

A New Paradigm of Corporate Social Responsibility in India: An Evaluative Study

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ABSTRACT:

Corporate Social Responsibility or CSR has provided a new meaning and impression in today's corporate world. It has extended and enlarged the boundaries of the firm into the society. CSR is the continuous commitment by various corporations towards the economic and social development of communities in which they operate. In India companies like Birla, TATA, ONGC etc. are practicing Corporate Social Responsibility (CSR) since many decades, long before the term 'CSR' become a popular basis. Though there is no single universally accepted definition of CSR, it simply means- business decision making-linked to ethical values, legal compliance, respect for people, community, and environment etc. Over the period, CSR has gained more and more importance in contributing towards the societal interest and benefit. This article focuses on the findings & reviewing of the various issues and challenges faced by CSR activities in our country and it is also trying to elaborate

the development of CSR in India along with discussing the recent Amendment to the Companies Act, 2013.

KEYWORDS:

Corporate Social Responsibility, Corporate, Society, Commitment, Ethical Values, Community, Environment, Societal Interest Etc.

I. INTRODUCTION

Corporate social responsibility (CSR), also known as corporate responsibility, corporate citizenship, responsible business, sustainable responsible business (SRB), or corporate social performance; is a form of corporate self-regulation integrated into a business model. The policy of Corporate social responsibility would function as a built-in, self-regulating mechanism whereby business would monitor and ensure their adherence to law, ethical standards, and international norms. Business would embrace responsibility for the impact of their activities on the

environment, consumers, employees, communities, stakeholders and all other members of the public sphere. Furthermore, business would proactively promote the public interest by encouraging community growth and development, and voluntarily eliminating practices that harm the public sphere, regardless of legality. Essentially, Corporate social responsibility is the deliberate inclusion of public interest into corporate decision making, and the honoring of a triple bottom line: People, Planet, and Profit. The credibility of Corporate social responsibility is dependant on effective delivery of communication at recruitment, training and regular communication of recent changes in the company's plan. Corporate social responsibility is generally seen as the business contribution to sustainable development which has been defined as "development that meets the needs of the present without compromising the ability of future generations to meet their own needs", and is generally understood as focusing on how to achieve the integration of economic, environmental, and social imperatives.¹

❖ **Meaning and Definition of Corporate Social Responsibility²**

Corporate social responsibility and business ethic focuses primarily on capacity

building, empowerment of communities, more inclusive socio-economic growth, environment sustainability, promotion of environmentally benign and energy efficient technologies, development of underdeveloped regions, and upliftment of the marginalised and under-privileged sections of society. Generally, Corporate social responsibility means that corporation and businesses in general while working on their main goal of maximizing their shareholders' profit should also keep in mind the societal concerns and needs and act responsibly towards the society in which they operate. World Business Council for Sustainable Development has defined Corporate social responsibility as "the commitment of business to contribute to sustainable economic development, working with employees, their families, and the local communities".³

The term corporate social performance was first coined by Sethi (1975), expanded by Carroll (1979), and then furnished by Wartick and Cochran (1985). However, the credit to define Corporate social responsibility at the global level goes to Howard Bowen (1953) who highlighted the status and degree of responsibilities that business class should accept. Liberal thinker Milton Friedman defined the concept Corporate social

responsibility in terms of owner's objectives and stakeholder responsiveness which recognizes direct and indirect stakeholder interests.⁴

II. EVOLUTION OF CORPORATE SOCIAL RESPONSIBILITY IN INDIA⁵

The evolution of Corporate Social Responsibility in India can be divided into four phases. i. First phase: CSR motivated by charity and philanthropy, ii. Second phase: CSR for India's social development, iii. Third phase: CSR under the paradigm of the "mixed economy", iv. Fourth phase: CSR at the interface between philanthropic and business approaches.⁶

The first phase 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. The fund allocation wasn't however solely for selfless or religious motives. It was driven by caste groups and political objectives. The Second Phase started with the independence movement. Mahatma Gandhi's influence put pressure on various industrialists to act towards building the nation and urged them to emphasize upon socio-economic development. The Indian companies were

referred to as *temples of modern India* by Gandhi. Schools, colleges, training centers etc were set up by various companies during the second phase. The third phase of CSR revolved around labor and environment laws being introduced in an independent India. The companies at the helm of CSR initiatives were mostly Public Sector Undertakings (PSUs). In the fourth phase (1980 until the present) Indian companies started abandoning their traditional engagement with CSR and integrated it into a sustainable business strategy. As Western markets became more and more concerned about labor and environmental standards in the developing countries, Indian companies which exported and produced goods for the developed world were required to pay close attention to compliance with international standards.⁷

