

A Study of Company Law Bill and its Effects on Corporate Social Responsibility (CSR)

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Abstract – The paper also discusses the significant escape clauses in the arrangement that can demonstrate as an obstruction in its practical applicability. The paper contends that despite the potential economic costs that may go with commanded CSR, the arrangements of the new Act are planned mindfully to balance the destinations of the corporation and its investors from one viewpoint and that of the society and its stakeholders on the other. However, addressing the challenges of execution effectively would decide how far the goals of the new regulations are met. One of the revolutionary provisions is that of ordering Corporate Social Responsibility (CSR) activities in India. The New Companies Act 2013 has concocted the idea of obligatory CSR and this Act will supplant the age-old, just about 60 yrs. old Companies Act, 1956. This paper is engaged on Companies Act, 2013 and its arrangement on mandatory spending and revelation of Corporate Social Reasonability activities. The vision behind this move is this that a Corporation must accomplish its economic goal as well as receive the principles of corporate social responsibility. Corporate Social Responsibility (CSR) has increased much consideration in the current past. CSR or citizenship goes for conjuring the corporate heart where by companies bring about here and now costs that don't give an immediate financial advantage to them, however rather advance positive social and environmental change.

Keywords: CSR, Company, Implications, Financial, Benefit, Law Bill, Corporate Social Reasonability, Challenges, Successfully, India.

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INTRODUCTION

Indian corporations, similar to those in other countries, have had a long custom of being occupied with social activities that have gone past meeting a corporation's immediate financial objectives. In the course of the last three decades, India has experienced a process of economic liberalization and is among the speediest growing economies in the world. The Industrial sector has possessed the capacity to make copious riches over the years. However, the growth has not streamed down to the masses leaving a substantial extent of population with limited access to fundamental courtesies, for example, clean sanitation, clean water, health facilities and so forth. According to the most recent human Development report it is positioned as 135 among 187 countries. Despite being described as the developing global player, the nation is as yet home to largest number of poor, malnourished children with poor access to health, education facilities. Be that as it may, since the late nineties, CSR activities have progressively gone under the focal point both of policymakers and additionally of

enterprises' partners as governance issues gained expanding unmistakable quality. At the policy level, the formal concentrate on CSR started in India with the issuance of the Corporate Social Responsibility Voluntary Guidelines in 2009 by the Ministry of Corporate Affairs (MCA, 2014a) that finished in the institution of Section 135 of the Companies Act 2013 (MCA, 2014b) making CSR spending and additionally CSR disclosure mandatory for particular sorts of companies. Essentially while CSR issues have been picking up in noticeable quality across countries, India turned into the first country, and at the time this article is composed, the main country to have made CSR activity obligatory for substantial and profitable companies fused into law. In all other countries CSR endeavors by corporations have been kept largely voluntary, with just a select number of countries ordering corporations to uncover such activities.

The government has commanded corporations over a specific total assets to burn through two percent of their last three years 'net benefit on social development, give an account of the activities or clarify in the event that they neglected

to spend. The CSR provision inside the Companies Act, 2013 is by all accounts a genuine endeavor to achieve the objectives of equitable development and in the meantime advancing greater transparency and disclosure. The uneven appropriation of wage can be the main driver of social unrest. As rich continues to get wealthier and poverty statistics not enhancing, the government has looked to bring the corporate sector into the photo as an important contributor to social development activities. The Indian state has likewise made bold steps to help channel the economic successes of business to the individuals who require it most. With presentation of corporate social responsibility (CSR) rules under the New Company's demonstration it turned into the first country to have CSR legislation.

REVIEW OF LITERATURE:

Today, CSR is on the motivation of many CEO. Presently it is likewise being considered truly by on the motivation of governments (national and local), both national and local as well as NGOs', shopper gatherings, financial specialists and different performing artists in common society. Business organizations over the world are acknowledging the benefits of embracing socially dependable conduct. On the off chance that a company engages with its partners viably, it can appreciate a solid and persisting notoriety in the market and community. This idea still should be comprehended and executed in a better manner by the business sector in India. CSR experts accuse the absence of prepared work force, non-accessibility of accurate information and absence of comprehension of the need, targets and the benefits for the moderate acknowledgment of CSR in the country. Be that as it may, the current condition is by all accounts changing as many companies are attempting the endeavors take their CSR past 'planting trees or offering without end to philanthropy for the needy'. The pattern is to move far from simply doing a 'social good' to review CSR as a business necessity. The corporate social obligation incline in India is additionally undergoing change. As increasingly and more companies understand the importance of tending to social and environmental concerns alongside transparent stakeholder engagement, CSR will get the significance it deserves.

