

Analysis of Corporate Social Responsibility with Companies Act 2013

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Abstract – The concept of ‘Corporate Social Responsibility’ (CSR) has today become a key aspect of business philosophy and practice world over. CSR has been part of Indian business for long. There have been efforts, both in the remote and recent past, on the part of business community and government to make responsible business practices part of our business ethos. All the same, such efforts have been unsystematic, individual/ institution specific in orientation and, in certain cases, lacking a well-defined direction and purpose. Of late, there are indications that the scenario is changing. A host of factors such as globalization of business operations, the rise to prominence of climate change agenda, adoption of Millennium Development Goals and so on has contributed to an enhanced level of concern and commitment to the idea corporate social responsibility. As for the government’s initiatives are concerned, these are reflected in the new Companies Act passed in 2013, which mandates CSR spend for a defined category of corporate entities. This has given fillip to corporate CSR initiatives in a big way, which have, in many cases, gone beyond the requirements of the law. There have also been efforts, in tune with the global practice, to make CSR part of the corporate strategy and as a tool for attaining and sustaining competitive edge in the market place. The proposed paper will trace the evolution of CSR in India, Government initiatives to make CSR a part of corporate functioning in the country and the emerging trends in Indian business sector which look at CSR as a tool for competitive strategy.

Keywords:- CSR, Companies Act 2013, Corporate Social Responsibility, Board’s Responsibility in CSR implementation, CSR Committee, CSR Impact

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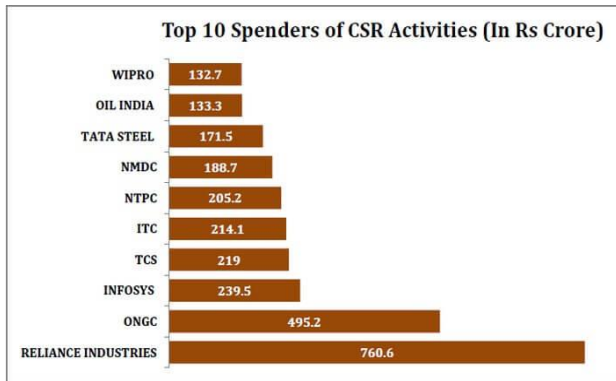
1. INTRODUCTION

Corporate Social Responsibility (CSR) has been part of Indian business for long. There have been efforts, both in the remote and recent past, on the part of business community and government to make responsible business practices part of our business ethos. All the same, such efforts have been unsystematic, individual/ institution specific in orientation and, in certain cases, lacking a well-defined direction and purpose. Of late, there are indications that the scenario is changing. A host of factors such as globalization of business operations, the rise to prominence of climate change agenda, adoption of Millennium Development Goals and so on has contributed to an enhanced level of concern and commitment to the idea corporate social responsibility. As for the government’s initiatives are concerned, these are reflected in the new Companies Act passed in 2013, which mandates CSR spend for a defined category of corporate entities. This has given fillip to corporate CSR initiatives in a big way, which have, in many cases, gone beyond the requirements of the law. There have also been efforts, in tune with the global practice, to make CSR part of the corporate strategy

and as a tool for attaining and sustaining competitive edge in the market place.

2. CSR GLOBALLY

In both the industrialized world and in the third world the concept and practice are being taken seriously in terms of corporate social responsibility (Hopkins, 2005). The word CSR involves the effects and projects of companies on the environment, society and animal rights (Ward and Fox, 2002). For the development of knowledge for further CSR studies, a wide summary of the status quo of CSR commitments and operations in companies in distinct nations globally is essential.



2.1 US and Europe

In the United States and Europe, the emphasis on CSR operations is the first thing you think of when you talk about CSR worldwide. Naturally, the United States and Europe are the worldwide company rulers in terms of their CSR position in other nations around the globe. Several study surveys attempted to comprehend this by evaluating the CSR patterns on blogs and social media. CSR operations in the U.S. and Europe, CSR riders, prominent stakeholder problems and important objectives in their CSR practices have been some important topics lately investigated by scientists. In view of these European nations' extensive spread of the Internet, France, the Netherlands, and the UK were selected to be the case in European studies. The United States, obviously, was a player in the spread of the internet. Each nation has selected 500 biggest business organisations. The CSR web pages relating to these businesses were searched for information. CSR procedures implemented by companies were discovered to be much smaller than Wood's (1991) conceptualized process of CSR response.

