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### RESEARCH ARTICLE

#### AN OVERVIEW OF CORPORATE SOCIAL RESPONSIBILITY (CSR) INITIATIVES IN INDIA.

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#### Abstract

Corporate social responsibility refers to norms that how businesses are managed to bring about an overall positive impact on the communities, cultures, societies and environments in which they operate. The fundamentals of csr rest on the fact that not only [public policy](#) but even corporate should be responsible enough to address social issues. Businesses are to invest their profits in areas such as education, poverty, gender equality, and hunger. But csr practices are regularly not practiced or done only in namesake especially by mncs with no cultural and emotional attachments to india. This paper is based on qualitative research design consisting of review of literature through secondary sources of data collection. The data has been examined through content analysis process from various books, newspaper articles and journals. This paper seeks to explain various initiatives taken in the field of csr along with some suggestions. This paper explains that if this goal has to be realized then the csr approach of corporate has to be in line with their attitudes towards setting clear mainstream business objectives, undertaking potential investments, measuring and reporting performance publicly. The most effective csr plans ensure that while organizations comply with legislation, their investments also respect the growth and development of marginalized communities and the environment.

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#### Introduction:-

The broad rationale for a new set of ethics for corporate decision making, which clearly constructs and upholds an organization's social responsibility, arises from the fact that a business enterprise derives several benefits from the society, which must, therefore, require the enterprise to provide return to society as well. Corporate Social Responsibility is not a new concept in India, This is a obligation to extend beyond the statutory obligation to comply with legislation and sees organization's voluntarily taking further steps to improve the quality of life for employees and their families as well as for the local community and society at large. CSR commitments and activities typically address aspects of a firm's behavior (including its policies and practices) with respect to such key elements as; health and safety, environmental protection, human rights, human resource management practices, corporate governance, community development, and consumer protection, labor protection, supplier relations, business ethics and stakeholder rights.

**Objectives Of The Study:-**

1. To study the statutory requirement for Indian companies with reference to CSR.
2. To discuss the initiatives taken by Indian companies for CSR.
3. To analyze the challenges and suggestions for the Indian scenario.

**Review Of Literature:-**

Khan and Atkinson(1987) analyzed that most of the Indian executives agreed CSR as relevant to business and felt that business has responsibilities not only to the shareholders and employees but also to customers, suppliers, society and to the state. Arora and Puranik(2004) reviewed that the corporate sector in India has benefitted immensely from liberation and privatization process, its transition from philanthropic mindsets to CSR has been lagging behind its impressive financial growth. Shashank Shah and Sudhir Bhaskar(2010) found that there is a broad relationship between the organization and the society. The organization used the resources of the society like human, material etc and in reverse they provide services to the society. Harish Kumar (2012) in his research found eight factors that drive the CSR initiatives. They are Philanthropic Attitude, Governmental Actions, Environmental Concern, Ethical Consumerism, Crises and Calamities, Globalization and Market force, Social Awareness & Education and Social Expectation. Dr. M. Ramana Kumar (2013) in his study revealed that though the Indian public and private firms are making efforts in the CSR areas, still there is a requirement of more emphasis on CSR.

**WHAT IS CSR?:-**

CSR is a management concept whereby companies integrate social and environmental concerns in their business operations and interactions with their stakeholders. Some of the definitions of CSR are given below:

According to **United Nations Industrial Development Organization (UNIDO)**, “CSR is generally understood as being the way through which a company achieves a balance of economic, environmental and social imperatives ("Triple-Bottom-Line- Approach"), while at the same time addressing the expectations of shareholders and stakeholders.”

**World Business Council for Sustainable Development** defines CSR as “The continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as the local community and society at large”

According to **CSR Asia**, “CSR is a company’s commitment to operating in an economically, socially and environmentally sustainable manner whilst balancing the interest of diverse stakeholders”

**Evolution Of Csr In India:-**

The evolution of corporate social responsibility in India refers to changes over time in India of the cultural norms of corporations’ engagement of corporate social responsibility (CSR), with the way that businesses are managed to bring about an overall positive impact on the communities, cultures, societies and environments in which they operate. The evolution of CSR in India can be divided into four phases.

CSR motivated by charity and philanthropy: It was characterized by the inclination of industrial families of the 19th century such as Tata, Godrej, Modi, Birla, Singhanian towards economic as well as social considerations. Culture, religion, family values and industrialization had an influential effect on CSR.

