

AN ANALYSIS OF CORPORATE SOCIAL RESPONSIBILITY IN INDIA

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Abstract

We all live in a dynamic society where the sole constant is the change. We're continuing to change in different ways and forms. All these changes are necessary particularly for the well-being of mankind and society as a whole. This growth sometimes affects the way businesses are run, and as we take so much from the environment around us, there remains a moral obligation to return what we take back to society. Because of this understanding, Corporate Social Responsibility (CSR) has taken on a new meaning in today's world, extending the company's boundaries into society. Corporate Social Responsibility (CSR) is a concept which states that private enterprise or public organization has a responsibility to the society to which they belong. It minimizes costs and risks, thereby improving the company's brand image and credibility. This article aims to define various measures taken by the different companies of India in the field of CSR. In doing so, it addresses the development and the major challenges faced when attempting to deliver CSR activities.

Keywords: Corporate Social Responsibility, Companies act, 2013, CSR Challenges

INTRODUCTION

Historically, the organizations in the world of business have been entrusted with the primary duty of making money and growing shareholder's value; their entire actions have been committed to fulfilling their financial obligation towards their shareholders. But as the times changed and the organizations started to recognize their obligation for the 'people 'and 'planet', in addition to the owners of the company, the idea of "corporate social responsibility" (CSR) emerged. In practice and literature, CSR was often referred to as "corporate citizenship" which only means that an organization will behave as a responsible resident of the society and community in which it lives by giving due consideration to the needs of the society and by thinking about full responsibility for the effect of its activities on employees, vendors, consumers, shareholders, and other stakeholders as well as the environment.

In India, the concept of CSR is not new, companies like TATA and Birla have been imbibing the case for social good in their operations for decades-long before CSR becomes a popular cause. Tata Group's interest in community welfare dates back to the 1860s when Jamshed Ji Tata founded the company. This explains why almost two-thirds of the equity of Tata Sons, the promoter of Tata Group, is held by philanthropy trusts, which have started a host of national institutions in the fields of science and technology, medical research, social studies, and performing arts.

India is one of the first of the few nations in the world to have a dedicated CSR Act and was the first to introduce CSR operation legislation. The Government of India made two significant interventions in the field of CSR — in 2010, India made it mandatory for both

public and private enterprises to spend 2 percent of their net profit on CSR; and in 2013, India amended its Companies Act, 1956 which made CSR mandatory under Section 135.

Objectives

1. To comprehend the idea of CSR.
2. To determine the challenges in Corporate Social Responsibility execution.
3. To examine the practices of corporate social responsibility and its impact on business.

Research Methodology

The research paper is an exploratory exploration endeavour dependent on secondary information from papers, magazines, articles, and press reports.

Looking at the requirements of the research objectives the research design used for the study is descriptive in nature. Considering the objectives set, this research design was adopted with a view to achieving greater accuracy and in-depth research analysis.

Corporate Social Responsibility in the context of India

- The Tata Steel Rural Development Society seeks to improve agricultural productivity and increase the standard of living of farmers.

In its areas of intervention, it has concentrated extensively on education and protection of livelihood. They have also worked with the government in a village called Tiruvidenthai to improve sanitation. The Tata Council for Community Initiatives (TCCI) is a special initiative that provides structure to the sustainable development approach of the Tata group, thus guiding its community engagement and enhancement initiatives. Tata Steel's healthcare initiatives include child education facilitation, immunization and childcare, plantation programs, AIDS awareness-raising, and other healthcare ventures. Tata Steel hosted 12 lifeline expresses in collaboration with the Ministry of Railways, the Impact India Foundation, and the Jharkhand Government. TATA has founded Srishti Welfare Center in Kerala, which provides education, training, and rehabilitation for children and young adults. In 2010 the Associated Chambers of Commerce & Industry of India awarded TATA Steel the Corporate Social Responsibility Excellence Award. In 2011 also Tata Consultancy Services (TCS) bagged Group Awards for Excellence in the Adult Literacy Program Category. In 2014 it received a very coveted "Gold Stevie ® for CSR" award.

- HPCL's CSR programs are more geared towards community education and healthcare. They not only cater to the general mainstream population but also for children with disabilities. As regards education, it has partnered with Child Rights and You (CRY), a non-governmental organization to better the lives of underprivileged parts of society. Also, a program called "Muskan (Smile)" seeks to provide basic needs such as food, clothes, health care, and vocational education. This also offers students in semi-urban and rural schools a time-bound computer training program. The initiative was introduced in 30 schools in different parts of India during the year 2011-12 covering 5,500 students as beneficiaries of this program. In the same year, another CSR program sub-set called Nanhi Kali (Girl Child) covered 9168 Standard I to X female children. The program offers quality education through sponsorship to girls from economically disadvantaged backgrounds, structured to provide academic support that empowers them to make their schooling experience a success, material support like uniforms