The three European countries have gained CSR less publicity than the United States and the United Kingdom. Businesses looked a lot more like good people. While the valuable CSR programmes, CSR was more performant motivated by CSR in US businesses. In reaction to stakeholder review and stresses, European companies also used CSR. While UK businesses concentrated more on society and clients, French and Dutch businesses collaborated responsibly with clients and authorities.

In order to comprehend CSR developments in Asia, a studies were carried out depending on inner and external dimensions of CSR in prominent Asian nations. Internal elements of CSR have been examined in the six Asian nations. Compared to Hong Kong, Thailand and Malaysia, Japan, Korea and Singapore have implemented more CSR appropriate strategies.

In examining internal elements of CSR in Asia, it has been discovered that in policy on externals elements of CSR, Hong Kong always tracks behind other businesses. In terms of labor standards, local community development and stakeholders

interaction, Singapore demonstrated the greatest impact of strategies.

The conceptual framework of 'explanatory' versus the 'implicit' CSR suggested in a multiple-cultural comparison research of Matten and Moon, in which European CSR was contrasted with the United States. "Explicit CSR" is shown in the U.S., corporate responsibility is the metric by which CSR grows among the primary stakeholders of any organization— i.e. employees in that organisation in specific and in that State or country. The results of a study have shown that the CSR consciousness of the employees of Singapore and Malaysia is low. In line with the CSR strategy, Japan has continually shown that it is one of the CSR's most advanced countries in this region. where businesses donate through their CSR strategies to deal with important cultural and financial problems, in large portion due to lower legal demands. While the liability for these matters lies within the legal obligations of a firm in Europe and the United Kingdom, CSR is thus "intrinsic" to the company's manner of doing business. Another research carried out by Armour et al. (2003) and Deakin (2005) examined the claim that British corporate governance share the values of shareholders in the US primacy.

In their study between the United States and the United Kingdom, Williams and Conley (2005) and Aguilera et al. (2006) found a difference in their social and environmental role in the capital markets of the two countries. The publicly listed firms in the UK have discovered social and economic transparency more than in the United States. In their international study, Maignan and Ralston (2002) showed that the information of companies about CSR as assessed in 1999 varied greatly in France, the Netherlands, the United Kingdom and the United States from the 100 largest companies' websites.

3. OBJECTIVES AND IMPORTANCE

This document is primarily intended to assess the impact of public private accountability ltd. Indian companies have recently become very well established and have an influence on the outcomes of the company. Companies are well conscious of their adverse effect if they do not contribute to the community and society as a whole's demands and welfare. You understand that proper income can not only help meet all your stakeholders, but it also helps you to gain enormous advantages from your competitors in the segment of corporate social responsibility. Taking into account the above statement, the biggest public ltd in India analyses. INDIA's COMPANIE. Public Ltd is trying to gain an understanding of the effect on not only its earnings, business investment and stock price but also the product, credibility and prestige of a business that has been the prize-winning CSR projects for Best CSR Practices since 3 successive years 4.

Responsibility matrix in corporate social responsibility public Ltd. Companies of India

4. DETERMINANTS TO CORPORATE SOCIAL PERFORMANCE

The fact that company is not simply connected with gain is now well founded. Every company organisation strives to be as socially responsible as feasible in attempt to compete and gain the benefit and recognition of its stakeholders. The business existence cannot be distinguished from ethical and cultural accountability, according to Lindrawati and Budianto (2008).

The fact that company is not only connected with profit is now well known. Each organisation strives to be as socially responsible as feasible to compete for the industry and gain the support and recognition of its stakeholders. The existence of business cannot be separated by ethical and social liability issues, according to Lindrawati & Budianto (2008).

