



Chief Editor

Dr. A. Singaraj, M.A., M.Phil., Ph.D.

Editor

Mrs.M.Josephin Immaculate Ruba

Editorial Advisors

1. Dr.Yi-Lin Yu, Ph. D
Associate Professor,
Department of Advertising & Public Relations,
Fu Jen Catholic University,
Taipei, Taiwan.
2. Dr.G. Badri Narayanan, PhD,
Research Economist,
Center for Global Trade Analysis,
Purdue University,
West Lafayette,
Indiana, USA.
3. Dr. Gajendra Naidu.J., M.Com, LL.M., M.B.A., Ph.D. MHRM
Professor & Head,
Faculty of Finance, Botho University,
Gaborone Campus, Botho Education Park,
Kgale, Gaborone, Botswana.
4. Dr. Ahmed Sebihi
Associate Professor
Islamic Culture and Social Sciences (ICSS),
Department of General Education (DGE),
Gulf Medical University (GMU), UAE.
5. Dr. Pradeep Kumar Choudhury,
Assistant Professor,
Institute for Studies in Industrial Development,
An ICSSR Research Institute,
New Delhi- 110070.India.
6. Dr. Sumita Bharat Goyal
Assistant Professor,
Department of Commerce,
Central University of Rajasthan,
Bandar Sindri, Dist-Ajmer,
Rajasthan, India
7. Dr. C. Muniyandi, M.Sc., M. Phil., Ph. D,
Assistant Professor,
Department of Econometrics,
School of Economics,
Madurai Kamaraj University,
Madurai-625021, Tamil Nadu, India.
8. Dr. B. Ravi Kumar,
Assistant Professor
Department of GBEH,
Sree Vidyanikethan Engineering College,
A.Rangampet, Tirupati,
Andhra Pradesh, India
9. Dr. Gyanendra Awasthi, M.Sc., Ph.D., NET
Associate Professor & HOD
Department of Biochemistry,
Dolphin (PG) Institute of Biomedical & Natural Sciences,
Dehradun, Uttarakhand, India.
10. Dr. D.K. Awasthi, M.SC., Ph.D.
Associate Professor
Department of Chemistry, Sri J.N.P.G. College,
Charbagh, Lucknow,
Uttar Pradesh. India

ISSN (Online) : 2455 - 3662
SJIF Impact Factor :3.967

EPRA International Journal of
**Multidisciplinary
Research**

Monthly Peer Reviewed & Indexed
International Online Journal

Volume: 3 Issue: 3 March 2017



Published By :
EPRA Journals

CC License





AN OVERVIEW OF CORPORATE SOCIAL RESPONSIBILITY IN INDIA

Dr. H. Sajeena¹

¹Assistant professor in Commerce,
Govt. Arts College for Women,
Ramanathapuram, Tamil Nadu, India

ABSTRACT

In a global stakeholder society corporate leaders are more concerned with reconciling and aligning the demands, needs, interest and values of employees, customers, suppliers, communities, shareholders, NGO's, the environment and society at large. Corporate social responsibility is one of the business strategy and has become integral part of organization to build sustainable relationship with relevant stakeholder which ensure stability of business. The enactment of companies Act 2013 opened new opportunities for all stakeholders to contribute to the social development and ethical standard. It is estimated that approximately 2500 companies have come in the ambit of mandated CSR. During the year 2015-16, INR 6578 was spent for CSR activities by leading 250 companies in India. For almost all the companies improving education, health care, rural developments are thematic area in CSR activities.

KEYWORDS: education, health care, rural development, customers, investors, suppliers,

INTRODUCTION

Today business organizations around the world are playing influential role in defining the market and consumer behavior. The new generations of corporation recognize the fact that social and environmental stability are the two important pre requisite for the long term sustainability of their market. So they are being asked to apply sustainability principle to the ways in which they conduct their business. Sustainability refers to an organization's activity typically considered voluntary, that demonstrate the inclusion of social and environmental concern in business operation and in interaction with stakeholders. It is no longer acceptable for a corporation to experience economic prosperity in isolation from stakeholders.

