



“AN ANALYTICAL STUDY OF CORPORATE SOCIAL
RESPONSIBILITY PRACTICES IN INDIA”

Mr. Rasiklal M. katharotiya

Assistant professor, Shree J.D. Gabani Commerce College & Shree S.A.S College of
Management, Surat, Gujarat, India

Corresponding Author- **Mr. Rasiklal M. katharotiya**

Email: raskin.katharotiya@gmail.com

Abstract

Corporate social responsibility is a buzzword now a day in corporate world. Corporate social responsibility is viewed as a way for an organisation to attain its goal of sustainable development. The corporate entities must act as ethical corporate citizens and must advance the common good. Today's Indian corporations focus more on all stakeholders and have moved past the concept of philanthropy (charity). Every action a company takes that is economically motivated must also take into account the influence on society and the environment. The Indian government chose a legal strategy with the Companies Act 2013 to restructure the business-society relationship through required CSR initiatives. In India, corporate social responsibility is now a reality. Indian firms have learned that in order to advance, they must consider not just the economic aspect but also the ecological and social aspects of their company. The purpose of the current research article is to analyse and study several aspects of the new CSR regulation, including why and how businesses should support social welfare and national economic development. What possible advantages does CSR provide for businesses as well as challenges of CSR activities in India?

Keywords: *Corporate social responsibility, Sustainable development goal, Economic development*

1. Introduction

The term "corporate social responsibility," or CSR, has become a well known name in the twenty-first century. Today, it refers to more than just making more money and being competitive in the global market. Businesses can no longer exist just buy and sell their goods and services without taking into account the environment in which they operate. Achieving sustainable goals is now necessary if you want to survive a long life and contribute to society as a whole. The philosophy of give and take is the foundation of CSR. Companies draw resources from society in the form of raw commodities, human resources, etc. Therefore, it is the companies' duty to provide something in return to society to contribute the overall development of economy. Environmental, social, and economic sustainability are the three

cornerstones of corporate sustainability. Corporate Social Responsibility (CSR), which goes above and beyond the legal obligations for environmental and social responsibility, is centred on the environmental and social pillars. Economic viability is a requirement for any corporate organisation. The majority of countries have focused their policies on making the private sector the driver of socioeconomic development, which has led to the private sector producing unheard-of growth rates, wealth, and profits. While the state has historically been tasked with providing for the necessities of society, corporate power undermines and challenges this responsibility. When responsibilities are shared between the government, its people, and the private sector, important questions regarding who is in charge of what and for whom arise. Whether driven by altruism, the

production of shared value, enlightened self-interest, or the desire to gain market share. Whether motivated by benevolence, shared value creation, enlightened self-interest, capturing market share, image building, or a combination of these, the long-term success and sustainability of firms is closely associated with the wellbeing and prosperity of the societies within which they are embedded, as the long-term success and sustainability of societies is associated with the success of their economic activities.

2. Objectives

To Study conceptual framework of CSR

To examine the benefits and importance of CSR to organizations

To analyse CSR practices adopted by organizations in India

To study the challenges and problems faced by Indian firms

3. Methodology

Exploratory research is used in the research paper. The information used in this study is secondary data that was gathered from a variety of sources, including journals, articles, newspapers, magazine articles, research papers, media stories, and the department of corporate affairs' official websites and corporate websites.

4. Review of literature

- According to Anupam Sharma And Ravi Kiran (2012), CSR is becoming a new area of study in management research. Numerous businesses in India have implemented CSR programmes to address a range of social concerns. He claims that the FMCG sector is not as likely as the IT and auto industries to engage in CSR efforts. According to authors, India has undergone or undergone a revolutionary transition as a result of its involvement in new CSR projects.
- According to Kishor Neelakantan (2015), the enactment of the company act 2013 will create a big regulatory push for CSR activities and this is mandatory for all company operating in India. So it is good for economic development but how Shareholders think about it while evaluating company? So according to

author suggests that framework for investors to evaluate companies' CSR efforts which is based on four key parameters- Integrity, strategic orientation, efficiency and transparency.