"The CSR emerges more commonplace and viewed as appropriate to corporations world-wide "(Aras et al., 2008). (Aras et al., 2008). The study (2013) by KPMG International shows that 71 per cent out of 4,100 businesses polled in 2013 have completed and report on its social responsibility operations, and 93 per cent of the biggest 250 worldwide businesses, relying on Fortune Global ratings of 500. According to the study, the number of Asian-Pacific businesses reporting corporate responsibility operations has increased dramatically over the last two years.

Several previous research have discovered that CSR results in improved product picture and credibility, increased client allegiance and revenues, and increased efficiency and performance (Mishra & Suar 2010).

Different variables affect the socially responsible operations of a company. Those variables determine how the company's output is further enhanced by the values of profit taking, lawfulness, morality and advocacy in a extremely competitive market.

The next chapter examines the current literature on multiple determinants of CSR—namely, industry type, corporate size, board of directors, management control, company ownership, corporate age, financial performance and the direction of the CEO. In order to arrive at a clear comprehension of the measures and activities needed to achieve a certain company's achievement as an business organization and as a socially responsible entity, it is essential to be conscious of the study of different study studies that are carried out to investigate how and to what extent the above determinants influence CSR.

CSR EXPENDITURE

The six major FMCG companies spent ₹ 343.2 crore during fiscal year 2015.

Company	CSR SPEND (in ₹ crore)		% Change
	FY14	FY15	
ITC	106.63	214.06	100.8
HUL	58.62	82.3	40.4
Nestle*	23.9	8.5	-64.4
Godrej	4.51	16.08	256.5
Dabur	20.6	14.71	-28.6
Emami	3.75	7.6	102.7
Total	218.01	343.25	57.4

*For Nestle, the data is for the year ended December 2013 and 2014, respectively.

Source: Annual reports

4.1 Industry Type

A short review of literature on a number of morally responsible operations carried out by enterprises under three main branches—airspace, banks and accommodation, is given in this debate. The sub-sections provide an assessment of the way these three sectors operate in the same sense in their CSR as per the appropriate literary assessment.

4.1.1 Aviation

Edward (2006) lists a comprehensive study on several aerospace and university teaching participants ' CSR programs. A catalog of six different CSR assignments classified into three different organizations is published by Edward (2006) (American Airlines, 2001). Social expansion and appreciation is category A. Ethics is Category B. Category C covers security of the environment; preparation; health and safety; and variety. There is a distinct statement that airline staff are constantly urged to contribute through payroll deductions to the United Way project. Aviation businesses will promptly advertise local charitable programs in the area in order to stimulate voluntary involvement in physical or financial aspects. Edward (2006) cites the regular March of Dimes fundraiser, "thousands of FedEx workers and their relatives voluntary to help it. Over \$1 million was created in 2004 (FedEx, 2005). United Airlines states that since 1996 (United, 2005), more than 30,000 staff have participated for public support.

5. RESULTS AND DISCUSSION

Table 1: Net profit of selected 11 companies (Rs.in crores)

Company	2016	2015	2014	2013
NTPC	10,243	10,291	10,975	12,619
Tata Steel Ltd	4,900.95	6,439.12	6,412.19	5,062.97
UltraTech Cement Ltd.	2,174.65	2,014.73	2,014.73	2,144.47
Mahindra & Mahindra Ltd.	3,167.48	3,321.11	3,758.35	3,352.82
ITC Ltd	9,844.71	9,607.73	9,607.73	8,785.21
Bharat Petroleum Corporation Ltd.	7,431.88	5,084.51	4,060.88	2,642.90
Larsen & Toubro Ltd	5,311.46	5,056.18	5,056.18	5,493.13
Infosys Ltd	15,786.00	12,164.00	10,194.00	9,116.00
ACC Ltd.	602.4	591.57	1,168.29	1,095.76
YES Bank Ltd	2,539.45	2,005.36	2,005.36	1,617.78
Reliance Industries Ltd.	27,417.00	22,719.00	21,984.00	21,003.00

