The Evolution of Corporate Social Responsibility in India

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Abstract

Corporate Social Responsibility (CSR) **refers** **to** **the** **concept** **that** companies voluntarily **choose** to contribute to a better society and a cleaner **environment.** **It** **is** the **concept** **that** companies **voluntarily** **incorporate** social and other **beneficial** concerns **into** their operations for the **benefit** of their stakeholders and society **at** **large.** **CSR** **promotes** **efforts** **to** **create** a **better** **world** **and** improves the image **of** **society** by **increasing** the **chances** of **being** **noticed** **by** **consumers.** **If** **your** **company** **participates** in **communities** of **all** **kinds,** CSR **can** **help** **your** **company** **differentiate** **itself** from **its** **competitors.** **The** CSR Policy **describes** the activities **companies** **must** **carry** **out** **and** **spend** **in** **accordance** **with** **Annex** **VII** **of** the **law.** **Many** **companies** **such** as TATA and Birla **volunteer** **to** **his** **CSR.** The **law** introduces **a** corporate social responsibility (CSR) **culture** **to** Indian **companies** **and** **obliges** companies to **develop** CSR **policies** and spend **funds** on social **promotion** activities. The present paper focuses on how companies helping society, how responsible to the country in spite of several challenges.

 **keywords:-**
 Corporate Social Responsibility, Stakeholders, **Communities,** **Business,** CSR Policy, Consumers, Competition.

**Introduction :**

India **became** the first country in the world to make **Corporate** **Social** **Responsibility** (CSR) **mandatory** **with** **her** **2013** **amendments** to the Companies **Act** in April 2014. **Under** **the** **proposed** **amendments** **to** the Companies **Act** **2013,** companies with net **assets** of 5 billion **rupees** (US$70 million) or more, annual **sales** of 10 billion **rupees** (US$140 million) or **more** **and** net **profits** of 50 million **rupees** (US$699,125) or **more** **are** **required** to spend 2 percent of their average net **profit** **over** **a** **three-year** **period** on CSR. **Her** CSR in India **was** traditionally **considered** a philanthropic **activity** **until** the **Companies** **Act** **2013** **was** **enacted.** **And,** **following** Indian tradition, **all** **corporations** **were** **considered** **to** **have** a moral responsibility to play an active role in **fulfilling** **their** social obligations, **depending** **on** the financial health of the **corporation.** India **is** the first country to legislate the need to **implement** **her** CSR activities under the new Companies Act **of** **2013** **and** **mandate** **reporting** **on** **CSR** **efforts.** This is the beginning of a new era **of** CSR in India. **Previously,** if a company was unable to spend **the** **entire** CSR **fund** in a **particular** year, it could carry **over** **that** amount and spend it in the next **fiscal** **year** in addition to that **year's** **funding.**

The CSR **changes** introduced **by** the **law** **required** **the** **company** to **pay** **his** **unused** CSR funds **within** **the** **financial** **year** **to** **the** fund **set** **out** **in** **Annex** VII of the **law.** This amount must be **used** within three years from the date of **transfer.** **Otherwise,** the **amount** must be **paid** to one of the **designated** funds.

Corporate Social Responsibility (CSR ) is a management concept that has been used by companies for decades to provide back to society. CSR is largely a twentieth-century phenomenon, beginning to emerge in the early fifties. Although CSR has gained popularity in recent years, it has its roots in the Industrial Revolution, with responsible companies already existing more than a hundred years ago. The term ‘corporate social responsibility’ was first used in 1953 by an American economist, Howard Bowen, in his book, ‘The Businessman’s Social Responsibilities’. He is widely regarded as the ‘father’ of CSR

CSR trends in India:-

CSR spending by **Indian** **companies** has increased **significantly** **since** **the** **mandatory** **CSR** **provisions** **came** **into** **force** **in** **2014.** **The** **study** **found** **that** companies spent **47%** **more** in **2018** **than** **in** **2014-2015** **and** **donated** **$1** billion to CSR **initiatives.**
Listed **Indian** companies **have** spent 100 billion **rupees** (US$1.4 billion) **on** various programs **such** **as** **education** programs, **skills** development, social welfare, **health** **care** and **environmental** **protection,** while **CSR** **contributions** **to** the Prime Minister's Relief Fund **increased** **by** 139 **per** **cent** last year.