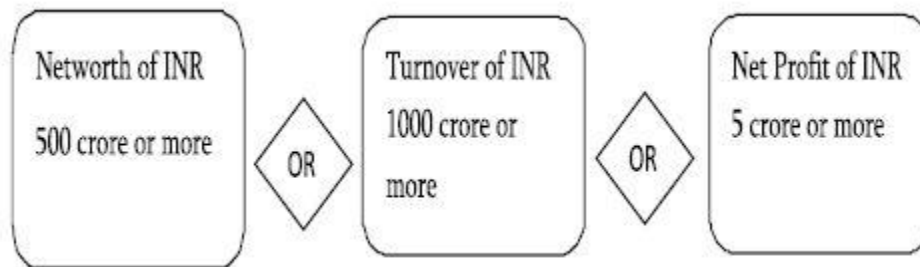
- Jothi (2016) made an effort to examine several factors that influence a small number of public and private enterprises to contribute to CSR. 318 respondents provided the data. The following factors were taken into consideration: type of ownership, hierarchy level, gender, age, education, work experience, and CSR driving forces. community pressures, increased awareness, commercial pressures, commercial pressures on reputation, etc., compliance with the corporations' act of 2013 was named as the top factor encouraging firms to contribute to CSR. Companies today can't work in isolation; they must have a robust CSR policy and should link their business goals with sustainable aims.
 - According to Rahul Hakhu (2020), In order to attain competitive advantage and profitability in the context of a liberalised world, a corporation needs be forward-thinking enough to adopt corporate policy and take the initiative to implement it in the workplace. He emphasises that the government wants businesses to play a bigger role in the nation's economic growth and that the rise of CSR will cause the rural economy to transition to an industrial one.
- ## 5. Definitions
- According to **International Labour Organization** "CSR as a way in which enterprises give consideration to the impact of their operations on society and affirm their principles and values both in their own internal methods and processes and in their interaction with other actors."
 - According to **World Bank** "Corporate Social Responsibilities (CSR) is commitments of business to contribute to sustainable economic development, working with employees, their families, the local community and society at large to improve quality of life in ways that are

both good for business and good for development.”

6. Legal aspect of CSR in India

With the release of the Corporate Social Responsibility Voluntary Guidelines by the Ministry of Corporate Affairs in 2009, the Government of India made formal and forward-thinking attempts to formalise the obligations of businesses toward the Indian society and its citizens and to put the CSR issue in a concrete position. Guidelines for the Social, Environmental,

and Economic Responsibilities of Business were then used to guide subsequent actions. The passage of Section 135 of the 2013 Companies Act was the most comprehensive attempt to require corporate social responsibility (CSR) operations. It brought Indian company CSR efforts under the jurisdiction of corporation law for the first time and made CSR spending and reporting required. Particularly, Section 135's requirements mandate that businesses



The list of activities in which firms are expected to invest are listed in Table 1.

Table 1. Schedule VII, List of corporate social responsibility activities proposed by government (amended 30 May 2019)

(i)	Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to Swach Bharat Kosh set-up by the Central Government for promotion of sanitation and making available safe drinking water;
(ii)	Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently-abled and livelihood enhancement projects;
(iii)	Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, daycare centers and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
(iv)	Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro forestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of the river Ganga;
(v)	Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional arts and handicrafts;
(vi)	Measures for the benefit of armed forces veterans, war widows and their dependents;
(vii)	Training to promote rural sports, nationally recognized sports, Paralympics sports and Olympic sports;
(viii)	Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;
(ix)	Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government;
(x)	Rural development projects;
(xi)	Slum area development;
(xii)	Disaster management, including relief, rehabilitation and reconstruction activities.

7. CSR in India

7.1 Recent trend

Table-2. Top 10 Indian Companies for Sustainability & CSR

1. Godrej Consumer Products Ltd.
2. Infosys Ltd.
3. Wipro Ltd.
4. Tata Chemicals Ltd.
5. ITC Ltd.
6. Jubilant Life Sciences Ltd.
7. Grasim Industries Ltd.
8. Vedanta Ltd.
9. Tata Power Company Ltd.
10. JSW Steel Ltd.

Source: a study conducted by Futurescape

7.2 CSR Practices of Indian Companies

In contrast to its mandated CSR expenditure of Rs 340 crore (2 percent of the net profit of Rs 17,018 Cr), **Infosys Limited**, a conglomerate of digital services and consultancy, spent Rs 342 crore on various CSR programmes. Aarohan Social Innovation Awards, water body restoration in Karnataka, support for the construction of a metro station in collaboration with Bangalore Metro Rail Corporation Limited, enabling the pursuit of access and excellence in sports through the GoSports Foundation, and relief efforts in Tamil Nadu, Karnataka, and Kerala were among the Foundation's major accomplishments.