CSR isn't a new concept in India. Corporates like the Tata Group, the Aditya Birla Group, and Indian Oil Corporation, to give some examples, have been engaged with serving the group as far back as their beginning. A few other organizations have been doing their part for society through gifts and charity events. Today, CSR in India has gone past simply 'philanthropy and gifts'; and is drawn closer in a more organized fashion. It has turned into a vital piece of the corporate strategy (Lawctopus 2014). Companies have CSR groups that devise specific policies, techniques and goals for their CSR programs and make budgetary arrangements to help them. These

programs, in many cases, depend on an obviously characterized social philosophy or are firmly lined up with the companies' center business expertise. Employees become the foundation of these activities and volunteer their chance and contribute their abilities, to actualize them. CSR Programs could go from general development of a group to supporting specific causes like education, environment, health care etc. CSR has progressed significantly in India. From responsive exercises to supportable activities, corporations have obviously showed their capacity to have a noteworthy effect in society and enhance the overall quality of life. In India, it is troublesome for one single element to realize change, as the scale is enormous.

The most common reason given for why new legislation would set CSR back is the least common denominator contention. This proposes if there were enactment around CSR, then companies will deliver what the law requires, yet never more. Right now, voluntary CSR is encountering a hundred blossoms in sprout. Be that as it may, enactment, the contention goes, would shrivel moral inspiration to its underlying foundations. Adrian Henriques has discussed in his research should CSR be regulated bylaw? There are laws or directions covering things, for example, the minimum wage, Health & Safety and divulgence to financial specialists, yet none covering general disclosure of ecological effect, little covering provider connections and nothing on community affect. Sentiment in the CSR world is simply as diverse, some supporting a legitimate structure for CSR and others dreading it would destroy everything.

A report by CII's propose that by requiring companies, with a base net benefit of 5 crore INR, to spend on CSR activities, the Companies Act, 2013 is probably going to get numerous SMEs into the CSR overlap. This will introduce a new arrangement of difficulties to a division that is progressively being asked by its B2B clients to agree to natural and social norms, while staying aggressive regarding cost and quality.

Corporations have the mastery, key intuition capacities, and labor and money financial assets to encourage broad social change. Powerful associations between businesses, NGOs and the government will put India's social development on a quicker track (Chillibreeze.com, undated). A typical recognition about CSR is that it begins and finishes with community service and that, if a business embraces group development works, its duty CSR commitments are completely met. This is a wrong elucidation of the CSR. CSR envelops the whole range of exercises that are engaged with the management of a business. Beginning from partner engagement and administration, it covers associations with the supply chain, consumer and customer relations, labour relations, corporate

governance, Human Resources (HR), condition, and so on (Pramar 2012).

All activities under CSR ought to appropriately be taken care of by the business and its employees, with or without an organization with common society organizations. Giving over its obligations, even in part, to the government or administration would debilitate the CSR Agenda and deny the company its legitimate remaining among the partners (Henriques Adrian 2012). At the point when government enters the photo, the company would need to shed its duty regarding the programme.

Corporate Social Responsibility in India:

A recent study by ET Corporate Dossier has provided a list of 100 companies with the best programme for CSR for the year 2014. Tata group has topped the list (Tata Steel uses Human Development Index to keep track of CSR in villages, Tata Chemicals spends Rs 12 crore on CSR every year & wildlife conservation tops its priority) followed by Mahindra Group and Maruti Suzuki. Apart from them there are other business groups in India which are till now keeping this principle in action by inculcating a robust Corporate Social Responsibility policy into their business culture. However, the count of such companies is not very impressive (Upwanshi 2012). The government realized a need of collective effort by all resourceful companies and not a few of them. Given this backdrop, in 2009, the Government announced the voluntary guidelines for the companies to encourage best practices in corporate social responsibility activities and corporate governance. Care for all stakeholders, Ethical functioning, Respect for worker's right and welfare, Respect for human rights, Respect for Environment and activities for social and Inclusive development were identified as the core elements for the companies to address. In 2011, the government announced that it was considering mandating CSR under clause 135 of Company's bill. And in 2013, the section 135 of New Company's Act, 2013 which replaced the 56 year old Companies Act 1956, made it mandatory for the 'targeted' Companies to contribute towards social development activities. India is bestowed with tradition of following "Jan Kalyan" (welfare of the masses) as a part of running a business enterprise since many centuries. Kautilya's Arthashastra stated that "in the welfare of the people lies the king's welfare and in their happiness his happiness" (Confederation of Indian Industry 2014). In India, Jamshedji Nusserwanji Tata established the J.N Tata endowment which offered scholarship to eligible students to pursue studies overseas. He founded the town of Jamshedpur in the early 20th century. The community development and social welfare programs of the Tata group highlighted the concepts of "Social Responsibility." And gradually the concept gained acceptance and became part of the management of the enterprise. Recently, Bharti Airtel was the first company to apply

for carbon credits by introducing energy efficient power equipment units and back-up cooling systems. It has teamed up with other firms for exploring alternate energy sources such as wind, solar, bio-fuel and hydrogen to reduce its environmental impact. In 2004, ONGC launched the Providing Urban Amenities in Rural Areas (PURA) initiative wherein it uses its idle gas wells, output of which cannot be marketed commercially, to produce power in local area communities.