Economic prosperity depends upon the quality of relationship that a company has on its employees and other key stakeholders such as customers, investors, suppliers, public, government

officials and communities. So the organizations have developed a variety of strategies for dealing with this interaction of social needs, the natural environment and corresponding business imperatives. Corporate social responsibility is one of the business strategy to build sustainable relationship with relevant stakeholders which ensure stability of business.

Meaning of CSR

CSR is the process by which an organization thinks about and evolves its relationship with stakeholders for common good and demonstrates its commitment in this regard by adoption of appropriate business process and strategies.

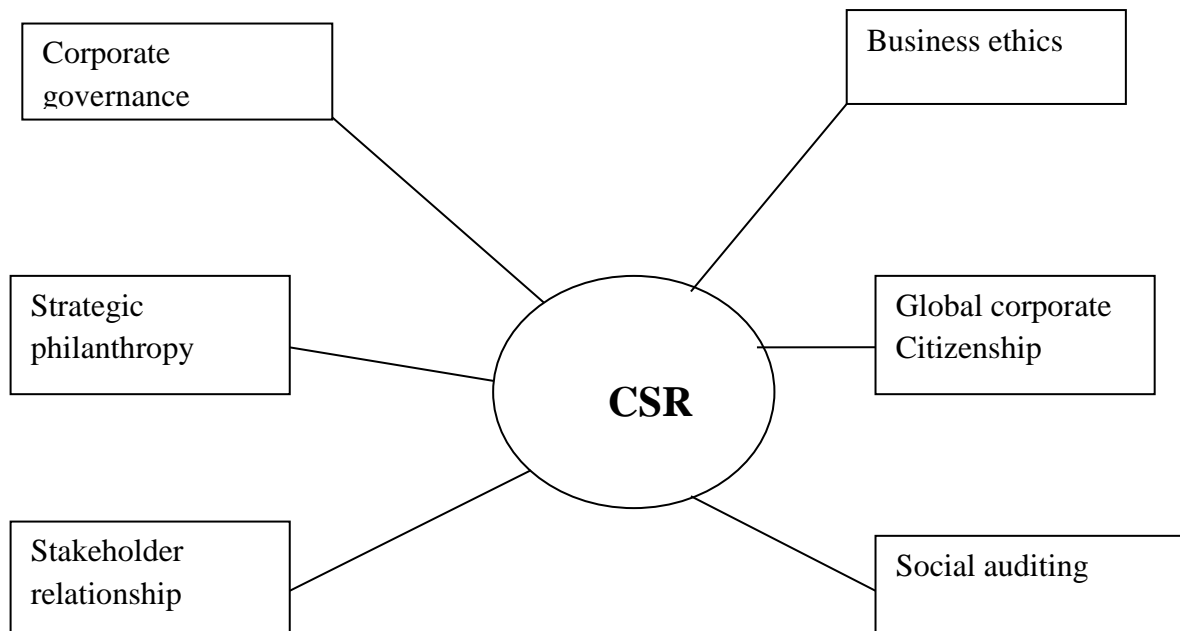
CSR is the contribution by the business to improve the quality of life of the workforce and their families as well as local community and society.

CSR is therefore a prominent feature of the business and society literature addressing the

topics of business ethics, corporate social performance, global corporate citizenship and stakeholder management. It also addresses the complex and crucial issues such as human rights, environmental protection, equal opportunities for all, fair competition and the interdependence that occur between organization and society.

CSR refers to a company linking itself with ethical values, transparency, employee relations, compliance with legal requirement and overall respect for the communities in which they operate. CSR covers all aspects of an organization's operation and can be divided into subsections identified in fig: 1

Figure : 1
Sub-sections of CSR



IMPORTANCE OR NEED

Liberalization, privatization and globalization have provided great opportunities for corporations to become globally competitive by expanding the production base and market share. Though there are ample opportunities, all the stakeholders exert pressure on these business giants. Customers expect reliable supply and safe products at a fair price. Suppliers want to form business partnership only with companies they can rely on. Employees want to work with those companies which respect them. Shareholders demand that corporate operations be managed efficiently to increase their dividend and market value of their investment. Thus there is a need for a new business strategy to sustain in the market to reduce investment risk, to maximize profit and to build confidence in the minds of all stakeholders.

