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Corporate Social Responsibility in Changing Business Scenario

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ABSTRACT:

Corporate Social Responsibility is a business approach that contributes to sustainable development by delivering economic, social and environmental benefits to society. C.S.R. is becoming increasingly important activity to business entities & corporate to overcome stiff competition and to cope up with changing business environment. As globalization accelerates and large corporations serve as global providers, these corporations have progressively recognized the benefits of providing C.S.R. programs at various levels. C.S.R. activities are now being undertaken by many organisations in India. C.S.R. in India facing lot of challenges and it also proves fruitful in many ways. This article focuses on amendments in legal issues concerned to C.S.R., present position, issues and challenges faced by C.S.R. activities in India and also its benefits.

Keywords: C.S.R., companies, stakeholders, NGO's, sustainable development.

1. Introduction:

Social responsibility of business refers to its obligation to take such decisions and to take those actions that are favourable to our society's needs and interests. Accordingly to the traditional framework, C.S.R. has four components i.e. environmental, philanthropic, ethical and economic. C.S.R. approach is used to enhance company's performance and public image. The effective C.S.R. programmes support the core elements of an organisation's business strategy. Social responsibility is increasingly valued by investors, consumers and employees resulting in an increased desire to punish business that fails to meet living standard, quality of life and maintaining the financial interest of stakeholders.

2. Objectives:

- i) To elaborate on the concept of C.S.R., its present status in Indian, legal amendments, its implications and modern.
- ii) To provide strategic means in for C.S.R. implementation and to remedial measures regarding various challenges posed by changing business environment.

3. Methodology Adopted:

The present paper is essentially a library work based on published secondary data. Data collected from books, journals, reports & various websites. The secondary data obtained from above sources have been reframed, tabulated and analyzed. On the basis of analysis and interpretation researcher has been arrived at conclusion.

4. Meaning and Definition:

Social responsibility is understood as the obligation of decision makers to take actions which protect and improve the welfare of society as a whole along with their own interest. It means operating a business in a manner that meets or exceeds the ethical, legal, commercial and public expectations that society has from business. According to United nations Industrial Development Organization, "C.S.R. is a management concept where by companies integrate social and environmental concerns in their business operations and interactions with their stakeholders." So, we can state that CSR is a concept whereby companies decide voluntarily to contribute to better society and a cleaner environment. A concept whereby companies integrate social and environmental concern in their business operations and in their interaction with their stakeholders on voluntary basis.

5. The companies act 2013:

The companies act 2013 has introduced several provisions which would change the way Indian corporate do business and one such provision is spending on C.S.R. activities. India became the first country in the world to make C.S.R. mandatory. C.S.R., which has largely been voluntary contribution by corporate has now been included in law.

Section 135 of the Companies Act introduces mandatory Corporate Social Responsibility (C.S.R.) contributions for large companies, making it the only mandatory C.S.R. law in the world. According to the provisions, all firms with net worth above 5 billion rupees or rupees 5 billion (approx \$ 75 million), turnover over 10 billion rupees or rupees 10 billion (approx \$ 150 million), or net profit over 50 million rupees or rupees 50 million (approx \$ 750,000) are required to spend at least 2% of their annual profits of the preceding year on C.S.R.. The law requires that all businesses affected establish a C.S.R. committee to oversee their C.S.R. spending. Before enactment of this Act, C.S.R. provisions were applicable for public sector organisations only.

Mandatory Registration of C.S.R. Implementing Organisation: With effect from 1st April 2021, every C.S.R. implementing organisation is required to mandatorily register itself with the Ministry of Corporate Affairs, Govt. of India. Such entities are required to apply in the prescribed form and thereafter obtain a unique C.S.R. registration number. This unique number must be quoted on the annual report of companies who have appointed such agencies. This requirement does not affect projects already approved prior to April 2021.

6. Concept of Sustainable Development:

As per Brundtland Commission study (1987), sustainable development is the development that meets the present's needs without undermining future generation's ability to meet their own needs. Sustainable development is the process of identifying alternative sustainable schemes that consider all three spheres of human activity- economic, social and environmental. Although communities, companies and individuals must consider these three areas, all of their influences must be considered simultaneously. Sustainable development strives to balance these three fundamental elements over the long term.

The Global Consultation of Sustainable Development Goals: Substantial progress has been made regarding the Millennium Development Goals (MDGs). The world has already realized the first MDG of halving the extreme poverty rate by 2015. However, the achievements have been uneven. The MDGs are set to expire in 2015 and the discussion of a post-2015 agenda continues. The focus is now on building a sustainable world where environmental sustainability, social inclusion, and economic development are equally valued.