- Steel Authority of India (SAIL) has contributed to the growth of society through numerous welfare services for the people. This has provided connectivity to almost 7.3 million residents in 435 villages by building roads and ensuring 3.9 million people have access to water supplies. Concerning education, SAIL has established around 146 schools in its steel townships to offer more than 69,000 children modern education. This has set up 54 primary health centers, 12 reproductive and child health (RCH) centers, 17 clinics, and 7 super-specialty clinics to provide more than 30.60 million people with quality health services.
- The role of the Reliance industries has been immense in CSR practices. It has worked extensively in the area of child education. Its CSR team provides the students of neighboring villages around its manufacturing sites with uniforms and books. The Dhirubhai Ambani Protsaham Scheme provides financial support to the toppers, who aim to pursue higher education in the medical stream or engineering. Furthermore, another initiative, called Mumbai Indians Education for All (MIEFA), started in 2010. This MIEFA offered to school to more than 70,000 underprivileged children – many of whom had dropped out of school for different reasons earlier. Besides education, health issues were also key areas of intervention by its CSR — it has developed community health centers near most of its manufacturing divisions to provide comprehensive health services to the community from neighboring villages covering preventive, promotional, and curative health services.
- India's Maharatna PSU, Gas Authority of India Limited (GAIL) has committed to the promotion of children's education and health care. GAIL's education-based CSR called 'Padho Aur Badho' (Learn and Advance) seeks to support children live in poverty by satisfying their educational dreams.
- Since 1964 CSR operations have been operating at Indian Oil Company Limited. The CSR programs are performed within the broad community development system, which covers schooling, health care, drinking water, and sanitation, as well as supporting disadvantaged women and distressed communities. The IOCL has founded 50-bed Swarna Jayanti Samudaik hospital in Mathura, Uttar Pradesh. Another milestone achievement was the development of an Indian Oil Rural Mobile Health Care Scheme whereby trained doctors treat poor patients for even critical diseases.

Challenges of CSR in India

Despite some benefits in the form of opportunities, CSR in India has suffered from numerous obstacles. CSR is not only about the detrimental impact of the actions of businesses, but also about how corporations should function positively in society. This is used in India as a weapon for social activities. Although some other scholars contend that their position of being a regulatory body over influential business houses is abolished by the government. This is often suggested that the measures conducted by CSR result in a divergence from the basic market positions. The key challenge is to use the company's capabilities and competencies to tackle environmental and social issues while at the same time ensuring effective operations in the conventional market context. Consequently, the CSR activities were judged from various points of view. One section of society is opposed

to CSR activities while another supports their development. In India, the main issue with CSR is the lack of allocation of the budget accompanied by a lack of understanding among the people about its true nomenclature. Smaller businesses do not take much interest in CSR operations and therefore do not encourage the same thing. And some of the big problems are as follows:

Lack of Community involvement in CSR activities

There is a lack of general public interest in participating and contributing to companies' CSR activities. Indian enterprises and their stakeholders largely misunderstand CSR. The communication gap between the organization and the grassroots people has led to its discontinuation. The grassroots people remain unaware of the potential benefits of CSR activities, which further discourages their participation at the planning or implementation stages.

Absence of transparency and accountability

The lack of transparency amongst CSR project managers contributes to the unfair allocation of CSR benefits among the people. This alleged lack of transparency has a negative effect on the cycle of establishing trust between the businesses and local communities, which is crucial to every CSR initiative's success. They make inadequate attempts to report information about their services, compliance issues, impact evaluation, and utilization of funds.

Lack of CSR Execution Skill

Effective implementation of CSR would require its management efficiency. Unfortunately, managerial worker's lack of ability contributes to poor handling of CSR. This initiative also results in unequal access to populations for CSR benefits. The shortage of technological and administrative capability of various employees in the corporate sector contributes to the community's failing extension of the CSR program.

Lack of Consultation

One of CSR's major challenges is the lack of consultation mechanisms. The companies have far less contact with grass-roots level institutions when executing CSR programs. It operates better on top-down methodology where more lateral roles are open to the upper authority. On vertical lines, it does not percolate in the development discourse. Consequently, CSR has been affected by a lack of wide-ranging worker consultation as well as its content.

Local agencies non-consensual existence in CSR projects

One of the important reasons behind its failure is also the lack of agreement among local agencies on the implementation of CSR projects. It also contributes to unhealthy competition among local organizations and restricts their capacity to undertake from time to time an impact evaluation of their initiatives. This lack of consensus also results in corporate houses duplicating operations in the areas of their interventions.

Lack of CSR Progress Dissemination

In the area of CSR, information about CSR progress has been disseminated far less. Even

though many works are still ongoing, their effect on society is not yet projected. Presenting the progress of CSR takes place within very close boundaries of the organization concerned. The existing community is utterly unaware of its potential benefits and further expansion.

Absence of the CSR regulatory framework

CSR practice in India was unregulated until the 2012 Company Bill was passed in 2013. In India, there were no statutory guidelines for the regulation of the CSR framework. There is still a lack of regulatory mechanisms to govern the expansion of CSR projects in India. Although the Company Act prescribes a certain financial limit for CSR expenditure, the lack of a governing body for CSR results in the unregulated allocation of CSR projects by a number of companies.