So the business organizations across the world are adopting various socially responsible measures to improve financial performance, enhance brand image and increase the market value of companies.

Benefits

- Effective management of risk.
- Improved reputation
- Innovative strategies
- Improvement in operational efficiency
- Effective and efficient supply chain management
- Improved human resource practices
- Building Social capital by strengthening stakeholder relationship
- Positive contribution to society
- Effective corporate Governance framework.
- Provides additional motivation to employees

CSR IN INDIA

CSR is not a new concept in India. Ever since their inception, corporates like the Tata Group, the Adithya 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 Indian Companies is to maximize the company's overall impact on the society and stakeholders. Corporations feel that CSR is not just a indirect

expense but is important for increasing their reputation and competitiveness. CSR programmes could range from overall development of a community to supporting specific causes like education, environment, health care etc. In order to streamline the philanthropic activities and ensure more accountability and transparency, the government of India made it mandatory for companies to undertake CSR activities under the companies Act 2013.

Provisions of companies Act 2013 on CSR

The provisions of the CSR act apply to all companies that have any one of the following in any financial year.

- * Net worth of INR 500 crores or more.
- * Turnover of INR 1000 crores or more.
- * Net profit of INR 5 crores or more

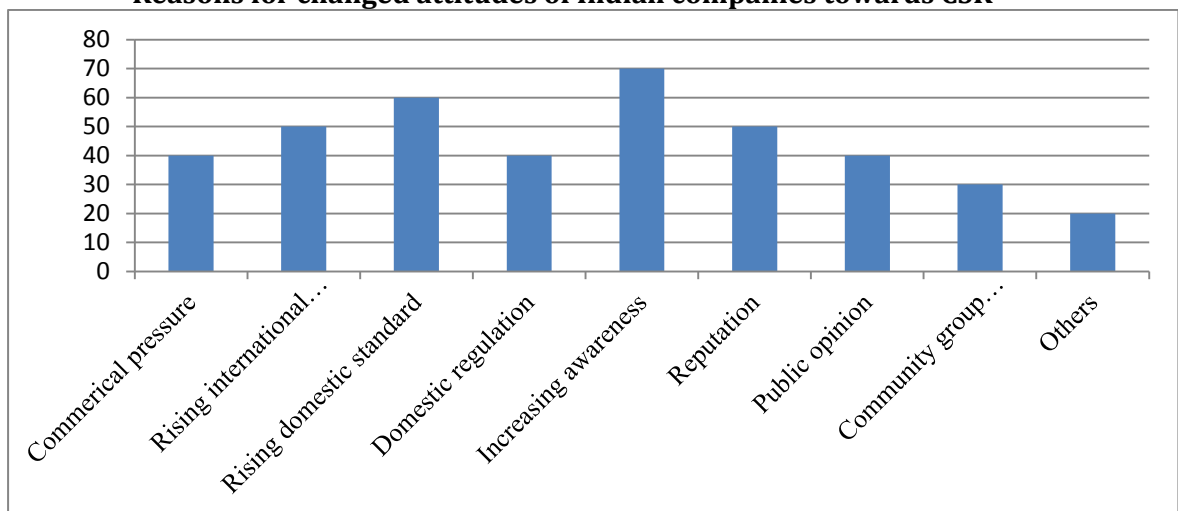
* An average of the previous three financial years PAT will be considered for calculating the 2% for CSR.

* CSR policy of a company should ensure that surplus arising out of a CSR activity will not become part of business profit.

* In case a company has failed to spend 2% of the average net profit, the reason for doing so should be mentioned in the annual boar report.

A survey by the centre for social market (CSM) asked large Indian companies to list the main factors driving changed attitudes to social and environmental responsibilities. Fig... presents the results with a combination of awareness, regulatory changes and changing global/competitive environment.

Fig : 2
Reasons for changed attitudes of Indian companies towards CSR



Source: Centre for Social markets (CSM).

