

Corporate Social Responsibility: A Study on CSR Practices in India

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Abstract:

As per New Company Law, 2012 all companies must contribute 2% of their net profits towards CSR which made Indian companies to work towards CSR, as it is required to the companies to spend a portion of their profits on CSR activities. As the companies begin their operations in the society, for the society and from different resources provided by the society, it becomes critical for them to give something in return to the society. CSR has become a fundamental business practice and has gained much attention from the management of large international companies. It facilitates the alignment of business operations with social values. CSR works for the community in the form of and with the help of various initiatives aimed at ensuring socioeconomic development of the community. As we know, today Indian corporates go beyond Philanthropy (Charity) concept and it's more concentrate on all the stakeholders. This research paper attempts analyze the Corporate Social Responsibility practices followed by corporates operating in India. This paper will help the researchers and scholars in identifying the best CSR practices and to do further studies on what is best for India and what India really needs as CSR from the corporate. This paper helps to provide some suggestions to improve the CSR practices to better serve the society and the country on the loose.

Keywords: Corporate Social Responsibility, Philanthropy, Society, Companies Act, 2013

Introduction:

Corporate social responsibility (CSR) is a self-regulating business model that helps a company to be socially accountable to itself, its stakeholders, and the public. By practicing corporate social responsibility, also called corporate citizenship, companies can be conscious of the kind of impact they are having on all aspects of society, including economic, social, and environmental. Corporate social responsibility means to do useful for the society and to contribute in the balanced development of the society by giving enough services to the stakeholders, for example, employees, customers, shareholders, suppliers, general open etc. Corporate social responsibility (CSR) is the manner by which companies manage their business processes to produce an overall positive effect on society. It covers manageability, social effect and ethics followed for operating in the society. The stakeholders covered under CSR are:

- Customers
- Suppliers
- Employees
- Business partners
- Shareholders/Investors

- Government

Corporate social responsibility is defined as “the ethical behavior of companies towards the society”, patent itself in the form of such noble programs initiated by for-profit organizations. CSR has become increasingly important in the Indian Corporate Scenario because organizations have apprehended that besides growing their business it is also essential to build dependable and sustainable relationship with the community at large. This is one of the key drivers of CSR programs.

Objectives of the Study:

1. To know the concept of CSR.
2. To know the new CSR provisions given in Companies Act, 2013.
3. To analyze the CSR initiatives of some of the companies in India.

Research Methodology:

The data required for this study is secondary data which have been collected from different sources such as official websites like department of Corporate Affair ministry, Newspaper Articles, journals, Research Papers, media reports and Magazine Articles.

Review of Literature:**1. Historical Evolution of CSR**

Latapí Agudelo, Jóhannsdóttir, and Davídsdóttir (2019) conducted a comprehensive literature review to trace the historical evolution of Corporate Social Responsibility (CSR). The study highlights that CSR has evolved from a philanthropic concept in the early 20th century to a strategic business practice influenced by globalization, stakeholder expectations, and sustainability concerns. The authors emphasize that CSR is shaped by social, political, and economic events, and its meaning has changed over time in response to societal demands. The review concludes that CSR is no longer voluntary but is increasingly integrated into corporate governance and public policy frameworks.

2. Conceptual Understanding and Trends in CSR Research

Hishan et al. (2017) conducted a systematic literature review of 100 research articles on CSR to analyze trends in the field. The study found that the majority (72%) of CSR research is conceptual, focusing on definitions and theoretical frameworks, while fewer studies examine CSR performance and communication aspects. The authors highlight the dynamic and multidimensional nature of CSR, noting that research spans across developed and developing countries. The review also indicates a lack of empirical studies and calls for more quantitative and performance-based research in CSR.

3. CSR, Governance, and Firm Performance

A structured literature review by Velte (2021) (based on meta-analyses) explores the relationship between CSR, corporate governance, and firm performance. The study identifies that CSR practices are influenced by governance mechanisms such as board structure and stakeholder engagement. It also finds that CSR has both financial and non-financial impacts on firms, although results vary depending on mediating and moderating variables. The review highlights that CSR research is heterogeneous and emphasizes the need for more integrated models linking governance, CSR, and performance outcomes.