More importantly, the recently passed Companies Act 2013 which replaced 1956 Companies Act has made CSR spending and reporting more stringent and important. The Bill makes the provision to constitute a Corporate Social Responsibility Committee of the Board for companies with having a specific profit layer. Furthermore, Section VII of the Companies Act has considerably widened the ambit of CSR activities which now includes:⁸

- Poverty eradication

- Promotion of education, gender equality and women empowerment
- Reducing child mortality and improving maternal health
- Combating AIDS/HIV, malaria and other diseases
- Ensuring environmental sustainability
- Employment-enhancing vocational skills and social business projects
- Relief and funds for socio-economic development such as for welfare of SC/ST, OBCs, minorities and women.

III. DEVELOPMENT OF THE CONCEPT OF CORPORATE SOCIAL RESPONSIBILITY⁹

The concept of Corporate Social Responsibility first emerged in the 19th century in Great Britain. However, it was in the United States (US) which experienced the growing interest in CSR in the 1960s and 1970s. Being as the chief architect of neo-liberal economic model, the responsibility to deliver social services such as, pensions and medical are primarily performed by corporate sector. The scope of CSR was widened in the 1980s which integrated corporate objectives with the social responsibility of business thereby making it

responsible to care for environment, employees and also make good profits. The globalisation of economy further highlighted the importance of corporate responsibilities in other developed countries of the world.¹⁰

In the 1990s, Peter Drucker and many other authors propagated CSR as a part of corporate strategy. Carroll (1991) presented a more systematic sequence of the development of CSR in his model. Carroll demonstrated that all these responsibilities have always existed to some extent, but it was only recently that ethnic and philanthropist dimensions have emerged a very integral part of business.¹¹

Moreover, the post - 2000 period is observed as increased institutionalization of CSR laws and legislation. Although, social and environmental responsibilities of corporate world has not yet been codified and institutionalized with coercive mechanism in international political arena. There are three important non-binding institutional development regarding CSR. First, is the OECD Guidelines which were adopted in 1976 and were substantially revised in 2000. The OECD policy Guidelines aim to “encourage the positive contributions that multinational enterprises can make to economic, environmental and social progress and to minimise the difficulties to which their various operations

may give rise”. Second, the 180 members ILO declaration established in 1977 and revised in 2006 offers guidance in the fields of general policies, employment, training, conditions of work and life as well as industrial relations. The aim of the ILO Declaration was to “encourage the positive contribution which multinational enterprises can make to economic and social progress and to minimize and resolve the difficulties to which their various operations may give rise”. Finally, the UN Global Compact initiative, launched in 2000, also highlighted the importance of corporate social responsibility initiative in achieving the Millennium Development Goals (MDGs). Moreover, the United Nations Millennium Campaign, started in 2002, aims to ensure wider public and private participation to achieve the following Millennium Development Goals (MDG). “The Millennium Development Goals set time bound targets, by which progress in reducing income poverty, hunger, disease, lack of adequate shelter and exclusion – while promoting gender equality, health, education and environmental sustainability – can be measured. They also embody basic human rights – the rights of each person on the planet to health, education, shelter and security”.¹²

❖ Why is Corporate Social Responsibility relevant today?¹³

CSR as is becoming increasingly important for businesses today because of three identifiable trends:

- **Changing social expectations:**¹⁴ Consumers and society in general expect more from the companies whose products they buy. This sense has increased in the light of recent corporate scandals, which reduced public trust of corporations, and reduced public confidence in the ability of regulatory bodies and organizations to control corporate excess.
- **Increasing affluence:**¹⁵ This is true within developed nations, but also in comparison to developing nations. Affluent consumers can afford to pick and choose the products they buy. A society in need of work and inward investment is less likely to enforce strict regulations and penalize organizations that might take their business and money elsewhere.
- **Globalization:**¹⁶ Growing influence of the media sees any ‘mistakes’ by companies brought immediately to the attention of the public. In addition, the Internet fuels

communication among like-minded groups and consumers—empowering them to spread their message, while giving them the means to co-ordinate collective action

❖ **Potential business benefits of Corporate Social Responsibility¹⁷**

The scale and nature of the benefits of CSR for an organization can vary depending on the nature of enterprise, and are difficult to quantify, though there is large body of literature exhorting business to adopt measures beyond financial ones. The business case for CSR within a company will likely rest on one or more of these arguments.