CSR EXPENDITURE BY LEADING COMPANIES IN INDIA

Expenditure incurred on specified activities that are carried out in India will qualify as CSR expenditure. Such expenditure includes contribution to the corpus or projects or programmes relating to CSR activities. Any activity undertaken solely for the benefit of

employees and their families will remain outside the preview of CSR activity. Companies would need to clearly distinguish those activities which are undertaken specifically on pursuance of normal course of business and those that are done incrementally as part of the CSR initiatives.

Table : 1
CSR Expenditure by leading PSU in the year 2015-16

Companies	Prescribed CSR (Cr)	Actual CSR (Cr)	Actual CSR in %
1. GAIL	102.34	162.63	159
2. Indian Oil Corporation	141.50	156.68	111
3. Steel Authority of India Ltd.	57.20	96.16	168
4. Bharath Petroleum Corp. Ltd	154.66	95.59	62
5. Oil and natural Gas Corp. Ltd	593.70	421.00	71

Source : Computed from the Annual report of companies.

Table : 2
CSR Expenditure by Top 10 companies in 2015-16

Companies	Prescribed CSR (Cr)	Actual CSR (Cr)	Actual CSR in %
Reliance Industries Ltd	557.78	651.57	117
NTPC Ltd	349.65	491.80	141
Oil and natural Gas Corp Ltd.	593.70	421.00	71
Tata Consultancy Services Ltd.	360.00	294.00	82
ITC Ltd	246.76	247.50	100
Tata Steel Ltd	150.00	213.24	142
National Mineral Development Corp	193.28	210.09	109
Infosys Ltd	256.01	202.30	79
Power Finance Corp Ltd	145.09	196.20	135
ICICI Bank Ltd	212.00	172.00	81

Source : Computed from Annual report of companies.

CSR Activities:

Clause 135 of the companies Act 2013 lays down the list of activities under

Schedule VII.

Eradication

Hunger, Poverty and malnutrition

Promotion

Education, health, sanitation, Vocational skills.

Equality

Gender equality and empowering women

Ensure

Environmental sustainability, protection of flora fauna, ecological balance

Protect

National heritage art and culture

Benefit

Armed forces, war widows and dependents

Promote

Rural sports Para Olympics, Olympics and nationally recognised sport

Contribute

Prime Minister's National Relief fund or any other fund set up by the central government.

Fund

Technology incubators within approved academic institutions

Develop

Rural development projects.

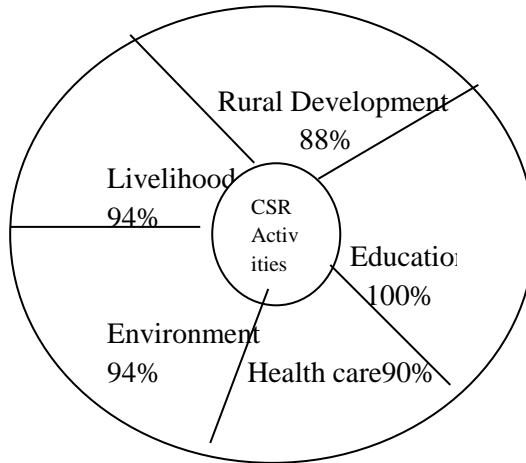
The CSR committee will be responsible for preparing a detailed plan on CSR activities.

SECTOR-WISE CSR ACTIVITIES IN INDIA

The most common thematic areas covered by the Indian companies include education, health,

livelihood, environment and rural development. Of these education is the most common and 100% of the companies involved in CSR activities have undertaken initiatives on education followed by livelihood, environment, health care and rural development.

Fig: 3
Sector-wise CSR activities



Source: Study conducted by Ernest and young published in Global CSR Summit.

CSR Expenditure of leading 250 companies in 2015-16 on various activities are shown in table 3.

Table : 3

CSR Expenditure on various activities by leading companies in 2015-16

CSR Activities	Amount Spent (INR (cr))	Percentage
1. Poverty Alleviation, Health care and wash	2142	33
2. Education and Skills	2073	32
3. Women Empowerment and inclusive development	167	3
4. Protection of National Heritage, art and culture.	83	1
5. Environmental Sustainability.	559	8
6. Rural sports and Para Olympics.	159	2
7. PM relief fund and others.	162	2
8. Rural Development projects.	771	12
Other projects	25	3
Administrative Expenses	437	7

Source : India CSR outlook 2016 Page 8.

