Social Responsibility (CSR) in India are implemented in order to bring a change in the attitude of corporate institutions. It was said that who would give back to the society whose needs helped them prosper in the first place. Similarly, it was felt that the society will be benefitted as the government has been found to fulfil the need and wants of the people. CSR has a substantial and positive impact on all performance such as finance, organizational, business, reputation, employees' satisfaction, and brand differentiation.

However, many studies have revealed that one of the best ways to achieve social goals is by attracting customers, additional reward, building a good image, ensuring sustainability. CSR and the maintenance of high ethical standards is not an option but an obligation for all the businesses.

References:

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