- **Human resources¹⁸** A CSR programme can be an aid to recruitment and retention, particularly within the competitive graduate student market. Potential recruits often ask about a firm's CSR policy during an interview, and having a comprehensive policy can give an advantage.
- **Risk management¹⁹** managing risk is a central part of many corporate strategies. Reputation as take decades to build up can be ruined in hours through incident such as corruption scandals or environmental

accident. These can also draw unwanted attention from regulators, courts, governments & media. Building a genuine culture of 'doing the right thing' within a corporation can offset these risk.

- **Brand differentiation²⁰** in crowded market places, company's striving for a unique selling proposition. That can separate them from the competition in the minds of consumers. CSR can play role in building customer loyalty based on distinctive ethical values.
- **License to operate²¹** corporation are keen to avoid interference in their business through taxation. By taking substantive voluntary steps, they can pursuit governments that they are taking issues such as health & safety, diversity, or the environment seriously as good corporate citizen with respect to labor standards and impacts on the environment.

❖ **What is the need for Corporate Social Responsibility?²²**

While the interests of shareholders and the actions of managers of any business enterprise have to be governed by the laws of economics, requiring an adequate

financial return on investments made, in reality the operations of an enterprise need to be driven by a much larger set of objectives that are today being defined under the term Corporate Social Responsibility. The broad rationale for a new set of ethics for corporate decision making, which clearly constructs and upholds a organization's social responsibility, arises from the fact that a business enterprise derives several benefits from society, which must, therefore, require the enterprise to provide returns to society as well. A business cannot succeed in a society which fails. This, therefore, clearly establishes the stake of a business organization in the good health and well being of a society of which it is a part. More importantly, in this age of widespread communication and growing emphasis on transparency, customers of any product or service are unlikely to feel satisfied in buying from an organization that is seen to violate the expectations of what is deemed to be ethically and socially responsible behaviour. It is becoming increasingly evident that organizations that pay genuine attention to the principles of socially responsible behaviour are also finding favour with the public and are the preferred choice for their goods and services.²³

IV. CORE POLICY ISSUES OF CORPORATE SOCIAL RESPONSIBILITIES

The CSR Policy should normally cover following core elements:²⁴

- **Care for all Stakeholders:**²⁵

The companies should respect the interests of, and be responsive towards all stakeholders, including shareholders, employees, customers, suppliers, project affected people, society at large etc. and create value for all of them. They should develop mechanism to actively engage with all stakeholders, inform them of inherent risks and mitigate them where they occur.

- **Ethical functioning:**²⁶

Their governance systems should be underpinned by Ethics, Transparency and Accountability. They should not engage in business practices that are abusive, unfair, corrupt or anti-competitive.

- **Respect for Workers' Rights and Welfare:**²⁷

Companies should provide a workplace environment that is safe, hygienic and humane and which upholds the dignity of employees. They should provide all employees with access to

training and development of necessary skills for career advancement, on an equal and non-discriminatory basis. They should uphold the freedom of association and the effective recognition of the right to collective bargaining of labour, have an effective grievance redressal system, should not employ child or forced labour and provide and maintain equality of opportunities without any discrimination on any grounds in recruitment and during employment.

- **Respect for Human Rights:**²⁸

Companies should respect human rights for all and avoid complicity with human rights abuses by them or by third party.

- **Respect for Environment:**²⁹

Companies should take measures to check and prevent pollution; recycle, manage and reduce waste, should manage natural resources in a sustainable manner and ensure optimal use of resources like land and water, should proactively respond to the challenges of climate change by adopting cleaner production methods, promoting efficient use of energy and environment friendly technologies.

- **Activities for Social and Inclusive Development:**³⁰

Depending upon their core competency and business interest, companies should undertake activities for economic and social development of communities and geographical areas, particularly in the vicinity of their operations. These could include: education, skill building for livelihood of people, health, cultural and social welfare etc., particularly targeting at disadvantaged sections of society.