Majority of CSR expenditure was spent for poverty alleviation, healthcare and development of education. Other projects include urban slum

development, benefits to armed forces veterans and technology incubators within academic institutions.

Table: 4
Distribution of CSR fund by leading Companies in Top 10 states in 2015-16

States	Amount INR Cr	Percentage
Andhrapradesh	417	6
Gujarat	343	5
Karnataka	337	5
Madhya Pradesh	265	4
Maharastra	986	15
Odisha	291	4
Rajasthan	342	5
Tamil Nadu	319	5
Telangana	292	4
West Bengal	571	9

Source : India CSR outlook 2016. Page No: 10

SUGGESTIONS FOR IMPROVING CSR ACTIVITIES

1. CSR strategy should offer sound value and clear benefit to the companies and helps to provide positive contribution to the society.
2. While implementing CSR strategy, companies should recognize and respect local and cultural difference in the society.
3. Government should encourage small and medium scale industries by way of subsidies to allocate specific amount in their budget for CSR activities even though it is non mandatory.
4. The companies should disseminate information and maintain transparency on CSR policy, activities and progress in a structural manner to all their stakeholders and the public at large through their website, annual report and other communication media.
5. Sincere efforts have to be taken to create awareness among general public and improve communication between companies involved in CSR activities and general public to win the confidence of local communities.
6. Government should provide additional benefits (including tax) to those

companies whose CSR expenditure exceeds hundred percent of the actual prescribed CSR limit.

CONCLUSION

Corporate social responsibility as a strategy is becoming increasingly important for business today because of three identifiable trends (ie) changing social expectation of consumers, increasing affluence and globalization. After the enactment of companies Act 2013, it is estimated that approximately 2500 companies have come in the ambit of mandated CSR. The new legislation opened new opportunities for all stakeholders to devise innovative ways to contribute to equitable social development without risking business growth.

Therefore Corporate in India must focus on economic and social expectation of the stakeholders by creating network with government, NGOs and other organizations. This will significantly enhance the capacities of all stakeholders and lead to sustainable and competitive advantage for companies which enhance their corporate image.

REFERENCES

1. Dinesh J.A, Evolution of CSR in India, Jana Urban Foundation, Bangalore, 2014

2. Guptha A.D, "Implementing Corporate Social Responsibilities in India : Issues and the Beyond", Springer India, 2014
3. Jayati Sarkar and Subrata sarkar, "Corporate Social Responsibility in India – An effort to bridge the welfare gap", Indira Gandhi Institute of Development Research, Mumbai, Aug 2015
4. Ernst & Young, Ph.D Chamber, Global CSR Summit, 2013
5. Kash Rangan, "Why every company needs a CSR strategy", Harvard business review, April 5, 2012
6. Richard M. Rossow, Corporate Social Responsibility in India, A report of the centre for strategic & International studies, March 2015
7. Richa Gautam and Anju Singh. "Corporate Social Responsibility practices in India : A study of Top 500 companies", Global Business and Management Research, volume 2 2010
8. Saadia Aqulq.E.S, "Corporate Social Responsibility and Human Resource management : What Joint", International journal of Humanities and social science, vol:3 July 2013
9. Soheli Ghose. "A look into Corporate Social Responsibility in India and emerging economics", International Journal of Business and Management Invention, vol 1 Dec 2012
10. ShaomniLi and Marc Fetscherin, "Corporate Social Responsibility in Emerging Markets", Management International Review, Journal of International Business, Jan 2010
11. Sangeetha Bansal, "An Analysis of CSR expenditure in India", Economic and political weekly, vol 49, Issue 50, Dec 2014
12. India CSR outlook Report Annual Research publication of NGOBOX, 2016

Websites

1. www.soulace.htm
2. www.mca.gov.in
3. www.thehindubusinessline.com
4. www.ngobox.org
5. www.epw.in
6. www.kpmg.com/in