The MDG Fund contributed directly and indirectly to the achievement of the MDGs. It adopted an inclusive and comprehensive approach to the MDGs. The approach was guided by the Millennium Declaration and its emphasis on development as a right, with targeted attention directed towards traditionally marginalized groups such as ethnic minorities, indigenous groups, and women. The Rio conference (June 2012), initiated a process to develop a new set of Sustainable Development Goals (SDGs) which will carry on the momentum generated by the MDGs and fit into a global development framework beyond 2015.

Civil society organizations, citizens, scientists, academics, and the private sector from around the world were all actively engaged in the process. Activities included thematic and national consultations, and the My World survey led by the United Nations Development Group. Specialized panels were also held and provided ground to facilitate intergovernmental discussions. The UN Secretary General presented a synthesis of the results of these consultation processes.

Corporate Social Responsibility (C.S.R.) is a business approach to sustainable development by delivering economic, social and environmental benefits to society. It also sum ups the initiatives

by which a company takes responsibility for its effect on social and environmental well beings.

7. Historical Review of CSR in India:

The concept of CSR is not new for India. It is visible in Mauryan history, where philosopher like Arya Chanakya emphasised ethical practices and principles while conducting business/rule. Mahatma Gandhi also advised to follow such type of practices while doing business. Ever since their inception, corporate like the Tata Group, the Aditya Birla Group, Godrej, Bajaj, Wipro, ICT and Indian Oil Corporation, to name a few, have been involved in serving the community and nation. Through donations and charity events, many other organizations have been doing their part for the society. The basic objective of C.S.R. in these days is to maximize the company's overall impact on the society and stakeholders. C.S.R. policies, practices and programs are being comprehensively integrated by an increasing number of companies throughout their business operations and processes. A growing number of corporate feels that C.S.R. is not just another form of indirect expenses but is important for protecting the goodwill and reputation, defending attacks and increasing business competitiveness. Companies have specialized C.S.R. teams that formulate policies, strategies and goals for their C.S.R. programs and set aside budgets to fund them. C.S.R. programs ranges from community development to development in education, environment and healthcare etc.

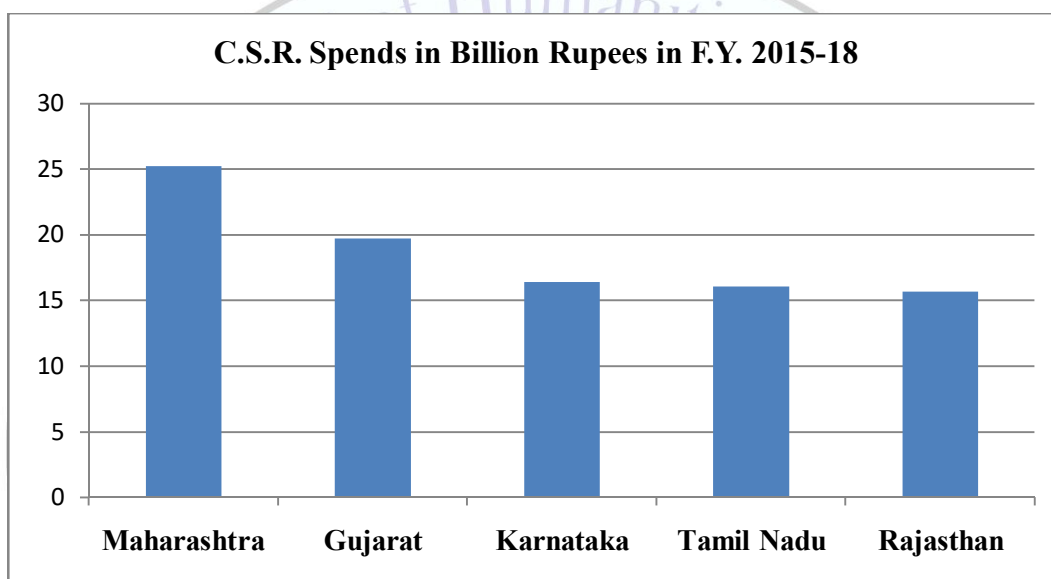
For example, a more comprehensive method of development is adopted by some corporations such as Tata, Godrej, Wipro, Infosys, Bharat Petroleum Corporation Limited, Maruti Suzuki India Limited, and Hindustan Unilever Limited. Provision of improved medical and sanitation facilities, building schools and houses, and empowering the villagers and in process making them more self-reliant by providing vocational training and a knowledge of business operations are the facilities that these corporations focus on. On the other hand, Corporate increasingly join hands with Non-governmental organizations (NGOs) and use their expertise in devising programs which address wider social problems.