CSR for India’s social development: The second phase started with the independence movement where the industrialists were influenced by Mahatma Gandhi with the notion of "trusteeship" for socio-economic development of the nation. During this phase schools, colleges, training centers etc, were set up by various companies to encourage empowerment of women and rural development.

CSR under the paradigm of the mixed economy: The labor and environment laws were introduced in an independent India. The CSR activities were mainly taken by the Public Sector Undertakings (PSUs).

CSR at the interface between philanthropic and business approaches: The fourth phase started from 1980 till the present. Indian companies started abandoning their traditional engagement with CSR and integrated it into a sustainable business strategy.

#### **CSR – A STATUTORY OBLIGATION:-**

India is the first country in the world to make corporate social responsibility (CSR) mandatory, following an amendment to The Companies Act, 2013 in April 2014. The act requires that companies should set up a CSR board committee. The committee is responsible for enforcing the requirement of spending 2 % of the company's income on CSR activities. This requirement will apply to both Indian and non-Indian companies in India which has a turnover of INR 10 billion or more, net worth of INR 5 billion or more or a net profit of INR 50 million or more during any of the three prior financial years.

The act defines CSR as activities that promote poverty reduction, education, health, environmental sustainability, gender equality and vocational skills development. Companies can choose which area to invest in or contribute the amount to central or state government funds earmarked for socio-economic development (gives tax exception up to 100 %). The act specifies that companies “shall give preference to the local area and areas around where it operates”.

SEBI has mandated the inclusion of Business Responsibility Reports as part of the annual reports of the Top 100 listed entities based on market capitalization at BSE and NSE. It is mandatory to make these reports available on the website of the company. In 2016, SEBI extended this requirement to the Top 500 listed companies.

#### **Current State Of Csr In India:-**

As discussed above, CSR is not a new concept in India. Ever since their inception, corporates like the [Tata Group](#), the [Aditya Birla Group](#) and [Indian Oil Corporation](#), to name a few, have been involved in serving the community. Through 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 programs are being comprehensively integrated by an increasing number of companies throughout their business operations and processes. A growing number of corporates 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. Corporates increasingly join hands with [non-governmental organizations](#) (NGOs) also and use their expertise in devising programs which address wider social problems. Companies have specialised CSR teams that formulate policies, strategies and goals for their CSR programs and set aside budgets to fund them. CSR programs range from community development to development in education, environment and healthcare etc.

**Futurescape, IIM Udaipur** studied top 200 companies for CSR based on the set of parameters – governance, disclosure, CSR stakeholders and sustainability. They ranked the companies on their focus on CSR and sustainability by creating a combined score that weighs each of the four parameters. This CSR study of 2015 finds that many companies have scaled up operations in CSR and are looking at it as a priority. Mahindra and Mahindra lead the pack. Compared to the previous year it has jumped two ranks. There are four Tata group companies in the top 10 list. GAIL replaces SAIL in the public sector; while Bharat Petroleum joins the top ten list. Interestingly no foreign players make it to the top 10 list.

#### **Top 10 companies which scaled up operations in CSR**

<b>RANK</b>	<b>COMPANY NAME</b>
1	<b>Mahindra &amp; Mahindra Ltd.</b>
2	<b>Tata power company ltd.</b>
3	<b>Tata Steel Ltd.</b>
4	<b>Larsen &amp; Toubro Ltd.</b>
5	<b>Tata Chemicals Ltd.</b>
6	<b>Tata Motors Ltd.</b>
7	<b>GAIL (India) Ltd.</b>
8	<b>Bharat Petroleum Corporation Ltd.</b>

9	<b>Infosys Ltd.</b>
10	<b>Jubilant Life Sciences Ltd.</b>

**Source:-**The Economic Times, Futurescape & IIM Udaipur survey, 2015.

This study highlights that Manufacturing companies, on an average, score far better than service companies. Public sector companies perform somewhat similar to private companies. Companies are reasonably strong on governance, weak in disclosure, weak on stakeholder based CSR and weak on sustainability. Presently only 27 corporate are complying with these norms with a spending of 2% or more. Most corporates are not meeting with the proposed 2% CSR norm – the average CSR spend as a percentage of PAT for 147 companies is 1.28%. Further some companies are spending between 1% and 2% of their PAT. Some companies have a CSR spend of less than 1% of their PAT.

