ABSTRACT

The famous Sanskrit saying “Atithi devo bhava” says that the person who has come to you for being served must be taken as God. This phrase is itself the indicator of the inbuilt corporate social responsibility (CSR) concept in our Indian culture and society.

The scams that took place in past years have fueled up the concept of CSR. And the various stakeholders started asking the companies about what is their contribution for CSR activities. The paper discusses the growing importance of CSR concept and the challenge it is facing along with is upcoming future. The paper also throws light on the recent changes made in Companies Act 2013 for CSR and on the practices adopted by various Indian companies namely Reliance communication, Infosys Ltd., Tata Steel and HUL.

Keywords: Companies Act 2013, Corporate Citizenship Behavior, Sustainable Development, Transparency

INTRODUCTION

Corporate Social Responsibility (CSR) also known as Corporate Responsibility, Corporate Citizenship Responsible Business, Sustainable Responsible Business (SRB) or Corporate Social Performance, is a form of Corporate Self-regulation integrated into business model. Ideally CSR policy would function as a built-in self-regulating mechanism whereby business would monitor and ensure its support to law, ethical standards, and international norms. Consequently business would embrace responsibility for the impact of its activities on the environment, consumers, employees, communities, stakeholders and all other members of the public.

CSR is not new concept in India. Ever since their inception many corporate units like TATA group, Aditya Birla Group to name few have been involved in serving the community. Though donations and charity events many other organizations have been doing their part for the society. The basic objective of CSR in these days is to maximize the company’s overall impact on the society and stakeholders. CSR policies, practices and programmes are being comprehensively integrated by an increasing number of companies throughout their business operations and processes. A growing number of corporate feel that CSR is not just another form of indirect expense but is important for protecting the goodwill and reputation, defending attacks and increasing business competitiveness.

CSR is a form of corporate self-regulation integrated into a business model, Ideally CSR policy would function as a built-in, self-regulating mechanism whereby business would monitor and ensure their
adherence to law, ethical standards, and international norms. Business would embrace responsibility for the impact of their activities on the environment, consumers, employees, communities, stakeholders and all other members of the public sphere.

Furthermore, business would proactively promote the public interest by encouraging community growth and development and voluntarily eliminating practices that harm the public sphere regardless of legality. Essentially CSR is the deliberate inclusion of public interest into corporate decision making and honoring of triple bottom line – People- Planet- and Profit.

Difference between charity and CSR: Charity means donating money, goods, time or effort for poor and needy cause and it is selfless giving forward any kind of social need CSR is how the company aligns their value to social cause. It can people centric or Planet centric. It is not self-less Act Company derive long term benefit from CSR.

Other concerns of CSR are its relationship to the fundamental purpose and nature of business and questionable motives for engaging in CSR, including concerns, about insincerity and hypocrisy. Critics concerned with corporate hypocrisy and insincere generally suggest that better governmental and international regulation and enforcement rather than voluntary measures are necessary to ensure that companies behave in a socially responsible manner. CSR could prove to be a valuable asset in an age of Mergers and Acquisitions as it helps firms spread their brand name.

Companies have specialized CSR teams that formulate policies, strategies and goals for their CSR programs and set aside budgets to fund them. These programs are often determined by social philosophy which have clear objectives and are well defined and are aligned with the mainstream business. The programs are put into practice by the employees who are crucial to this process and CSR programs ranges from community development to development in education, environment and healthcare etc.

OBJECTIVE OF THE STUDY

The objectives of this research study is

1. To understand the concept of CSR
2. To examine various laws built upon the CSR concept in India
3. To examine how well some Indian companies are following CSR in true sense.

RESEARCH METHODOLOGY

The data for the current study are collected from secondary sources such as newspapers (Economic Times, Business Standards, and Times of India etc.) Also the various research papers on CSR and its present laws were studied. In analyzing various data, annual reports of Reliance com, Tata steel, HUL, Infosys Ltd. were thoroughly studied to know the CSR practices adopted by the companies. The study has been confined to the concept and challenges of CSR in India.