- ❖ **Implementation Guidance of Corporate Social Responsibilities**³¹

- The CSR policy of the business entity should provide for an implementation strategy which should include identification of projects/activities, setting measurable physical targets with timeframe, organizational mechanism and responsibilities, time schedules and monitoring. Companies may partner with local authorities, business associations and civil society/non-government organizations. They may influence the supply chain for CSR initiative

and motivate employees for voluntary effort for social development. They may evolve a system of need assessment and impact assessment while undertaking CSR activities in a particular area. Independent evaluation may also be undertaken for selected projects/activities from time to time.

- Companies should allocate specific amount in their budgets for CSR activities. This amount may be related to profits after tax, cost of planned CSR activities or any other suitable parameter.
- To share experiences and network with other organizations the company should engage with well established and recognized programmes/platforms which encourage responsible business practices and CSR activities. This would help companies to improve on their CSR strategies and effectively project the image of being socially responsible.
- The companies should disseminate information on CSR policy, activities and progress in a structured manner to all their stakeholders and the public at large through their website,

annual reports, and other communication media

V. STRATEGY TO ENSURE MORE EFFECTIVE CORPORATE PARTICIPATION IN ENVIRONMENT AND SUSTAINABLE DEVELOPMENT

According to Herrmann an effective CSR regime needs to focus of four important issues: setting standards; monitoring compliance with standards and exposing abuses; creating binding legal obligations; and enforcing those binding laws.³²

However, in an era of ever increasing appetite for more and more luxurious life style it is becoming a daunting task to follow Herrmann's notion of effective CSR performance. Corporate operating in a market based economy believes in the quality and price of a product in order to attract maximum numbers of consumers. The national governments in both developed and developing countries are under tremendous pressure from corporate giants to minimize restrictions on their economic pursuits. In fact, powerful global business entities influence government policy making in a great extent. The current debate on climate change issue between

developed and developing countries and the west's reluctance to enter into a legally binding green house gasses mitigation agreement shows the absence of CSR and business ethic remains a low key issue for the global corporate. So, stringent enforcement of CSR laws and legislation has a very limited possibility to bring desired results.³³

There is a need to sensitize corporate and business classes toward evolving a culture of sustainable development and empathy towards nature and environmental vulnerable section of the society. The ideological apparatus remains a positive and constructive strategy to ensure greater compliance from corporate towards achieving the goal of sustainable development and a more humanistic version of economic development. Non-governmental organization, civil society and media have to play a pivotal role in this regard.³⁴

Gandhian ethical model could serve as a remedy to harmonize the conflict between economic development, environmental security and social welfare. It is worthwhile to quote what Mahatma Gandhi said in Harijan in 1942, "the rich should ponder well as to what is their duty today..... But understand that your wealth is not yours; it belongs to the people. Take

what you require for your legitimate needs, and use the remainder for society".³⁵

In fact, the entire structure of society is interconnected and interdependent. Corporate needs people, raw material and a peaceful and enabled environment to sell procured goods which are available only in a society. Recent surveys have also shown that consumers have preferred to buy the products of those business entities which are more sensitive towards CSR. It is therefore for the best of corporate interest to harmonize personal interest with larger public interest for the greater welfare of society as well as corporate.³⁶

VI. CORPORATE SOCIAL RESPONSIBILITY AND SMALL AND MEDIUM ENTERPRISES (SMES)

The concept of CSR has extended to SMEs as well. This sector was never taken into account for deliberations and conventional approach to CSR is generally assumed to be the part of large companies. It is a well known fact that SMEs produce large proportion of country's output, provides huge employment and generate substantial revenues to the government not only in developed countries but developing countries as well. Small to medium-sized enterprises account for about 90 percent of

businesses worldwide and are responsible for around 50 to 60 percent of employment. They, potentially have a significant impact on social welfare. As the SMEs also include stakeholders and an impact on the society, it is necessary to understand the role of SMEs in CSR activities. However, it is difficult to enroll the concept for SMEs as they face challenges of survival, time and resource constraints, fear of additional regulations and no systematic incentives. General problems like lack of information, getting trained employees, and getting support from related officials are other limiting factors for SMEs to get involved in CSR activities. However, there are several benefits available to SMEs like small number of employees with quick communication and decision making, unique selling propositions and competitive benefits through their products and services, cost and efficiency savings. According to a study by the European Commission in 2007 ('Corporate Social Responsibility in SMEs - SMEs Good practice'), CSR can positively influence SMEs' competitiveness in numerous ways. SMEs can provide with improved products, high customer loyalty, motivated employees, innovative and creative employees, cost savings, increased profitability due to optimum resource utilization, enhanced networking with business partners and

improved company image. Thus, it is advisable for the government to look into policies and legislations for the benefits of SMEs adapting CSR and take up initiatives aimed at encouraging SME involvement in CSR which should be easily accessible and relevant.³⁷

