



# Corporate Social Responsibilities (CSR)-Mandatory and Its Implication on Indian Companies

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## Abstract:

*Corporate Social Responsibility in simple term is the companies responsibility towards the society in which it operates i.e. is giving back to society. Corporate Social Responsibility does not have a specific delimitation. CSR has three dimensions: social, environmental and economic. CSR takes into account every stakeholder related to business directly or indirectly. CSR is mostly confused with Corporate Responsibility, Corporate sustainability, Business Ethics. Corporate Social Responsibility is making Business Decisions while keeping in mind its impact on environment and society in which it operates. Corporate Social Responsibility is integration of corporate self-regulation with the Business. Corporate self-regulation integrated into a business model. Before 2013, CSR is the voluntary activity of Businesses But the amendment in the Companies Act, 1956, brings dimensional change in CSR concept. By Mandating CSR, India becomes the first Country in the world to legislate it. The new companies Act, 2013 made Corporate Social Responsibility mandatory for Every company having Net worth of Rs. 500 crore or more, or Turnover of Rs. 1000 Crore or more, or Net profit Rs. 5 Crore or more during any Financial year. The company fulfilling any of the above criteria have to spend in every financial year at least two per cent of the average net profits of the company made during the three immediately preceding financial years.*

**Keywords:** *Corporate social responsibility (CSR), Corporate Sustainability, Indian Companies Act, 2013*

## 1. Objectives

1. To determine the nature of CSR initiatives taken by Indian Companies.
2. To study the impacts of CSR initiatives on the companies.

## 2. Research Methodology

This research paper is exploratory in nature based on data collected from different websites, Newspapers, Journals and Research papers.

## 3. CSR Initiatives

### 1. COCA-COLA

COCA-COLA INDIA FOUNDATION ('THE FOUNDATION') has taken numerous CSR initiatives in different areas like "**Support My School**" Programme. CCIPL in partnership with NDTV start this initiative which is basically concerned with adequate sanitation and basic amenities in schools. The campaign aim to provide basic sanitation requirements in schools which ultimately reduced Absenteeism, drop outs rates. Healthy and clean toilets with proper water supply in schools is very important. This campaign of CCIPL helped around 24,00,000 children.

**CC IPL's initiative on better waste management system- Doh-Bin** focuses on waste segregation, handling, management and recycling to reduce harmful effect on unmanaged waste on environment. That is implemented in partnership with GIZ, Tetra Pak and NGO Saahasin the Gurugram city. CCIPL

Contributed during the financial year 2016-17. Many more initiatives of coca-cola are 'VEER', 'Parivartan' and others related to fauna and flora etc.

## 2. AMUL

TREE PLANTATION (one member one tree): AMUL also known as Milk producers dairy cooperatives has taken an initiative of Mass tree plantation campaign on Independence Day every year since 2007. Every member promised to take care of tree till it grows into tree. Effective planning is done in advance for successful implementation of plants.

Sr.	Year of tree plantation	No. of trees (in lakhs)	No. of trees Survived (in lakhs)	Survival percentage
1	2007	19	11	58
2	2008	53	26	49
3	2009	84	38	45
4	2010	83	39	47
5	2011	73	34	47
6	2012	57	26	45
7	2013	72	34	47
8	2014	77	36	46
9	2015	65	30	46
10	2016	36	17	47
<b>Total</b>	<b>620</b>	<b>291</b>	<b>47</b>	

## 4. Blood Donation Camp

Indian Red Cross Society in collaboration with AMUL start up a initiative to inculcate the habit of blood donation among the society by regularly organising blood donation camp since 1987. Blood donation camp are also organised where its employees and their families donate the blood.

## 5. Amul Scholarships

AMUL start up an initiative of providing of providing scholarship to children scoring extra-ordinary prestigious institutions.

## 6. CSR Activities: The Companies Act, 2013

The new companies act, 2013 defined the activities which are considered as CSR activities:

- Eradicating extreme hunger and poverty,
- promotion of education,
- promoting gender equality and empowering women,
- reducing child mortality and improving maternal health,
- combating human immunodeficiency virus, acquired, immune deficiency syndrome, malaria and other diseases,
- ensuring environmental sustainability,
- employment enhancing vocational skills,
- social business projects,
- Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government or the State Governments for socio-economic development and relief and funds for the welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women and such other matters as may be prescribed.