Challenges of CSR

There are umpteen challenges of CSR which are discussed hereunder:

1. Lack of community participation: People from local community do not have active interest in participating and contributing to CSR activities of corporate companies. This is largely due to the fact there exists little or no knowledge about CSR within the local communities as no serious efforts have been made to spread awareness about the 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 need for capacity building of the local NGOs as there is serious dearth of trained and efficient organizations that can effectively contribute to the
ongoing CSR activities initiated by the companies. This seriously compromise 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 NGOs: It is also reported that there is non availability of well organized NGOs in remote and rural areas that can assess and identify real need 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 NGOs to involve themselves in event based programs in the process they often miss out on meaningful grass roots interventions.

6. Narrow Perception towards CSR initiatives: NGOs and governmental organizations- 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 definitive direction to 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.

8. Lack of consensus on implementing CSR issues: There is 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.

Companies Act 2013: A significant step for CSR

1. Corporate leadership showcase high degree of dedication, due-diligence and commitment to adherence of core values of the business and aggrandize their managers to incorporate the same.

2. It is the responsibility of top management of the company to articulate the principles of CSR and to ensure companywide programs for creating strategic groups within the organization.

3. Section 135 has been introduced for Corporate Social Responsibility.

4. Section 135 of the 2013 Act states that every company having net worth of 500 crore or more, or turnover of 1000 crore or more or a net profit of 5 crore or more during a year shall be required to formulate a CSR policy to ensure that every year at least 2% of its average net profits during three immediately preceding financial years shall be spent on CSR activities. “Average net profit” shall be calculated in accordance with the provisions of section 198 of the 2013 Act.
5. The committee would comprise of three or more directors, out of which at least one director shall be an independent directors.

6. The role of committee is to formulate and recommend to the Board, a Corporate Social Responsibility Policy, which shall indicate the activities to be undertaken by the company as specified in Schedule VII.

7. Employee expenses will not be classifiable as CSR spending

As per budget 2014 the development of slum areas is also included in CSR activities.

Activities specified in Schedule V11 are as follows:

1. Eradicating extreme hunger and poverty
2. Promotion of education
3. Promoting gender equality and empowering women
4. Reducing child mortality and improving maternal health
5. Combating human immunodeficiency virus, acquired immune deficiency syndrome, malaria and other diseases
6. Ensuring environmental sustainability
7. Employment enhancing vocational skills
8. Social business projects
9. Contribution to the Prime Minister’s National Relief Fund or any other fund set-up by the central government or the state governments for socio-economic development and relief and funds for the welfare of the scheduled castes and tribes, other backward classes, minorities and women.
10. Such other matters as may be prescribed

Adoption of CSR practices by Indian companies

Reliance Communication (RCOM)

RCOM has driven various activities towards CSR. It has been undertaking various CSR initiatives in the field of education, economic empowerment, employability, environment, and technology in order to support the community across India. Through CSR programs, this company has taken up many initiatives to support inclusive growth and equitable development of the community.

It has spent Rupees 10 Crore towards CSR activities for the year ended 31st March, 2016 instead of having average net loss for the last three financial years.

Following endeavours are undertaken by RCOM –

1. **SPARSH – Learning through the sense of touch**
   
   This project SPARSH is an educational program which aims at creating environmental awareness amongst the visually challenged individuals. It focuses on natural resources, energy and environment. The project is trying to reach around 350 blind schools spread all across the country.

2. **Volunteering Initiative for Developing Young Aptitude (VIDYA)**
   
   This is an educational program that has been started to create a platform to promote effective learning and to enhance the literacy in the community. This project has been promoted at six VIDYA centres in India.
3. **Women empowerment**

One of the key focus areas for RCOM CSR initiatives is women empowerment. It organised an annual program where women achievers in the field of sports, athletics and academics were felicitated.

4. **Blood donation Camp**

RCOM has organised blood donation campaigns across India by encouraging its employees for voluntary blood donation. These camps are organised on a bi-annual basis.