Now that the CSR clause in the Companies Act, 2013 covers companies that have a net profit of five crore INR and above, it is expected that while micro-enterprises will not qualify, many small and medium enterprises (SMEs) will. With the introduction of the new Companies Act, 2013, the SME's approach to CSR has to be modified while keeping operational costs low. One viable alternative is to pool resources with other SMEs in the cluster and create joint CSR programmes managed by a single entity. This collaboration can be formed within the units in a cluster as they interact with the same communities and have already established associations that cater to the business needs of the units.³⁸

VII. THE COMPANIES ACT, 2013 AND THE CORPORATE SOCIAL RESPONSIBILITY

In India, presently the concept of CSR is governed by clause 135 of the Companies Act, 2013, which was passed by

both Houses of the Parliament, and had received the assent of the President of India on 29 August 2013. The CSR provisions within the Act is applicable to companies with an annual turnover of 1,000 crore INR and more, or a net worth of 500 crore INR and more, or a net profit of five crore INR and more. The new rules, which will be applicable from the fiscal year 2014-15 onwards, also require companies to set-up a CSR committee consisting of their board members, including at least one independent director.³⁹

The Act encourages companies to spend at least 2% of their average net profit in the previous three years on CSR activities. The ministry's draft rules, that have been put up for public comment, define net profit as the profit before tax as per the books of accounts, excluding profits arising from branches outside India.⁴⁰

The Act lists out a set of activities eligible under CSR. Companies may implement these activities taking into account the local conditions after seeking board approval. The indicative activities which can be undertaken by a company under CSR have been specified under Schedule VII of the Act.⁴¹

The draft rules (as of September 2013) provide a number of clarifications and

while these are awaiting public comment before notification, some the highlights are as follows:⁴²

- Surplus arising out of CSR activities will have to be reinvested into CSR initiatives, and this will be over and above the 2% figure
- The company can implement its CSR activities through the following methods:

=Directly on its own

=Through its own non-profit foundation set- up so as to facilitate this initiative

=Through independently registered non-profit organisations that have a record of at least three years in similar such related activities

=Collaborating or pooling their resources with other companies

- Only CSR activities undertaken in India will be taken into consideration
- Activities meant exclusively for employees and their families will not qualify
- A format for the board report on CSR has been provided which includes amongst others, activity-wise , reasons for spends under 2%

of the average net profits of the previous three years and a responsibility statement that the CSR policy, implementation and monitoring process is in compliance with the CSR objectives, in letter and in spirit. This has to be signed by either the CEO, or the MD or a director of the company

the company's official website, if any, in such manner as may be prescribed. If the company fails to spend the prescribed amount, the board, in its report, shall specify the reasons.

VIII. CURRENT STATUS OF CORPORATE SOCIAL RESPONSIBILITY IN INDIA

Governance⁴³

Clause 135 of the Act lays down the guidelines to be followed by companies while developing their CSR programme.

The CSR committee will be responsible for preparing a detailed plan on CSR activities, including the expenditure, the type of activities, roles and responsibilities of various stakeholders and a monitoring mechanism for such activities. The CSR committee can also ensure that all the kinds of income accrued to the company by way of CSR activities should be credited back to the community or CSR corpus.