The CSR **Act** **requires** companies with net **assets** over **Rs.50** crore to spend 2% of their average net **profit** **over** the **last** three years on CSR projects. In 2021-22, India **Co.** spent Rs **14.558** **billion** on CSR projects, **slightly** **less** than **last** year's **Rs.** **14.615** **billion.** However, an analysis of CSR spending by NSE-listed **companies** **found** **that** **the** **number** **of** **companies** **in** **the** **CSR** **field** **increased** **to** **1,278** **from** **1,251** **last** **year.**

**Figure** :- 1 CSR **expenditures** **per** **year**



Examples of CSR in India :-

**Tata** **group**

**Indian** **conglomerate** Tata Group **runs** **a** **range** **of** CSR projects, **mostly** community improvement and poverty **reduction** programs. Through self-help groups, **the** **company** **addresses** **women's** **empowerment,** income generation, rural community **development** and other **community** **service** **program** **activities.** In the field of education, the Tata Group provides **grants** and **donations** **to** numerous institutions.Other areas include **agricultural** **programs,** **environmental** **protection,** **provision** **of** **sports** **scholarships** **and** economic empowerment through **the** **development** **of** infrastructure such as hospitals, research **centers,** educational institutions, sports **academies** and cultural **centers.**

**Ultra** **Tech** **Cement**

Ultra tech Cement, India's **largest** cement **company,** is **engaged** in social **projects** **in** 407 villages **across** the country **with** **the** **aim** **of** **creating** sustainability and self-reliance. **His** CSR activities focus on **health** and family welfare programs, education, infrastructure, environment, social **care** and sustainable **living.**
The company **organizes** medical camps, **vaccination** programs, **disinfection** programs, **registration** **programs,** plantation **campaigns,** water conservation programs, industrial **training** and organic farming programs.

Mahindra & Mahindra

Indian **automaker** Mahindra & Mahindra (M&M) **founded** **his** **K.C.** **In** **1954** the Mahindra **Educational** Trust **was** **established,** **followed** in **1969** by **the** Mahindra Foundation **for** the **promotion** of education. The company primarily focuses on **educational** programs to **help** economically and socially disadvantaged communities.
**His** CSR **program** **at** **the** **company** **invests** in scholarships and grants, livelihood training, remote **healthcare,** water **conservation** and disaster relief programs. M&M **operates** programs such as Nanhi **Kali,** **which** **focuses** on **girls'** **education,** Mahindra Pride **School** for industrial training, and Lifeline Express for **medical** services in remote areas.

ITC Group

**The** ITC Group, a conglomerate with **operations** **in** hotels, **fast-moving** **consumer** **goods,** agriculture, **IT** and **packaging,** has **focused** on creating sustainable **livelihoods** and **environmental** programs. **Through** **its** **CSR** **activities,** **the** company has been able to **build** sustainable **livelihoods** for **6** million **people.**
Their **e-choupal** **program** aims to connect rural farmers **to** **source** **their** **produce** **via** the **internet,** **with** 40,000 villages and **her** **more** **than** **4** million **farmers** **participating.** **Its** social **forestry** and **agricultural** forestry **programs** **help** farmers **convert** **fallow** **land** **into** **pulp** plantations. Social empowerment programs through micro-enterprises **and** loans **create** sustainable livelihoods for **her** **more** **than** 40,000 **women** **in** rural **areas.**

### Figure:-2 List of Permitted Activities To Be Included in Accordance With Schedule VII of the Companies Act, 2013



 CSR **activities:-**

1 **Contribute** **to** **Swach** **Bharat** **Kosh,** **established** **by** **the** **central** **government** **to** **eradicate** poverty, hunger and malnutrition, **promote** health care **including** sanitation and **preventive** care, **promote** sanitation and **provide** safe drinking water.