The activities that can be done by the company to achieve its CSR obligations include eradicating extreme hunger and poverty, promotion of education, promoting gender equality and empowering women, reducing child mortality and improving maternal health, combating human immunodeficiency virus, acquired, immune deficiency syndrome, malaria and other diseases, ensuring environmental

sustainability, employment enhancing vocational skills, social business projects, contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government or the State Governments for socio-economic development and relief and funds for the welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women and such other matters as may be prescribed

### **7. Indian Scenario: Before the Companies Act 2013**

Corporate Social Responsibility is a commonly used marketing concept before it becomes mandatory for companies. Many corporate companies like TATA, ITC, TCS, WIPRO are adopting the practice of social responsibilities voluntarily. Tata sons give around 66% holding to trust. ITC focuses on Farmer development to improve their livelihood standards. Unilever focuses on penetration in rural markets with the help of micro-enterprises. Banking and Insurance companies contributing in social cause by providing nominal amount of credit to migrant labour and small vendors. IT companies like TCS and Wipro are promoting education among illiterates by developing software which help students in rural areas.

According to a survey conducted to find the contribution of companies in CSR activities by Times of India and TNS India. It is concluded that more than 90% of the major Indian companies which were surveyed were taking CSR Initiatives actively. Main participants in CSR Initiatives were private players then government and public players. The companies focuses on education, environment, health, women empowerment, rural livelihood, rural sanitation etc.

In the TNS automotive research company survey which was based on public goodwill index, India ranks second in Global Corporate Social Responsibility with Marutiud Yog and Bharat petroleum ranked as the best companies of India. India received 119 points.

In Asian Governance Association survey, India occupied top three position consecutively with Hong Kong and Singapore for the past eight years.

Many Foundations carried by corporations like Multi Commodity Exchange of India Ltd, Anil Dhirubhai Ambani Group and media company Bennett with Audit firm KPMG in partnership provide guidance on evaluating corporate social responsibility policies.

Corporate Social Responsibility creates good public image of companies in society. CSR is a valuable asset of a company which affect its rate of sales and customer satisfaction. Many companies make mergers and acquisitions with CSR practicing companies. CSR provides a means of availing tax exemptions and to protect companies from government interference.

Indian companies were not maintaining proper reports of their social projects. According to KPMG study across 27 Indian companies it is found only 8% present their social cost in their annual reports and amongst them only 25% submit CSR reports. Surprisingly, most of these companies are member of Coalition for Environmentally Responsible Economies (CERES) and the United Nations Environment Programme focused on voluntary disclosures and improving reporting practices.

Reporting on CSR activities provide shareholders value and competitive advantage. Previously, Most of the Indian companies are relying on charities rather than Long term commitment programmes.

According to estimates, Indian companies spent approximately Rs.30,000 crore on social expenditure and get exemptions of about Rs. 5,500 crore under Income Tax. But according to sources this figures are miscalculated as Indian companies still do not able to distinguish between philanthropy and CSR.

Previously, there is no differentiation on activities which are considered as CSR- activities so every company has their own estimates on expenses on social cause.

For Example, TATA steel Ltd. Spends Rs.150 crore as social expenditure by providing 850 beds in hospitals of 800 villages whereas the Steel Authority of India Ltd (SAIL) spends Rs.100 crore. Basically, the Leader of the company decides the areas taken up for CSR activities before CSR made mandatory in India.

Many sector of Indian economy involves in CSR voluntarily like Pharmaceuticals company Jubilant Organosys Ltd. runs an anti-tuberculosis programme with the government of Uttar Pradesh before CSR is mandatory.

## 8. Conclusion

In the above research, it is found that Footprints of Corporate Social Responsibility already exists in India before it becoming legislatively mandatory for Indian companies. Nowadays, Corporate Social Responsibility get a spectacular success as it becomes an important parameter of the company to measure the public image in society. Corporate Social Responsibility enable a company to maintain healthy relationship with all its stakeholders. Corporate Social Responsibility creates a win- win situation for companies as it creates good public image as well as brings good returns to the company. Making CSR compulsory activity brings positive impact on companies.

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