Reporting⁴⁴

The new Act requires that the board of the company shall, after taking into account the recommendations made by the CSR committee, approve the CSR policy for the company and disclose its contents in their report and also publish the details on

CSR is not a new concept in India. Corporates like the Tata Group, the Aditya Birla Group, and Indian Oil Corporation, to name a few, have been involved in serving the community ever since their inception. Many other organizations have been doing their part for the society through donations and charity events. Today, CSR in India has gone beyond merely charity and donations, and is approached in a more organized fashion. It has become an integral part of the corporate strategy. Companies have CSR teams that devise specific policies, strategies and goals for their CSR programs and set aside budgets to support them. These programs, in many cases, are based on a clearly defined social philosophy or are closely aligned with the company's business expertise. Employees become the backbone of these initiatives and volunteer their time and contribute their skills, to implement them. CSR Programs could range from

overall development of a community to supporting specific causes like education, environment, healthcare etc. Best practices followed by Indian Companies related to CSR are as follows:⁴⁵

❖ **ONGC and Indian Oil Corporation**

has been spending 0.75-1 % of their net profits on CSR activities. In 2007-08 Rs. 246.70 crores was spent by oil PSUs on CSR activities. ONGC's CSR projects focus on higher education, grant of scholarship and aid to deserving young pupils of less privileged sections of society, facilities for constructing schools etc.⁴⁶

❖ **SAIL** has taken successful actions in environment conservation, health and medical care, education, women upliftment providing drinking water.⁴⁷

❖ **BHEL & Indian Airlines** have been acclaimed for disaster management efforts. BHEL has also adopted 56 villages having nearly 80,000 inhabitants.⁴⁸

❖ **Reliance Industries** initiated a project named as "Project- Drishti" to bring back the eyesight of visually challenged Indians from the economically weaker sections of the

society. This project has brightened up the lives of over 5000 people so far.⁴⁹

❖ **Mahindra & Mahindra** launched a unique kind of ESOPs- Employee Social Option in order to enable Mahindra employees to involve themselves in socially responsible activities of their choice.⁵⁰

❖ **GlaxoSmithKline**

Pharmaceutical's CSR programs primarily focus on health and healthy living. They work in tribal villages where they provide medical check-up and treatment, health camps and health awareness programs. They also provide money, medicines and equipment to non-profit organizations that work towards improving health and education in under-served communities.⁵¹

❖ **Bajaj Electricals Ltd** corporate social responsibility activities include Education, Rural Development & Environment.⁵²

❖ Corporate companies like **ITC** have made farmer development a vital part of its business strategy, and made major efforts to improve the livelihood standards of rural communities.⁵³

- ❖ IT companies like **TCS** and **Wipro** have developed software to help teachers and children in schools across India to further the cause of education.⁵⁴
- ❖ **Aptech Limited**, a leading education player with a global presence, has played an extensive and sustained role in encouraging and fostering education throughout the country since inception. As a global player with complete solutions-providing capability, Aptech has a long history of participating in community activities. It has, in association with leading NGOs, provided computers at schools, education to the underprivileged and conducted training and awareness-camps. Aptech students donated part of the proceeds from the sale of their art work to NGOs. To propagate education among all sections of the society throughout the country, especially the underprivileged, Aptech fosters tie-ups with leading NGOs throughout the country, including the Barrackpur-based NGO, Udayan, a residential school for children of leprosy patients in Barrackpur, established in 1970. The company strongly believes that

education is an integral part of the country's social fabric and works towards supporting basic education and basic computer literacy amongst the underprivileged children in India.⁵⁵

- ❖ In a study undertaken by automotive research company, **TNS Automotive**, India has been ranked second in global corporate social responsibility.⁵⁶
- ❖ **Pharmaceuticals Company Jubilant Organosys Ltd** already runs an anti-tuberculosis programme with the government of Uttar Pradesh. Apart from schools and hospitals that are run by trusts and societies, the government, too, is exploring to widen the scope of public-private partnerships to build and maintain schools and hospitals in return for a fixed annuity payment.⁵⁷
- ❖ **Infosys Foundation**, the philanthropic arm of Infosys Technologies Ltd., came into existence on 4th December 1996 with the objective of fulfilling the social responsibility of the company by supporting and encouraging the underprivileged sections of society. The Foundation has undertaken various initiatives in providing

medical facilities to remote rural areas, organizing novel pension schemes and in aiding orphans and street children. It has undertaken a large rural education program titled "A library for every school" under which 5500 libraries have been set up in government schools spread across many villages.⁵⁸

