

Corporate Social Responsibility in India

Abstract

We explain the concept of corporate social responsibility in the social issues addressed by the Indian corporations. Corporate social responsibility (CSR) is the responsibility of the corporate entity towards the society in consideration of the support given and sacrifices made by the society. The corporations exploit natural resources of the country, cause incidental damage to the environment and in convenience to the people of the project area. Therefore they have responsibility towards the society to share a part of their profits. In India corporate social responsibility is at evolving stage and acts are made related to corporate social responsibility so as to support corporate social responsibility. This paper will help the readers to understand the current state of the Indian corporate social responsibility, its impact on Indian society.

Keywords :Central public sector enterprises, Corporate social responsibility (CSR), incidental Damage, Sustainable Development.

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Introduction

Concept of CSR

The concept of corporate social responsibility has been developing since 1970s. Corporate social responsibility may be described as the responsibility of a corporation towards the society in consideration of the support given and the sacrifices made by society. Corporate social responsibility is viewed as a comprehensive set of policies, practices and programs that are integrated into business operations, supply chains and decision making process throughout the organization wherever the organization does business and includes responsibilities for current and past actions as well as future impacts. CSR is a concept where organizations serve the interests of society by taking responsibility for the impact of their activities on customers, shareholders, communities and all the environment in aspect of their operations. In developing economies like India, CSR is seen as part of corporate philanthropy in which corporations augment the social development to support the initiatives of the government.

Main Components of CSR

CSR is related to environment protection, labour security, human rights, commercial involvement, business standard, enterprises and economic development, health promotion, education and leadership development, human disaster relief etc.

The principle of CSR

There are mainly three principles of social responsibility, namely sustainability, accountability and transparency.

Importance of CSR

Many factors and influences have led to increasing attention being developed to the role of companies and CSR. These include sustainable development, Globalization, Corporate sector impact, communications, Finance, ethics, leadership, business tool etc.

Legal Position Relating to Corporate Social Responsibility in India

A larger step was taken by the Indian government in the form of the Companies Act, 2013. This legislation requires companies to take action, make investments, and report against a number of metrics related to Corporate Social Responsibility (CSR). PwC India released a Handbook on corporate social responsibility in India, providing guidelines to help industry to comply with the regulation. The guide was developed for the Confederation of Indian Industry (CII). While CSR does not in itself address the environmental issues mentioned above, it does set the companies and the country on a path to eventually deal with them.

Clause 135 of the Companies Act, 2013, which was passed on 29 August 2013 is applicable to companies with an annual turnover of 1,000 crore INR (\$161 million) and more, or a net worth of 500 crore INR (\$80 million) and more, or a net profit as low as five crore INR (\$800,000) and more. This will, in some cases extend to small and medium sized enterprises (SME).

The Act encourages companies to spend at least 2 percent of their average net profit over the previous three years on CSR activities. Among the eligible activities included in the act are:

1. Promotion of education
2. Eradication of extreme hunger and poverty
3. Gender equity and empowerment of women
4. Combating HIV/Aids, malaria and other diseases
5. Environmental sustainability
6. Reducing child mortality and improving maternal health

In India, of course, there are pressing socio-economic issues including a dizzying level of economic inequality and the remnants of a caste system that, while publicly disavowed, undoubtedly still lives on quietly in the hearts and minds of many. While these issues of poverty and inequality are not directly addressed by the CSR actions, they will likely be impacted by the promulgation of more open policies.

The act spells out specific actions for the board of directors including the formation of a CSR committee. The board must also approve the CSR policy and oversee its implementation. It also must monitor the 2 percent spend. If the spend level is not achieved, the board must explain why.

The CSR committee must contain three or more directors with at least one independent director. They are responsible for formulating the policy and recommending it to the board, as well as developing and monitoring the activities and expenditures. Impact measures will incorporate existing tools such as the London Benchmarking Group (LBG) model, Social return on investments (SROI Network), Global impact investing network (GIIN), Accountability's – AA 1000 Standards from the Institute of Social and Ethical Accountability, the ISO 26000 social responsibility standard, as well as public consultation guidelines from the Government of India. Reporting guidelines are including in Clause 135. They include a Securities and Exchange Board of India (SEBI) directive on Environmental and Social Corporate Governance (ESG) disclosure (if applicable), RBI guidelines on CSR, sustainable development and non-financial reporting.

CSR in India

India has had a large public sector with several huge corporations and companies operating in various sectors like petroleum. Heavy industries, aviation, mining, steel equipment, manufacturing and shipping.

The Indian public sector has had a long tradition of CSR and initiatives of corporate like the oil and natural gas corporation Ltd (ONGC), Steel authority of India Ltd (SAIL) and gas authority of India Ltd (GAIL) has played a vital role in the development of several backward regions of the country. Indian airlines and Bharat Heavy electronics (BEHL) have been widely acclaimed for disaster management efforts. From private sector P&G have taken initiative for providing education to poor people by building shiksha kendre's from their earnings. The national Mineral development corporations Ltd (NMDC) has contributed a lot by building infrastructure like school buildings, roads, anganwadi buildings and also

providing ambulance and medical facilities in and around its operational areas. ITC is helping some of them realise this dream if any persons buy four classmate notebooks, ITC contributes Re.1 to its rural development initiative that supports, among other projects, primary education in villages. You can be truly proud that your contributions part of it. Although public and private sector is give up attention towards their corporate social responsibility, but still both especially private sector has to go a long way in coming up to the expectations in the area of corporate social responsibility.

Conclusion

The conclusion of this study is that social responsibility is regarded as an important business issue of Indian companies, irrespective of size, sector, business goal, location of the company. There is a need to promote a drive in government companies towards their CSR ,but still both ,especially private sector has to go a long way in coming up to the expectation in the area of Corporate social responsibility.

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