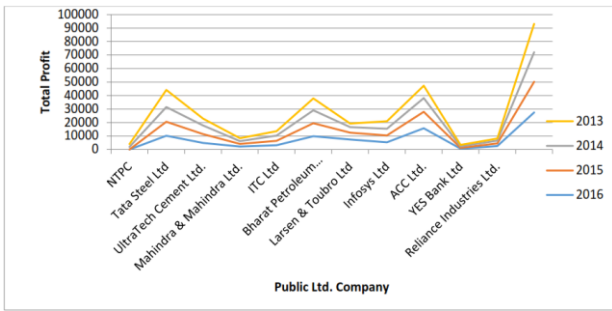
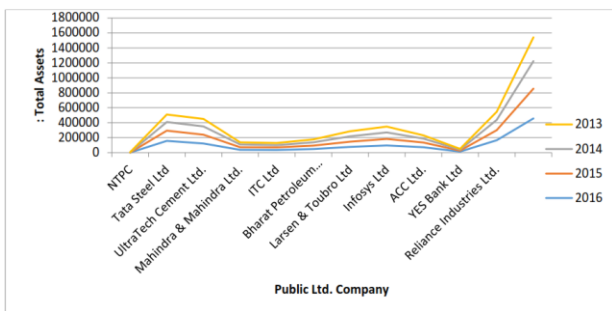


Table 2: Total Assets of selected 11 companies (Rs.in crores)

Company	2016	2015	2014	2013
NTPC	1,58,063	1,35,343	1,17,000	1,00,046
Tata Steel Ltd	123,208.15	115,677.12	111,040.41	101,876.93
UltraTech Cement Ltd.	37,852.08	35,214.95	35,214.95	29,754.01
Mahindra & Mahindra Ltd.	36,412.34	32,944.87	31,288.65	27,453.59
ITC Ltd	49,518.43	44,195.66	44,195.66	39,229.39
Bharat Petroleum Corporation Ltd.	75,989.41	69,728.88	72,427.41	66,987.39
Larsen & Toubro Ltd	97,069.71	86,903.76	86,903.76	78,304.58
Infosys Ltd	72,767.00	61,813.00	52,712.00	43,028.00
ACC Ltd.	13,437.47	12,840.82	12,671.33	12,093.59
YES Bank Ltd	165,263.41	136,170.41	136,170.41	109,015.79
Reliance Industries Ltd.	457,720.00	397,785.00	367,583.00	318,511.00



The Board Level Corporate Social Responsibility & Sustainability Committee comprises of three functional Directors, one Government nominee and one Independent Director, recommends to the Board for approval, the amount of expenditure to be incurred on the activities and also monitors from time to time the Policy for Corporate Social Responsibility & Sustainability approved by the Board.

6. CONCLUSION

The concept of corporate social responsibility has gained prominence from all avenues. Organizations must realize that government alone will not be able to get success in its endeavor to uplift the downtrodden of society. The present societal marketing concept of companies is constantly evolving and has given rise to a new concept- Corporate Social Responsibility. Though the concept of corporate governance may sound a novelty in the Indian business context and may be linked to the era of liberalization, it should not be ignored that the ancient Indian texts are the true originators of good business governance. Good corporate governance means governing the corporation in such a way that the interests of the shareholders are protected whilst ensuring that the other stakeholders' requirements are fulfilled as far as possible. India is a fast growing economy and is booming with national and multinational firms.

At the same time, the Indian land also faces social challenges like poverty, population growth, illiteracy just to name a few. Therefore it is all the more imperative for the Indian companies to be sensitized to CSR in the right perspective in order to facilitate and create an enabling environment for equitable partnership between the civil society and business. Ideally, CSR policy would function as a built-in, self-regulating mechanism whereby business would monitor and ensure its support to law, ethical standards, and international norms.

Consequently, business should embrace responsibility for the impact of its activities on the environment, consumers, employees, communities, stakeholders and all other members of the public sphere. CSR-focused businesses should proactively promote the public interest by encouraging community growth and development, and voluntarily eliminating practices that harm the public, regardless of legality.

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