- ❖ The **Tata Memorial Centre** is not just India's best cancer hospital. It is a global centre of excellence where 70 per cent of patients get free primary care. About 10 to 12 million people the world over suffer from cancer. Almost 52 per cent of them are from developing countries. In India 800,000 are diagnosed with this dreaded disease every day.⁵⁹
- ❖ **IBM** - Japan's 'e-elder' initiative is a national program using training materials and other support from IBM Japan which will hire and train seniors as instructors for other seniors in an effort to help elder citizens more fully participate in a Web-based society.⁶⁰
- ❖ **Microsoft** works closely with international organizations such as the World Food Programme, Save the Children, and Mercy Corps to provide technology-based

development assistance through the HEART (Humanitarian Empowerment and Response through Technology) program. More and more, global organizations rely on technology to improve the effectiveness of their humanitarian efforts around the world.⁶¹

Apart from the above examples, there are also some Corporates who join hands with Non-governmental organizations (NGOs) and use their expertise in devising programs which address wider social problems. For example, a lot of work is being undertaken to rebuild the lives of the tsunami affected victims. This is exclusively undertaken by SAP India in partnership with Hope Foundation, an NGO that focuses mainly on bringing about improvement in the lives of the poor and needy. The SAP Labs Center of HOPE in Bangalore was started by this venture which looks after the food, clothing, shelter and medical care of street children. CSR has gone through many phases in India. The ability to make a significant difference in the society and improve the overall quality of life has clearly been proven by the corporate. Not one but all corporate 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.⁶²

IX. CHALLENGES OF CORPORATE SOCIAL RESPONSIBILITY

There are number of challenges to the implementation of CSR. They are enumerated below:⁶³

❖ **Lack of Awareness of General Public in CSR Activities:**⁶⁴ There is a lack of interest of the general public in participating and contributing to CSR activities of companies. This is because of the fact that there exists little or no knowledge about CSR. The situation is further aggravated by a lack of communication between the companies involved in CSR and the general public at the grassroots.

❖ **Need to Build Local Capacities:**⁶⁵ There is a need for capacity building of the local non governmental organisations as there is serious dearth of trained and efficient

organisations that can effectively contribute to the ongoing CSR activities initiated by companies. This seriously compromises scaling up of CSR initiatives and subsequently limits the scope of such activities.

❖ **Issues of Transparency:**⁶⁶ Lack of transparency is one of the key challenge for the corporate as there exists lack of transparency on the part of the small companies as they do not make adequate efforts to disclose information on their programmes, audit issues, impact assessment and utilisation of funds. This negatively impacts the process of trust building among the companies which is key to the success of any CSR initiative.

❖ **Non-Availability of Well Organised Non-Governmental Organizations:**⁶⁷ There is non-availability of well organised non governmental organisations in remote and rural areas that can assess and identify real needs of the community and work along with companies to ensure successful implementation of CSR activities.

❖ **Visibility Factor:**⁶⁸ The role of media in highlighting good cases of

successful CSR initiatives is welcomed as it spreads good stories and sensitises the population about various ongoing CSR initiatives of companies. This apparent influence of gaining visibility and branding exercise often leads many non-governmental organisations to involve themselves in event-based programmes; in the process, they often miss out on meaningful grassroots interventions.

❖ **Narrow Perception Towards CSR**

Initiatives:⁶⁹ Non-governmental organisations and Government agencies usually possess a narrow outlook towards the CSR initiatives of companies, often defining CSR initiatives more as donor-driven. As a result, corporates find it hard to decide whether they should participate in such activities at all in medium and long run.

❖ **Non-Availability of Clear CSR**

Guidelines:⁷⁰ There are no clear cut statutory guidelines or policy directives to give a definitive direction to CSR initiatives of companies. The scale of CSR initiatives of companies should depend upon their business size and profile. In other words, the bigger the

company, the larger its CSR programme.

❖ **Lack of Consensus on Implementing CSR Issues:**⁷¹

There is a lack of consensus amongst implementing agencies regarding CSR projects. This lack of consensus often results in duplication of activities by corporate houses in areas of their intervention. This results in a competitive spirit between implementing agencies rather than building collaborative approaches on issues. This factor limits company's abilities to undertake impact assessment of their initiatives from time to time.

X. RECOMMENDATIONS TO POPULARISE AND UPLIFT CORPORATE SOCIAL RESPONSIBILITY IN INDIA

In developing countries like India, it is being clearly seen that the ground realities like unemployment, unavailability of basic amenities, corruption, poverty, education, etc... are not being looked into "Practically". The viability of the Government schemes and Projects are under the scanner. The question that arises at this

juncture – Is it the Responsibility only of the Government? From the viewpoint of renowned academicians, both the Public and the Private Sector has to play a major Role. To create an increasing database of customer the concept of an all round CSR need to be put in place. CSR may have become a hot topic in some management circles for the past few years, but for a significant proportion of ordinary employees it is completely irrelevant. This is because CSR has not been made to understand down the line.⁷² Below some of the recommendations are provided to popularise and uplift corporate social responsibility mechanism in India.