8. State wise C.S.R. Spending:

According to official estimates bulk of C.S.R. is being spent on developed states like Maharashtra, Gujarat and Karnataka. According to official reports a fifth of C.S.R. spends between 2014-15 and 2017-18 was spent in Maharashtra, Gujarat, and Karnataka. The correlation between the state's economic output and the amount of C.S.R. spends is 0.93. Zero indicates no correlation; 1 indicates perfect correlation. By this it has been spotlighted that Companies spend most of their corporate social responsibility (C.S.R.) budgets in states which are well-developed.

Six Indian states which house almost 60 per cent backward districts have received only 15 per cent C.S.R. fund. Whereas five states, with about 15 per cent concentration of backward districts, have received more than 70 per cent C.S.R. funds. Such concentration is in contrast to government

allocation of resources, which seems to reallocate capital to poorer regions. Uttar Pradesh (UP), Bihar, and Madhya Pradesh (MP) get the maximum share of central resources, shows the data on the devolution and transfer of resources from the Centre. Poorer and undeveloped states such as Bihar, UP, and MP have few manufacturing units but are now top markets for many companies in industries such as two-wheelers, tractors, and other consumer goods. But these states get a minuscule share of C.S.R. budget from top companies in these industries. The current C.S.R. guidelines don't cover the companies' supply-chain such as vendors, distributors, and retailers. The biggest impact companies can make is to improve the lives of people who are part of their supply chain, but most companies ignore this due to a lack of mandate.



9. Current Status of C.S.R. Spending in India:

The year 2021 was particularly a low year for C.S.R. The C.S.R. spending in the country fell by 64% in FY 2020-21 as compared to the previous year. According to the official data submitted to the union legislative body, the C.S.R. spending of the last financial year amounted to Rs. 8,828.11 crore, which shows a steep fall as compared to Rs. 24,688.66 crore in FY 2019-20 and Rs. 20,150.27 crore in FY2018-19. This fall in C.S.R. spending is due to Covid-19 pandemic. Many corporate had donated sizeable amounts towards P.M. CARES fund and C.M. Relief fund. Also their business also suffered due to lockdown followed by economic slow-downs.

80% of the top 100 companies for sustainability and C.S.R. in 2021 incorporate the Sustainable Development Goals (SDGs) in their responsible business actions. The list of top 100 companies for Sustainability and CSR in 2021, prepared by Futurescape, reveals that the top 25 companies also map their business goals with respect to SDGs.

Top 10 Companies in India for C.S.R. and Sustainability in Financial Year 2020-21:

(Futurescape List of top 100 companies prepared on the basis of measure called the spread, which

indicative of how broad-based the responsible business activities of a company are and is a combined score of the environmental, societal & governance parameters)

Rank	Company Name	C.S.R. Activities	C.S.R. Expenditure
1.	Godrej Consumer Products Limited	Initiate medium to long-term livelihood recovery programmes, zero waste-to-landfill and water positivity programmes, Recovery post-consumer plastic packaging waste, scored an 'A' rating in climate disclosure	Rs. 34.08 crore
2.	Infosys Limited	Infosys Foundation, which was established in 1996, it focused on sustainable business practices encompassing economic, environmental and social imperatives, holistic community development, institution-building and sustainability-related initiatives.	Rs. 325.32 crores
3.	Wipro Limited	Humanitarian aid, integrated healthcare support, and livelihoods regeneration, cumulatively reaching over 10 million by its COVID-19 response, food, dry rations, and personal hygiene kits to over 10.2 million people,	Rs. 251 crores
4.	Tata Chemicals Limited	Projects to conserve the environment and engages with local communities toward building an ecosystem that is sustainable, plantation and eco-friendly, help farmers with capacity building, field demonstration and livestock management through digital and physical interactions, provided support to rural women artisans.	Rs. 21 crores
5.	ITC Limited	The company's Social Forestry program greened 30,439 acres of land, reached 0.33 lakh children through its education program, provided skills training to 12,470 youths, and also supported construction of 640 individual household toilets in 28 districts in India. ITC's waste recycling programme collected 70,900 MT dry waste from 1,067 wards in FY 2020-21.	Rs. 353.46 crores

6.	Jubilant Life Sciences Limited	The company's CSR programs 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, Muskaan Fellowship for capacity building of youths, Swasthya Prahari and Arogya initiatives to promote health-seeking behaviour in the community; Livelihood initiatives like Samridhhi, Jubifarm (Sustainable Agriculture programme).	Rs. 5.83 crores
7.	Grasim Industries Limited	The company's CSR activities include education, healthcare, sustainable livelihoods, women empowerment, infrastructure development etc. Company operates six hospitals with a combined capacity of 370 beds, also operates six company schools with a total strength of 6,349 students.	Rs. 84.66 crores
8.	Vedanta Limited	Company's C.S.R. program includes- social development activities, spread across core impact areas like education, health, sustainable livelihoods, women empowerment, sports and culture, environment and community development.	Rs. 331 crores
9.	Tata Power Company Limited	Company's CSR initiatives are categorised into five thrust areas i.e. financial inclusion, education, health & sanitation, water, livelihood & skill building. It's 'Adhikaar' programme is an interlinked socio-economic and scheme-based CSR initiative that aims to inform, enable and empower marginalised communities.	Rs. 3.45 crores
10.	JSW Steel Limited	The Company carries out its social and environmental programs like- preserving and building drinking water resources, building better sanitation facilities, conserving environment, providing health and nutrition amenities,	Rs. 78.32 crores

