

Corporate Social Responsibility in India- Issues and Challenges

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ABSTRACT

Corporate social responsibility is a means to achieve sustainable development of an organization. Corporate can no longer limit themselves in using resources of society and they have to be socially responsible corporate citizens and, must also contribute to the social good. Company act,2013 encourage company to spent at least 2% of their average net profit in the previous three years on CSR activities. More and more organizations are showing their commitments towards CSR either for enhancing their corporate image or to be in competition. This paper tries to analyze the CSR status in India, and focuses on the finding & reviewing of the issues and challenges faced by CSR activities in India. It is found from the study that there is a need of awareness about CSR amongst the general public to make CSR initiative more effective

KEYWORDS: - Corporate social responsibility, social welfare, Companies act, 2013, prime minister's national relief fund, nongovernmental organization

INTRODUCTION

EC defines CSR as "The responsibility of enterprises for their impact on society". CSR needs to address the well- being of all stakeholders and not just the company's shareholders. According to founder of Infosys, Narayan Murthy, "Social responsibility is to create maximum shareholders value, working under the circumstances, where it is fair to all its stakeholders, workers, consumers, the community, government and the environment." As some observers have pointed out, the practice of CSR in India still remains within the philanthropic space but has moved from institutional building to community development through various projects. Company act, 2013 has introduced the ideas of CSR for promoting transparency and disclosure. Company act, 2013 schedule VII, contains the list of CSR activities, which suggests

communities the focusing points for CSR activities. The concept of CSR is governed by clause 135 of the company act 2013, which has been passed by both houses of the parliament and had received the assent of the president of India on August 29, 2013. Company act,2013 encourage company to spent at least 2% of their average net profit in the previous three years on CSR activities. Due to this provision India will be required to spend an estimated Rs.150 billion annually on CSR activities because approximately 8000 companies operating in India.

Company act 2013 recognized the CSR activities these activities includes the followings:-

- Promoting the empowerment of women and gender equality
- Promoting the education
- Ensuring environmental sustainability

- Combating human immunodeficiency virus, malaria, AIDS and other diseases
- Eradicating extreme hunger and poverty
- Contribution to the prime minister's national relief fund or any other fund set up by the central or state government for the society welfare.
- Employment generation and enhancing vocational skills
- Reduction of child mortality and improvement of maternal health

OBJECTIVE-

1. To make a critical analysis of the concept CSR.
2. To study the challenges in implementation of CSR.

Research methodology

This study is descriptive in nature. For conduct the study secondary data is used, which have been collected from various national and international research papers and some data are collected from newspapers etc.

METHODS BY WHICH COMPANY CAN INVOLVE IN CSR ACTIVITIES

Company act 2013 gives ideas for many areas where company can focus their activities. Company can follow the following methods for implementing CSR:-

- Directly its own
- through its own nonprofit foundation set up so as to facilitates this initiative
- collaboration or pooling their resources with other companies
- through independently registered non-profit organization that have a record of at least three years in similar such related activities

CORPORATE SOCIAL RESPONSIBILITY IN INDIAN COMPANIES

Subrata Mukherjee, the president of ICICI foundation declared that "CSR needs to be embedded in to the core of the business strategy"

CSR activities followed by the Indian companies:-

▪ **Indian oil corporation Ltd.:-** Indian oil is the largest company with turnover and profit. Every year company sets aside a fixed portion of its profit through comprehensive community welfare and development program, about one fourth of this fund spent on the welfare of scheduled caste and scheduled tribe beneficiaries.

With the objective of protecting, preserving and promoting the glorious past Indian oil ltd has created a nonprofit trust "The Indian oil Foundation "in collaboration with the Archaeological survey of India (ASI) and The National Cultural fund of the Ministry of Culture Government of India.

Indian oil academic and sports scholarships- In each academic year Indian oil ltd. Awards 2600 scholarship for meritorious students all over the India under this scheme.

▪ **BHEL-** BHEL adopted 56 villages for their development and growth.