- ❖ It is found that there is a need for creation of awareness about CSR amongst the general public to make CSR initiatives more effective.⁷³
- ❖ It is noted that partnerships between all stakeholders including the private sector, employees, local communities, the Government and society in general are either not effective or not effectively operational at the grassroots level in the CSR domain. This scenario often creates barriers in implementing CSR initiatives. It is recommended that appropriate steps be undertaken

to address the issue of building effective bridges amongst all important stakeholders for the successful implementation of CSR initiatives.⁷⁴

- ❖ It is noted that only medium and large corporate houses are involved in CSR activities, that too in selected geographical areas. This issue builds a case for more companies to be brought under the CSR domain.⁷⁵
- ❖ It is found that corporate houses and non-governmental organizations should actively consider pooling their resources and building synergies to implement best CSR practices to scale up projects and innovate new ones to reach out to more beneficiaries.⁷⁶
- ❖ It is found that many CSR initiatives and programs are taken up in urban areas and localities. As a result, the impact of such projects does not reach the needy and the poor in the rural areas. This 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 areas on education, health, girl child and child labor as this will directly benefit rural people.⁷⁷

- ❖ It is noted that the Government should consider rewarding and recognizing corporate houses and their partner non-governmental organizations implementing projects that effectively cover the poor and the underprivileged.⁷⁸
- ❖ It is noted that CSR as a subject or discipline should be made compulsory at business schools and in colleges and universities to sensitize students about social and development issues.⁷⁹
- ❖ As there are a number of companies involved in CSR activities, it is recommended that an accreditation mechanism should be put in place for companies through an independent agency for mainstreaming and institutionalizing CSR in the main business framework of the companies.⁸⁰
- ❖ It is recommended that companies involved in CSR activities urgently consider pooling their efforts into building a national alliance for corporate social responsibility.⁸¹

XI. CONCLUSION

The concept of corporate social responsibility is now firmly rooted on the global business agenda. But in order to move from theory to concrete action, many obstacles need to be overcome. A key challenge facing business is the need for more reliable indicators of progress in the field of CSR, along with the dissemination of CSR strategies. Transparency and dialogue can help to make a business appear more trustworthy, and push up the standards of other organizations at the same time.⁸²

Even though companies are taking serious efforts for the sustained development of CSR, some critics still are questioning the concept of CSR. There are people who claim that Corporate Social Responsibility underlies some ulterior motives while others consider it as a myth. The reality is that CSR is not a tactic for brand building; however, it creates an internal brand among its employees. Indulging into activities that help society in one way or the other only adds to the goodwill of a company. Corporate Social Responsibility is the duty of everyone i.e. business corporations, governments, individuals because of the reasons: the income is earned only from the society and therefore it should be given

back; thus wealth is meant for use by self and the public; the basic motive behind all types of business is to quench the hunger of the mankind as a whole; the fundamental objective of all business is only to help people. CSR cannot be an additional extra - it must run into the core of every business ethics, and its treatment of employees and customers. Thus, CSR is becoming a fast-developing and increasingly competitive field. The case for demonstrating corporate responsibility is getting stronger as expectations among key opinion formers, customers and the public are increasing. Being a good corporate citizen is increasingly crucial for commercial success and the key lies in matching public expectations and priorities, and in communicating involvement and achievements widely and effectively.⁸³ It can also be noticed that some companies has now started using the CSR as a strategy, which aims at mutual development of company and the community simultaneously.⁸⁴

In India, clause 135 was introduced by the Companies Act 2013 which would go a long way in strengthening the social initiatives taken by the companies. Apart from boosting transparency and accountability, it would also open up the avenue for Corporate Social Responsibility

Consulting. However, steps are required to be taken to sort out issues of penalties in the event of non disclosure, scope of Schedule VII, internal controls etc. If the law is followed in true letter and spirit, India would succeed in discharging its social responsibility in an effective and efficient manner.⁸⁵

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