#### **CSR Trends in India:-**

FY 2015-16 witnessed a 28 percent growth in CSR spending in comparison to the previous year. Listed companies in India spent US\$1.23 billion (Rs 83.45 billion) in various programs ranging from educational programs, skill development, social welfare, healthcare, and environment conservation. The Prime Minister's Relief Fund saw an increase of 418 percent to US\$103 million (Rs 7.01 billion) in comparison to US\$24.5 million (Rs 1.68 billion) in 2014-15.

The education sector received the maximum funding of US\$300 million (Rs 20.42 billion) followed by healthcare at US\$240.88 million (Rs 16.38 billion), while programs such as child mortality, maternal health, gender equality and social projects saw negligible spend. In terms of absolute spending, Reliance Industries spent the most followed by the government-owned National Thermal Power Corporation (NTPC) and Oil & Natural Gas (ONGC). Projects implemented through foundations have gone up from 99 in FY15 to 153 in FY16 with an increasing number of companies setting up their own foundations rather than working with existing NGOs to have more control over their CSR spending. 2017 CSR spends are predicted to further rise as corporates aligning their initiatives with government programs such as 'Swash Bharat' (Clean India) and 'Digital India' to foster inclusive growth.

#### **Csr Initiatives By Indian Companies:-**

##### **Steel Authority of India Ltd.:-**

The Steel Authority of India Ltd (SAIL), the country's largest steel company, spent Rs100 crore on CSR last year; this was 2% of its profit after tax, exclusive of dividend tax.

##### **Tata Group:-**

The Tata Group conglomerate in India carries out various CSR projects. Through self-help groups, it is engaged in women empowerment activities, income generation, rural community development and other social welfare programs. It also runs a 850-bed hospital and rural projects in 800 villages around Jamshedpur, spends an average of Rs150 crore as part of its annual revenue expenditure. The group also engages in healthcare projects such as facilitation of child education, immunization and creation of awareness of AIDS.

##### **Mahindra & Mahindra:-**

Indian automobile manufacturer Mahindra & Mahindra (M&M) fulfilling its social responsibility by promoting education, assisting economically and socially disadvantaged communities. CSR programs invest in scholarships and grants, livelihood training, healthcare for remote areas, water conservation and disaster relief programs. M&M runs programs such as 'Nanhi Kali' focusing on girl education.

##### **ITC Group:-**

ITC Group has been able to generate sustainable livelihood opportunities for six million people through its CSR activities. Their **e-Choupal** program, which aims to connect rural farmers through the internet for procuring agriculture products, covers 40,000 villages and over four million farmers. Social empowerment programs through micro-enterprises or loans have created sustainable livelihoods for over 40,000 rural women.

##### **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 YuvaParivartan**) 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”.

**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 Eastern Swamp Deer at the Kaziranga National Park in Assam. ONGC also supports education and women empowerment.

**Challenges & Suggestions:-**

Although CSR has gone through many phases in India, but there are many challenges and suggestions in the way of CSR which are discussed below.

1. Ambiguity in the rules and lack of effective punishment for companies failing to meet the 2% slab are the most notable barriers to the success of the Companies Act in increasing CSR spending in India.
2. There is a need to clearly identifying the CSR strategy and aligning it to considerations such as the existing policy framework and the vision and mission of an organization.
3. Environment Protection laws, Child Labor Laws, Factories Act etc. are often not enforced due to weaknesses in the implementation and control mechanisms. A proper policy may therefore be necessary for the improvement of CSR activities.
4. Government need to identify more areas and activities for the purpose of CSR. The new initiatives like Make in India, Skill India and Digital India etc. can be considered under CSR.
5. Partnership with local and state governments is another important factor that will help in better utilization of resources, strengthen ongoing social programs and ensuring long-term sustainability.
6. Companies have to focus and evolve mechanisms to regularly document, collate and analyze data regarding CSR activities and prepare a CSR report to share at the public domain for all stakeholders.
7. The key to maximizing returns for all the stakeholders in the given situation is to emphasize on developing effective and need based CSR strategies so that the investments can yield intended results.
8. As far as possible, the CSR initiatives should be designed in a sustainable manner and should be scalable and result oriented.

**Conclusion:-**

Today the concept of CSR has undergone radical change. It has integrated social as well as environmental issues into their missions and decisions. Companies take keen interest in informing about their CSR activities to their stakeholders as well. However, the challenge for the companies is to determine a strong and innovative CSR strategy which should deliver high performance in ethical, environmental and social areas and meet all the stakeholders' objectives. Not one but all corporates 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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