The largest cement manufacturer in India, **Ultratech Cement**, engages in social activities in 407 villages throughout the nation with the goal of fostering sustainability and independence. Its CSR initiatives prioritise social welfare, education, infrastructure, healthcare, and family programmes, as well as social welfare, the environment, and sustainable livelihood. The organisation has set up medical clinics, vaccination campaigns, sanitization campaigns, plantation drives, school enrollment campaigns, water conservation campaigns, industrial training programmes, and organic farming initiatives.

Mahindra & Mahindra (M&M), an Indian automaker, focuses mostly on educational initiatives to support communities that are economically and socially underprivileged. Its CSR

initiatives fund programmes for disaster assistance, rural healthcare, livelihood training, water conservation, and scholarships. M&M manages initiatives including Nanhi Kali, which focuses on females' education, Mahindra Pride Schools, which offers industrial training, and Lifeline Express, which provides healthcare in rural areas.

ITC Group, a conglomerate with business interests across hotels, FMCG, agriculture, IT, and packaging sectors has been focusing on creating sustainable livelihood and environment protection programs. The company 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. Its social and farm forestry program assists farmers in converting wasteland to pulpwood plantations. Social empowerment programs through micro-enterprises or loans have created sustainable livelihoods for over 40,000 rural women.

Another significant milestone has been reached by **Maruti Suzuki India Limited** as part of its CSR initiative. 15000 indigenous youngsters have received successful driving training from the company, preparing them for employment. The All Gujarat Institute of Driving, Technical Training and Research (AGIDTTR), located in Waghodia, Gujarat, provided the instruction for these

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pupils. Seventy percent of the training individuals have found work or started their own businesses. The accomplishment comes as the institution marks the completion of 10 years since its founding. The largest science-based ayurveda company in India, **Dabur India Ltd**, today announced the expansion of its community development drive in the state by adopting four government schools in Rajasthan: two in Newai and two in Alwar. This move is in keeping with the company's commitment to better the lives of local communities in Rajasthan. In order to enhance the overall learning environment for kids at rural Rajasthan, Dabur has promised to upgrade the general infrastructure in these four schools this year. In addition to building a drinking water facility as part of the renovation, Dabur also upgraded the school's infrastructure with BaLA (Building as Learning Aid) paintings and built new, separate restrooms for both boys and girls. Banasthali's remodelled Government Senior Secondary School.

8. Key drivers of CSR

The drivers of CSR in the twenty-first century are clearly stated by numerous research organisations. Among 2008, KPMG performed a survey of the primary CSR motivators in G250 companies. Key factors in G250 firms' CSR reporting survey are:

- Reputation and brand: 67%
- Ethical considerations: 59%
- Employee motivation: 44%
- Innovation and learning: 44%
- Risk management or risk reduction: 35%
- Access to capital of increased shareholder value: 32%
- Economic considerations: 32%
- Strengthened supplier relationship: 22%
- Market position improvement: 22%
- Improved relationship with Government authorities: 18%
- Cost saving: 10%

9. Potential benefits of CSR to organizations

1. Employee Attraction
2. Employee Commitment

3. Brand Differentiation
4. Improving Financial Performance
5. Sales Performance
6. Reputation & Management

The suggested areas/ways for CSR: in order to achieve sustainable development goal companies are expected to adopt following practices for CSR.

1. Capacity building
2. Empowerment of communities
3. Environmental protection
4. Inclusive socio-economic growth
5. Promotion of green & energy efficient technologies
6. Development of backward regions
7. Upliftment of marginalized and under privileged sections
8. Adoption of villages and making them self reliant
9. Providing medical & sanitation facilities
10. Preferential Treatment by Regulatory & Licensing Authority

10. Challenges

1. Lack of community participation in CSR activities
2. Issues of transparency
3. Non-availability of well-organized non-governmental organizations

11. Conclusion

From the above study it is concluded that the government introduced CSR because it wants businesses to take greater responsibility for their stakeholders and the wider community. The usage of voluntary initiatives is being used by many corporations to improve their environmental and social performance. Corporations are growing more and more conscious of their social responsibility. In India, businesses have adopted CSR activities and successfully incorporated them into their operational procedures. The implementation of CSR still faces several difficulties. Since no real efforts have been made to raise awareness about CSR, this is mostly because there is little to no information about it in local communities. Another problem is the absence of transparency which needs focus but Effective partnerships between corporate, NGOs, communities and the government will place India's social

development on a faster track to achieve goals.

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