		providing quality education, creating platforms for skill-building and livelihoods, promoting sports and art, culture and heritage.	
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(Source: Futurescape List of top 100 companies available at- www.iasparliament.com)

10. C.S.R. Strategies in Today's Era:

i. Link C.S.R. Practices to the Values of the Company: C.S.R. programs that are effective today support the core elements of an organisation's business strategy. It helps to enhance company's performance & public image. More the business sign the Business Roundtable's Statement of Purpose, in which they promise to "lead their companies for the benefit of all stakeholders," more the trend becomes standard corporate practice.

ii. Focus on Stakeholders Expectations & Public Image: Company working on C.S.R. strategy strongly needs to consider what your customers, employees and community members care about? It should also examine what's already been successful for other brands. Gather through insights to know your customer. Some customers may appeal company's commitment to sustainability, ethical labour practices, and social concerns. Company must focus on public image and try to obtain win-win position. Company can build strong public relations through rewards, discounts, entry to musical concerts etc.

iii. Create Internal Orientation: Obtain team's full support, enthusiasm and dedication. Also involve employees in company's decision making process to create sense of belongingness and that you're valuable, responsive and inclusive. Such type of practices generates strong internal support for your C.S.R. strategy.

iv. Form Alignment with Other Organisations: Identifying other organisations working in the same areas with company's C.S.R. planning. Company's C.S.R. funding, various sponsorships, employee volunteerism should work consistently with community organisations. The key areas need to focus while formulating C.S.R. strategy are- evaluating a brand's alignment, stakeholders concerns and partner driven strategy with proper communication systems.

11. Remedial measures:

It is found that there is a need for creation of awareness about C.S.R. amongst the general public to make C.S.R. initiatives more effective -

- It is noted that there is no effective connectivity between all stakeholders including the private sector, employees, local communities, the Government and society so there is need to building effective bridges amongst all important stakeholders for the successful implementation of C.S.R. initiatives
- Company's C.S.R. can only be seen as a supplement to government spending in places where

these firms are present. Corporate spending in developed states needs to free up resources for backward regions.

- It is noted that only medium and large corporate are involved in C.S.R. activities, there is need to brought more companies under the C.S.R. domain.
- The corporate houses and non-governmental organizations should actively consider pooling their resources and building synergies to implement best C.S.R. practices to scale up projects and innovate new ways to reach out more beneficiaries.
- It is found that many C.S.R. initiatives and programs are taken up at local places, urban areas, and at key market places. As a result, the impact of such projects does not reach at backward and rural areas. It does not mean that there are no poor and needy in urban India; they too equally suffer from want of basic facilities and services. While focusing on urban areas, it is recommended that companies should also actively consider their interventions in rural and backward areas on education, health, girl child and child labour as this will directly benefit rural mass.
- It is noted that the Government should consider rewarding and recognizing corporates and their partner non-governmental organizations implementing projects that effectively cover the poor and the underprivileged. Higher level of collaboration between the government, industry and NGO through a special purpose vehicle/platform can also be considered.
- It is noted that C.S.R. as a subject or discipline should be made compulsory at business schools and in colleges and universities for awareness of students about social and development issues.
- It is recommended that companies involved in C.S.R. activities without delay consider pooling their efforts into building a national alliance for corporate social responsibility.

12. Conclusions:

In India C.S.R. is at growing stage. Though Conglomerates like TATA, Birla, Wipro and public sector undertakings are practicing it from many decades, it is not well groomed for others. The challenges before C.S.R. implementation are- lack of understanding, inadequately trained personnel, coverage policy etc. Many companies are undertaking these activities for publicity issue only. It has been observed that COVID-19 pandemic followed by economic slowdowns has adversely affected C.S.R. activities in India & abroad. Transparency and dialogue from both ends i.e. organisation & society can help to make a business to set an example in this regard. Practicing C.S.R. strategy can prove beneficial for both sides i.e. business and society. Also need to cover more and more business entities through minimising turnover/profit limits mandatory for C.S.R. activities. Government should make legal provisions to avoid unethical business practices and deceptive advertising. A company's commitment to society is referred to as corporate citizenship. Ethical and legal

responsibilities are critical for all business, but a successful business first establishes a sound corporate citizenship foundation.

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