4. CSR and Stakeholder Theory Perspective

Gao, Yuan, and Zhang (2020) reviewed CSR literature from the perspective of stakeholder theory. Their study emphasizes that CSR practices are largely influenced by both internal and external stakeholders,

including employees, customers, and communities. The review highlights that different stakeholders have varying expectations, which shape corporate strategies and CSR initiatives. The authors conclude that effective CSR implementation requires balancing stakeholder interests and integrating them into organizational decision-making processes.

EVOLUTION OF CSR IN INDIA:

India has the world's flourishing convention of Corporate Social Responsibility (CSR). The term CSR may be relatively new to India, but the concept dates back to Mauryan history, where philosophers like Chanakya, emphasized on ethical practices and principles while conducting business. CSR has been informally practiced in ancient times in form of charity to the poor and disadvantaged class of the society. Indian scriptures have at several places mentioned the importance of sharing one's earning with the deprived section of society. We have a deep rooted culture of sharing and caring. Religion also played a major role in promoting the concept of CSR. Merchants belonging to Hindu religion gave alms, got temples and night shelters made for the poorer class. Hindus followed Dharmada where the manufacturer or seller charged a specific amount from the purchaser, which was used for charity. The amount was known as charity amount or Dharmada. In the same fashion, Sikhs followed Daashaant. Islam had a law called Zakaat, which rules that a portion of one's earning must be shared with the poor in form of donations.

The evolution of CSR in India can be broadly divided into four phases:

The first phase of CSR was motivated by noble deeds of philanthropists and charity. It was influenced by family values, traditions, culture and religion along with industrialization. Till 1850, the wealthy businessmen shared their reserves with the society by either setting up temples or religious institutions. In 1900s, the industrialist families like Tatas, Birlas, Modis, Godrej, Bajajs and Singhanias and others promoted this concept by setting up charitable foundations, educational and healthcare institutions, and trusts for community development. The second phase was the period of independence struggle when the industrialists were rushed to show their dedication towards the benefit of the society. Mahatma Gandhi pushes for to the powerful industrialists to share their wealth for the benefit of underprivileged section of the society. In the third phase from 1960-1980, CSR was influenced by the emergence of Public sector entities to ensure proper distribution of wealth in the country. The policy of industrial licensing, high taxes and restrictions on the private sector resulted in corporate misconducts. This led to endorsement of legislation regarding corporate governance, labor and environmental issues. In the fourth phase from 1980 onwards, Indian corporate entities integrated CSR into a sustainable business strategy. With globalization and economic liberalization in 1990s, and withdrawal of controls and licensing systems there was a boom in the economic growth of the country. This led to the bigger thrust in industrial growth, making it possible for the companies to contribute more towards social responsibility. Today, in India CSR has gone beyond merely charity and donations, and is approached in a more structured approach. It has become a central part of the corporate strategy. Companies have CSR teams that devise specific policies, strategies and goals for their CSR programs and set budget to support them.

PHASES OF EVOLUTION OF CSR IN INDIA:

PHASE 1	PHASE 2	PHASE 3	PHASE 4
Purely philanthropy and	CSR as social	CSR under the "mixed	CSR became

charity during industrialization. Companies were only responsible to owners and managers	Development during the Independence struggle. Companies were only responsible to owners, managers and employees.	economy model” and companies were responsible to owners, managers and other Target environments.	characterized as a Sustainable business strategy. Companies are responsible not only to owners but all the stakeholders.
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CSR PROVISIONS IN COMPANIES ACT, 2013:

Under the Companies Act, 2013, that replaces the nearly six-decade old legislation governing the way corporate function and are regulated in India, profitable companies with a sizeable business would have to spend every year at least 2% of three-year average profit on CSR works.

The provisions of CSR will be applicable for every organization that has any one of the following in any financial year:

1. Having net worth of rupees five hundred crore or more, or
2. Having turnover of rupees one thousand crore or more, or
3. Having a net benefit of rupees five crore or more.