▪ **The Coca- cola company-** Coco-cola company with NDTV engaged in " **support my school**"

▪ **Tata steel-** Tata steel projected maternal and newborn survival initiative (MANSI), a public- private initiative. It is being implemented in 167 villages of the seraikela block of Jharkhand. MANSI goals are to reduce child and infant mortality.

▪ **Tata chemicals:** - Starting a program save the whale shark campaign. This program started in 2004 for spread awareness about the whale shark, world's largest fish.

- **GAIL:** - GAIL has established GIS which address the uses of unemployment and skill gap.
- **BHARAT Petroleum:** - Bharat Petroleum projected BOOND, which has evolved from the construction of rain water harvesting structure to making village drought free.
- **Infosys:** - Infosys is a leading software company. Company contributes in providing language and computer education to needy students. Company has special program for unprivileged children, they organized blood donation camps, distribute chess board, carom board, chocolates etc to the needy children. Company started a mid- day meal program.
- **Reliance:** - Reliance industries initiated a project name “**Drishti**” to bring back the eyesight of visually challenged Indians from economically weaker section of the society.
- **ONGC-** oil and natural gas corporation ltd. Is state owned oil and natural gas Company founded on August 14, 1956, Company launch a project **Sarswati** in 2005, aims to locate fresh water unexploited deep ground water resources and the project are in progress to bring water to people in draught prone areas. Company also take many educational initiatives like braille machine for blind children of north eastern state, vocational educational centers for women in southern region, financial support for Bal Bhavan, Dehradun and akshay patra foundation for modern kitchen to facilitate mid day meal foe school children in Andhra Pradesh.
- **Mahindra and Mahindra-** M& M Company mainly focus on girl child, youth and farmers development. Mahindra pride school provides live hood training to youth from socially and economically disadvantaged communities. M&M also sponsors the lifelines express trains. M&M starts a project **Haryali** in which they have planted 7.9 million trees(approximately)

A program has been set up by Anand Mahindra in 1956 projected Nanhi Kali, which supported the education of girl child.

Benefits of CSR activities

Most of the companies involved in CSR activities because it beneficial for the company because it effects company’s financial performance, Reduced regulatory oversight, More ability to attract and retain employees, Enhanced brand image and reputation, Increased sales and customer loyalty, Workforce diversity. CSR activities also give benefit to the Community and the General Public. Because Corporate involve in community education, employment and homelessness programs, they contribute in environment protection through greater material recyclability, better product durability and functionality, greater use of renewable resources etc.

ISSUES AND CHALLENGES OF CSR

- Lack of cooperation by the local nongovernmental organization. They are not effectively contributed to the ongoing CSR activities initiated by the companies.
- Lack of awareness about CSR activities among the general public.
- Also found the lack of interest of the general public about CSR activities organized by the company.
- Lack of transparency is also the main reason for the failure of CSR. Mainly small companies do not make adequate efforts to disclose information about CSR activities initiated by them.
- Lack of awareness is mainly due to little knowledge about CSR. General public does not know what the CSR activities are.
- Non- availability of well organized nongovernmental organization that can work in rural and remote areas.

- Nongovernmental organizations and Government agencies does not contribute its full efforts, they usually possess a narrow outlook towards CSR activities.
- There are no clear statutory guidelines or policy directions to give a clear direction to companies for their CSR activities.
- There is no initiative for the companies if they spent more than 2% of the net profit on CSR.
- Carry forward of such a contribution (2% of net profit) not being mentioned under the provision of CSR given in company act 2013.

CONCLUSION

Govt. introduces CSR as it wants to make companies more responsible for the society and also for its shareholders. Through the CSR activities corporate can contribute in various activities which are directly and indirectly related to the social welfare. As we already know that corporate cannot stand alone, they need help of society for their development and growth. Company act, 2013 make many provisions to support CSR activities. CSR is now accepted as a means to achieve sustainable development. CSR impacts almost every operational areas of a company. From the study found that there is a need of awareness about CSR amongst the general public to make CSR initiative more effective. It is difficult for a single entity to bring about change in the society; this change can be done with the help of whole. The CSR regime in India is in a nascent stage and a lot of fine-tuning will be required before we hit the perfect balance.

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