5. **Social awareness campaigns**

Apart from Blood Donation Camps, it has initiated various awareness campaign on social issues like health, environment, girl child, women empowerment across their customer based in India.

**Infosys Limited**

Infosys Limited has been an early adopter of corporate social responsibility initiatives. It has formulated a CSR trust, the Infosys Foundation through with it carries out its CSR activities. Infosys Foundation was established in 1996 as a not-for-profit nodal body. In line with its CSR policy, it mainly works towards removing poverty and malnutrition and supporting primary education, improving health care, infrastructure, preserving Indian art and culture and rehabilitating abandoned children and women.

It has spent Rupees 202.30 Crore towards CSR for the year ended 31st March, 2016.

Following are the areas which were focused by the Foundation during 2015-16.

**Healthcare**

Since its inception in 1996, the Foundation has financed various health care projects that have provided benefits to the rural as well as urban people across India. It has also helped health care NGO’s and Hospitals in procuring medicine, medical equipment and vehicles and has also organised screening camps and health camps.

**Eradication of hunger and promotion of education**

The Foundation has given grants to the institutions to provide midday meals and scholarships to the students, to develop infrastructure facilities like libraries, hostels & laboratories, to train teachers with an objective of making learning & research viable & competitive

**Art & Culture**

In order to promote indigenous art and to preserve the rich culture heritage of our country, the foundation has provided funds and opportunities to various artists, poets, writers, musicians, painters, dancers and theatre artists so that they can showcase their talent in India and abroad.

**Destitute care**

The Foundation has tied up with NGOs in order to reach out to destitute children and women. It has provided vocational training to them so that they can earn a livelihood.

**Environmental sustainability**

The Foundation has also decided its activities towards sustainable development and environmental protection which includes protection of flora and fauna, use of renewable resources, conservation of natural resources, waste management and water conservation.
Rural development

It has worked with local administrations to achieve community development goals. It has provided support to the rural areas by improving infrastructure such as provided drainage system and electricity, constructed roads, provided vocational trainings and entrepreneurship.

It has also helped in rehabilitating natural disaster affected victims in rural areas.

Tata Steel

It is rightly said by Jamshedji Tata, founder of TATA Group that in a free enterprise, the community is not just another stake holder in business but is in fact the vary purpose of its existence.

Tata steel has always taken care of its Corporate Social Responsibility.

In July 2004, Managing Director of Tata Steel Limited made an announcement that TISCO would not do any business with companies that do not comply with the company’s CSR standards.

TISCO has taken up various initiatives in the field of health, education, livelihood, environment, sports, disaster relief and ethnicity. In fact, the company has incorporated these activities as integral part of its business plan.

Amount spent by TISCO towards CSR activities was Rupees 204 Crore during 2015-16.

TISCO keeps on heading towards the fulfillment of CSR by focusing on following activities:

1. Livelihood
   - Over 8300 farmers in Orissa and Jharkhand have been given training to adopt new methods for paddy cultivation. As a result, there has been a tremendous increase in the paddy yield.
   - Skill development training courses have been offered to the youth through the institutes which are run by Tata Steel skill development society

2. Health
   - The company has been working on project MANSI (Maternal and New Born Survival Initiatives)in partnership with the government health system and not-for-profit organisation in 167 village in Jharkhand.
   - Efforts have been made for the setting up of 500 – bed hospitals at Gopal pur and a 250-bed Hospitals in Kalinganagar.

3. Education
   - In the field of education, fellowships have been granted to over 2800 meritorious students from low income families in Orissa and Jharkhand.
   - Nutritious meals were provided to over 49000 students in 383 government schools.

Hindustan Unilever Limited

This co. has been committed to operate grow its business in socially responsible way. It has undertaken various initiatives towards its CSR policy. Around Rupees 9212 Crore were spent towards CSR activities during the financial year 2015-16.