Every company with net worth of Rs 500 crore or more, or turnover of Rs 1,000 crore or more or a net profit of Rs 5 crore or more during any financial year to constitute a CSR Committee of the Board consisting of three or more directors, of which at least one director shall be an independent director. The Board’s report to disclose the composition of the CSR Committee.

The main functions of the CSR Committee are:

1. Formulate and recommend to the board, a CSR policy indicating the activity or activities to be undertaken by the company as specified in Schedule VII of the Act.
2. Recommend the amount to be spent on these activities.
3. Monitor the company's CSR policy periodically.

Schedule VII of the Companies Act, 2013 prescribes activities that may be included by companies in their CSR policies:

1. Eradicating extreme hunger and poverty;
2. Promotion of education;
3. Promoting gender equality and empowering women Reducing child mortality and improving maternal health;
1. Combating human immunodeficiency virus, acquired immune deficiency syndrome, malaria and other diseases;
4. Ensuring environmental sustainability;
5. Employment enhancing vocational skills;
6. Social business projects;
7. Slum area developmental activities Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government or the State Governments for socioeconomic development and relief and funds for the welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women; and Other matters as may be prescribed

CSR PRACTICES IN INDIA: SOME EXAMPLES OF CORPORATIONS IN 2019-20:

1. Infosys Limited

Mrs. Sudha Murthy, Chairperson, Infosys Foundation, the CSR arm of IT services conglomerate Infosys says “CSR can’t be merely a job, it’s a passion,”. The company spent nearly Rs. 360 crore towards various CSR schemes for the financial year 2019-20. COVID-19 relief work dominated the activities, with education and health-related programmes following after. Among the main CSR initiatives in the financial year 2019-20 were a 100-bed quarantine setup in Bengaluru in partnership with Narayana Health City, and another one which had 182 beds for COVID-19 patients for Bowring and Lady Curzon Medical College & Research Institute. The major projects includes ‘Improved Cook stove Project’, Bio-gas Project, Rejuvenation of lake, Relief to martyr’s families, High standards of education for the underprivileged, Winner’s symposium, Promoting Education etc. Infosys Foundation primarily works with non governmental organizations as the nodal agency for implementing projects. Highlights of the Foundation’s interventions in the past include the introduction of Aarohan Social Innovation Awards, restoration of water bodies in Karnataka, enabling the pursuit of access and excellence in sports through the Go Sports Foundation, and disaster relief efforts in Tamil Nadu, Karnataka and Kerala.

2. Mahindra & Mahindra Ltd.

The Company is always dedicated towards CSR activities and has spent more than the prescribed CSR budget in last five financial years. The company has spent Rs. 126.60 Cr for the CSR activities during the financial year 2019-20 (The prescribed amount was Rs.105.56 Cr.). The major projects undertaken by the company during the financial year 2019-20 were: Integrated Watershed Management Program (Rs. 2.29 Cr.), Project Hariyali (Rs. 5.99 Cr), Environmental Sustainability Project (Rs. 0.03 Cr), Green Guardians (Rs. 3.30 Cr), Nature Guardian Program (Rs. 0.01 Cr), Environment Sustainability Initiatives (Rs. 2.00 Cr), Project Prerna (Rs. 6.39 Cr) etc.

3. Tata Chemicals Ltd.

Although the prescribed CSR for the financial year 2019-2020 was Rs. 21.39 Crores, the company has spent RS. 37.81 crores on community development projects. Improving the quality of life and fostering sustainable and integrated development in the communities where it operates is central to Tata Chemicals’ corporate philosophy. In order to do so Tata Chemicals established Tata Chemicals Society for Rural Development (TCSRSD) in 1980 as a society and trust. The principle aim and objective as written in the memorandum of association, of which Tata Chemicals is a principle promoter is to undertake, carry out, promote, sponsor, assist or aid directly or in other manner, any activity for:

- The promotion and growth of rural economy.
- Rural welfare.
- Activities relating to environmental protection.
- Conservation of natural resources.
- Creating and developing facilities for public education.
- Fostering conservation and research in the field of natural history.