2 **Improving** **education,** **including** special education and **employment;** strengthening **vocational** skills **for** children, women, **the** elderly and **persons** **with** **disabilities;** and livelihood **improvement** projects.

**3.** **Take** **measures** **to** **improve** gender equality, **establish** homes and hostels for women and orphans, **nursing** homes, day care **centers** and **similar** **institutions** for **the** **elderly,** and **reduce** inequalities **between** socially and economically **disadvantaged** groups.

4 **Ensuring** environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, **protection** of natural **resources,** **preservation** of soil, air and water **quality,** **including** contribution **to** **the** **revitalization** of **the** **Ganges.**

5 Protection of national heritage, **arts** and **culture,** including **the** restoration of **historically** **significant** **buildings,** sites and works of **art.** **Establishment** **of** **a** public **library.** **Promotion** and development of traditional **crafts.**

**6.** Measures **to** **Benefit** **National** **Armed** **Forces** **Veterans,** **War** **Widows** and their **Families,** Central Armed Police **Force** (CAPF) and Central Para Military Forces (CPMF) **Veterans** and their **Families,** including **Widows.**

7 Training to **promote** rural sports, nationally recognized sports, Paralympic sports and Olympic sports.

8 **Contributions** to the Prime Minister's **State** **Aid** Fund, Prime Minister's **State** **Aid** Fund (PM-CARES) or other **socio-economic** **development** **funds** **established** by the Central Government **to** **provide** **support** and welfare **to** the **nominee** **castes,** **nominees** and **underclasses,** minorities and women.

9 **Contributions** to incubators or research and development projects in the **fields** of science, technology, engineering **or** **medicine** funded by **central** or **state** **governments,** **public** **sector** **companies** **or** **agencies** of **central** or **state** **governments.**

10 **Donations** to **publicly** funded **universities** established under **the** DAE, DBT, DST, **Pharmacy,** **AYUSH** **Department,** Department of Electronics and Information **Technology,** **IIT,** **national** **laboratories,** **self-governing** **institutions,** and **organizations** **such** **as** DRDO, ICAR, **ICMR,** **CSIR** **that** **conduct** research in science, technology, engineering and medicine **ahead** **of** **the** Sustainable Development Goals (SDGs).

11 **Rural** development projects.

12 Slum area development.

13 Disaster management, including relief, rehabilitation and reconstruction activities.

THE CSR ACTIVITIES SHALL BE UNDERTAKEN BY THE COMPANY, AS PER ITS STATED CSR POLICY:

(a) a company established under section 8 of the Act or a registered trust or a registered society, established by the company, either singly or along with any other company, or

(b) A company established under section 8 of the Act or a registered trust or a registered society, established by the Central Government or State Government or any entity established under an Act of Parliament or a State legislature.

(c) Company may also collaborate with other companies for undertaking projects or programs or CSR activities in such a manner that the CSR Committees of respective companies are in a position to report separately on such projects or programs in accordance with these rules.

(d) Companies may build CSR capacities of their own personnel as well as those of their Implementing agencies through Institutions with established track records of at least three financial years

FOLLOWING ACTIVITIES SHALL NOT BE CONSIDERED AS CSR ACTIVTIES:

a). Contribution of any amount directly or indirectly to any political party shall not be considered as CSR activity.

b). The CSR projects or programs or activities that benefit only the employees of the company and their families shall not be considered as CSR activities in accordance with section 135 of the Act.

**Conclusion:-**

CSR **means** **that** **a** **company** **contributes** to society. Company **secretaries** are expected to **understand** the legal and technical requirements **related** to CSR in order to guide management and **the** **board** **of** **directors.** Finally, **globalization** **combined** with economic reforms in the **1990s** **fundamentally** **changed** **India's** **view** of **CSR.** **Companies** operating in India **no** **longer** **approach** **his** CSR **only** in **limited** **ways** through sporadic philanthropy. **Now** they are more involved in developing a stakeholder-oriented approach, and **in** **addition** **to** **providing** **funding,** **they** **are** **also** **leveraging** their core competencies to **achieve** their CSR goals. They **recognize** that the long-term success of **a** **business** depends on the satisfaction of many stakeholders in the **community.**

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