Some of the initiatives undertaken by HUL are as follows:-

Project Shakti

Project Shakti is an initiative with an objective to provide special education and employment to enhance vocation skills among women, children, elderly and the differently abled so that they can earn
their livelihood. The no. of Shakti Entrepreneurs that they recruit, train and employ has been increased from 45,000 in 2010 to 72,000 in 2016.

**Swachh Aadat Swachh Bharat**

This is a mass media Campaign which is in line with our Government’s Swachh Bharat Abhiyan in order to promote good health and hygiene practices. Swachh bharat goals have been aimed to be achieved by 2019 under this project.

**Hand Washing Behaviour Change Programme**

Under this programme, the company has conducted hand washing awareness programmes in anganwadis and schools. The main aim behind this programme is to help in preventing childhood illness and mortality. For this, HUL scaled up the partnership in Bihar with Children’s Investment Fund Foundation (CIFF) and the government of Bihar so as to promote hand washing behaviour change among children in Bihar.

**Contribution to relief funds**

HUL has always been ready to fulfil its national duty and therefore, has contributed huge amount for the communities hit by natural disasters for their upliftment. This contribution has been made to Government relief funds.

**CSR initiatives by other corporates**

In BPCL (Bharat Petroleum Corporation Limited), Maruti Suzuki India Limited, and HLL (Hindustan Lever Limited), the provisions of improved medical and sanitation facilities building schools and houses and empowering the villagers and in process making them more self-reliant by providing vocational training and knowledge of business operations are the facilities that these corporations focus on. Many of the companies are helping other people by providing them good standard of living. On the other hand CSR Programs of corporations like Glaxo SmithKline Pharmaceuticals focus on the health aspect of the community. They set up health camps in tribal villages which offer medical check-ups and treatment and undertake health awareness programs. Some of the non-profit organizations which carry out health and education in backward areas are funded by such corporations to certain extent.

Also, corporates are increasingly joining hands with Non-governmental Organizations (NGOs) and using their expertise in devising programs which address wider social problems. For instance: lot of work is being undertaken to rebuild the lives of the tsunami affected victims. This is exclusively undertaken to India in partnership with Hope Foundation- an NGO that focuses mainly on bringing about improvement in the lives of the poor and needy.

**CONCLUSION**

CSR is not new to India companies like Tata Birla have been imbibing the case for social good in their operations for decades long before CSR become popular cause. In spite of having such life size successful examples CSR in India is in very nascent stage. It is still one of the least understood initiatives in the Indian development sector. It is followed by a handful of public companies as dictated by the very basis of their existence and by a few private companies with international shareholding as this is the practice followed by them in their respective foreign country.

Thus the situation is far from perfect as the emphasis is not on social good but rather on a policy that needs to be implemented. A lack of understanding- inadequately trained personnel, non-availability of authentic data and specific information on the kinds of CSR activities, coverage – policy etc. Further add to the reach and effectiveness of CSR programs. But the situation is changing and CSR is coming out of the purview of doing social good and is fast becoming a business necessity. The business case for CSR is gaining momentum and corporate issues are realizing that what is good for workers that what is good for workers their community health and environment is also good for the business.
The practice of CSR is subject to much debate and criticism. Proponents have argued that there is strong business case for CSR and in that corporation benefit in multiple ways by operating with perspective broader and longer than their own immediate short term profits. Critics have argued that CSR detracts from the fundamental economic role of businesses, others argue that it is nothing more than superficial window dressing, others have argued that it is an attempt to pre-empt the role of governments as a watchdog over powerful MNCs. For CSR reporting to survive in a meaningful way, several obstacles need to be overcome. CSR reporting must become more standardized to improve comparability. The information disclosed through CSR reports needs to be centralized and made widely available to stakeholders.

CSR has gone through many phases in India. Not one but all corporate should try and bring about a change in the current social situation in India in order to have an effective and lasting solution to the social woes. Partnerships between companies, NGOs and the government should be facilitated so that a combination of their skills such as expertise, strategic thinking, manpower and money to initiate extensive social change will put the socio-economic development of India on a fast track.

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