Unilateral decision-making

In India, the implementation of CSR was arbitrary in nature. All major CSR-related decisions are made within the closed boundaries of the respective companies' financial incumbents without involving community-based project stakeholders. Consequently, CSR's planned deliverables are measured on the profit and loss fronts rather than on the community impact. Also, this process results in uni-dimensional CSR growth. Every day, it continues to address issues of a similar nature that overlap with existing community demand. This decision-making process results in the perception of CSR before the community just mere eyewash

Narrow perception about CSR

Non-governmental organizations (NGOs) and government agencies usually have a narrow outlook on corporate CSR initiatives, often defining CSR initiatives more as donor-driven. As a result, it is difficult for companies to decide whether to participate in such activities in the medium and long term at all. Until recently, however, Corporate Social Responsibility (CSR) was manifested as "philanthropy" in the interface between "society" and "business." With successive changes in the business and social environments and a better understanding between stakeholders, 'philanthropy' has become more of a 'business strategy'.

CSR Relevance in an Organisation

It has also been found that companies which pay sincere attention to the standards of socially responsible behaviour are also favoured by the public and preferred for their products and services to a growing degree. That has given rise to the CSR concept. The corporate social responsibility principle is now firmly entrenched on the global business agenda. Some of the positive outcomes that can occur when organizations implement a social responsibility policy include:

Corporate Advantages

- Financial performance improved;
- Lower operational costs;
- Enhanced image and credibility of the brand;
- Increased customer loyalty and sales;
- Maximize productivity and quality;
- More potential of attracting and retaining employees;

Minimize regulatory oversight;

Diversity of the workforce;

Benefits to the Community and the general public

Charitable contributions;

Employee voluntary programs;

Corporate involvement in community education, employment, and homelessness programs;

Product safety and quality.

Environmental Benefits

Greater recyclability of materials;

Greater use of natural resources;

Better product durability and functionality;

Integration of environmental management tools into business plans, including assessment and costing of life cycles, environmental management standards, and eco-labelling.

How do companies benefit from the Corporate Social Responsibility concept?

Across the globe, the concept of CSR has been accepted as an aspect of success and business sustainability along with the accomplishment of social goals. Demands for CSR may be viewed in the context of four major arguments

- 1) Moral obligation to "do what is right;"
- 2) Sustainability focused on environmental and community stewardship;
- 3) Operating license, as companies require approval to do business; and
- 4) Reputation with respect to the image, brand, morale, or stock valuation of the organization.

No matter the scale of a company or the extent of its engagement in Corporate Social Responsibility, any contribution is significant and offers a variety of benefits for both the society and industry. Contributing to and supporting corporate social responsibility does not have to be expensive or time-consuming, and more and more businesses active in their local communities are experiencing substantial gains from their involvement:

Reduced Costs

Increased business leads

Improved reputation

Increased morale and skill development of staff

Improved relationships with local communities, partners, and clients

Innovation in procedures, goods, and services

Managing the risks, the organization faces

A brief of Companies Act,2013

The much-awaited 2012 Companies Bill was approved by Parliament's upper house on August 8, 2013, and received the assent of the President on August 29, 2013. As of 1 April 2014, it has become legally binding on companies in India to be "socially responsible." Section 135 of the new Companies Act 2013 reads in the CSR Rules that it is mandatory for companies to set aside 2% of their net profits for undertakings and to promote socially

beneficial activities and projects in India by fulfilling certain criteria. The Ministry of Corporate Affairs (MCA) recently released the CSR Rules, 2014 to enforce this statutory provision, which entered into force on April 1, 2014.

Entities covered by the obligations of the CSR:

The threshold level of CSR coverage is low. Companies are subject to the requirements of the CSR if they have:

-The net worth of at least Rs. 5 billion (approximately US\$ 80 million);

-A turnover of at least Rs. 10 billion (approximately US\$ 160 million); or

Net profits of at least Rs. 50 million (approximately US\$ 800,000).

Companies that meet these requirements are required to develop a CSR strategy, spend a minimum amount on CSR activities and report on those activities, or plan to justify why they did not. It is estimated that a total of 8,000 companies in India will be required to meet the CSR requirements among the 9 lakh active companies in India and that the 2 percent CSR expenditure will translate into the expenditure of companies around Rs 12,000 crores to 15,000 crores annually.

Conclusion

CSR has proven to be a major accomplishment in the field of balanced business-society co-existence. On the one hand, through their transformative involvement, manufacturing houses have gained public patronage and, on the other hand, common citizens have actively embraced these projects by visualizing their transcendental existence. The company's credibility has been strengthened. The additional legislative provision made CSR compulsory for all industries and restricted their extension to attain the ultimate target.

It is also found that awareness-raising on CSR is required among the general public to make CSR initiatives more effective. This initiative would also inspire other corporate houses to join the league and play an effective role in addressing issues such as access to education, health care, and livelihood opportunities through their creative CSR activities for large numbers of people in India. It is extremely difficult for a single organization to bring change because the scale is enormous. Successful collaborations between businesses, NGOs, and the government would put India on a faster track of social growth. The CSR regime in India is in a nascent stage and there will be hitches, and it will take a lot of fine-tuning before we get to the perfect balance. What is praiseworthy is the spirit in which India has made its companies socially responsible, leading the most developed nations in the world.

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