The company has undertaken many of the projects and programs under CSR activities for the financial year 2019-20. The major projects are: Environment Integrity Insurance Program, Skills & Education Promotion, Social, Economic & Environmental Development and Non-Farm Based Livelihood Program.

4. ITC Ltd.

The Company is always committed towards CSR activities and has spent more than the prescribed CSR budget in last three financial years. The company has spent Rs. 326.49 Cr on CSR activities during the

financial year 2019-20.

This conglomerate company is contributing to rural development in a big way. ITC Choupal is a long-running flagship CSR programme by the company that has become the gold standard on community development in international circles. Not only has ITC Choupal impacted lakhs of farmers over the years through digital literacy and economic empowerment, it has also been replicated by scores of other corporates for social welfare in their own communities. The conglomerate has active social projects in education, environmental conservation, sustainable agriculture, healthcare, digital literacy, sports and culture, disaster relief activities, social forestry programme, women empowerment etc.

5. Vedanta Ltd.

Although the company incurred loss in the financial year 2019-20, it has spent Rs. 50.28 Cr for CSR activities in that year. The company undertakes the CSR activities under the banner of Vedanata Foundation which was established on 15th September, 1992. Vedanta Limited is mainly focusing on agriculture and rural development but also has a host of CSR initiatives focusing on themes such as water, energy and carbon management. The company has undertaken some of the important projects such as Education Promotion (Rs. 2.88 Cr.), Jeevan Amrit Project (Rs. 1.06 Cr.), Project Impact & Research (Rs. 1.27 Cr.), Skill Development Program (Rs. 2.98 Cr.) and many more.

6. Wipro Ltd.

Wipro has spent more than the prescribed CSR budget in the last three financial years. It has spent Rs. 181.80 Cr actually against prescribed amount of Rs. 166.90 Cr during the financial year 2019-20. Wipro Cares is a not-for-profit trust is one of the major channels of the company that engages with underprivileged community in proximity across education, primary healthcare and ecology. In addition, the trust also works on long-term rehabilitation of affected communities after natural disasters. The focus areas and the scope of work are:

Education for underprivileged children: Support direct way access to educational opportunities for underprivileged children.

Education for Children with disability: Supports the educational and rehabilitative needs of underprivileged children with disabilities.

Primary healthcare: Work with partners in the delivery of good quality health care services to underprivileged communities around our locations and in remote underserved areas where health care access has been weak or non-existent till now. Also build the capacity of local community in managing their health needs, of augmenting government infrastructure and in training health workers to address the unique needs of the communities.

Community ecology: Work on Environment projects that have direct benefit for underprivileged communities. Our projects span across the following areas (a) Waste Management (b) Agro forestry (c)

Water conservation and (d) Biodiversity parks Disaster Rehabilitation: Work on long term rehabilitation of the affected communities after a natural disaster.

Suggestions:

- Companies need to look into the remote areas of the society for their CSR activities where the Government is unable to reach and help the community.
- Healthcare is the prime issue for rural India. They have suffered a lot in the pandemic. So the corporate need to think in that sector to provide medical and health care facilities to the rural India through their CSR activities.

- Education is losing its integrity in India because of benefit motives by associations and management of different private organizations. Hence, Indian companies need to focus on imparting quality education to rural sector of the nation by adopting Government schools.
- There is a need of quality education with pragmatic orientation in rural areas at affordable fees for the needy people.
- Indian companies need to support and promote “Swachh Bharat Abhiyan” through their CSR activities to accelerate its pace of development for a healthy environment in India.
- Government incentives have to be provided to the companies contributing more to CSR programs.

Conclusion:

From the above study it is accomplished that the Government has initiated CSR because it wants companies to become more accountable for its stockholders and society at large as they are social entities. Many large corporations are now taking steps to improve their environmental and social performance through the use of volunteer initiatives. The ultimate aim of any business is to cater the society without harming our environmental and community life support system by providing safe and high quality products and services that improve for the welfare of society.

So, a business should elucidate and reorient its purpose to help and support the society. Finally, it is advised that, Indian corporations divert their CSR efforts towards the present need of the society

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