Activities constituting CSR under the Companies act, 2013:

The Act lists out a set of activities eligible under CSR. Companies may implement these activities taking into account the local conditions after seeking board approval. The characteristic exercises which can be embraced by an organization under CSR have been indicated under changed Schedule VII of the Act. The Companies Rules, 2014 has characterized the term 'Corporate Social Responsibility (CSR)' as "Corporate Social Responsibility (CSR)" implies and incorporates yet isn't restricted to:

- I. Undertakings or projects identifying with exercises determined in Schedule VII to the Act; or
- II. Undertakings or projects identifying with exercises attempted by the top managerial staff of an organization (Board) in compatibility of suggestions of the CSR Committee of the Board according to announced CSR Policy of the organization subject to the condition that such strategy will cover subjects identified in Schedule VII of the Act." according to the Ministry of Corporate Affairs notice dated 27th February, 2014 (compelling from first April, 2014) these exercises include:
 - Eradicating craving, neediness and lack of healthy sustenance, advancing preventive social insurance and sanitation and influencing accessible safe drinking to water;
 - Promoting instruction, including custom curriculum and work improving professional aptitudes particularly among kids, ladies, elderly, and the distinctively abled and job improvement ventures;
 - Promoting sex uniformity, engaging ladies, setting up homes and lodgings for ladies and vagrants; setting up maturity homes, day mind focuses and such different offices for senior nationals and measures for

diminishing imbalances looked by socially and monetarily in reverse gatherings;

- Ensuring ecological maintainability, biological adjust, insurance of verdure, creature welfare, agro ranger service, preservation of regular assets and keeping up nature of soil, air and water;
- Protection of national legacy, workmanship and culture including reclamation of structures and destinations of authentic significance and gems, setting up open libraries, advancement and improvement of customary expressions and painstaking work;
- Measures for the advantage of military veterans, war dowagers and their wards;
- Training to advance country sports, broadly perceived games, Paralympic sports and Olympic Games;
- Contribution to the Prime Ministers' National Relief Fund or some other reserve set up by the Central Government for financial improvement and help and welfare of the Scheduled Castes, the Scheduled Tribes, other in reverse classes, minorities and ladies; Contributions or assets gave to innovation hatcheries situated inside scholastic establishment which are endorsed by the Central Government;
- Rural improvement ventures.

CSR Practices of Indian Companies:

Given that Section 135 has been enacted and Rules for its implementation are in place, an evaluation of its prospects would have to be based on an understanding of the CSR behavior of Indian corporates in the pre-enactment period. While company level case studies on CSR abound, large sample studies are relatively few and are mainly cross-sectional in nature. This section supplements the existing analyses by empirically examining the CSR behavior of a panel of top 500 listed Indian corporates – based on March 2008 market capitalization – over a period of nine years, 2003-2011. The CSR analysis presented is based on a content analysis of the information contained in the Annual Reports of these companies. The content analysis involved identifying whether a corporate disclosed undertaking any CSR activity, and if so, the type of CSR engagement, and the amount spent on CSR. Referring to the discussion of the evolution of the regulatory framework in the preceding sections, it is apparent that the period of analysis chosen for the analysis coincides with the period when both CSR spending and CSR disclosures were voluntary. Thus,

the CSR behavior of firms would reflect their true incentives to engage in CSR activities.

Turning to the principal question of the occurrence of CSR, Figure 1 shows the year-wise level of recorded corporates in the examination test that have willfully received CSR and announced it. The striking component of the figure is that the level of vast listed companies that have connected with and revealed CSR has steeply ascended from just around 7 percent to a high of around 62 percent. Moreover, there has been a mainstream increment in the frequency of CSR, especially in the early years of the period when there were no genius dynamic CSR policy of the government, with the upward pattern continuing post 2009 after the principal set of deliberate rules was issued and CSR was formally presented in the Companies Bill, 2009 and openly faced off regarding. It is thusly sensible to reason that the increased incidence of CSR among the top firms was in light of weights from the "market for virtue" with vital contemplations examined before, affecting a growing proportion of firms to motion to the market their CSR engagement with the desire of harvesting reputational and financial benefits.

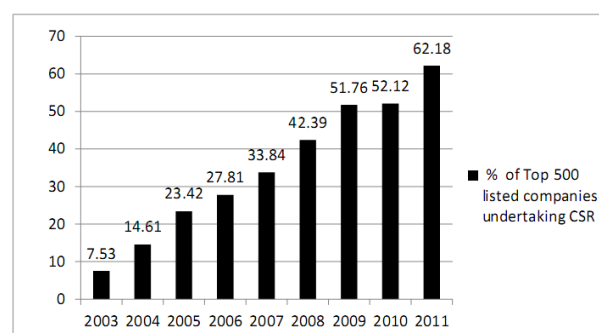


Figure 1: Market for Virtue Voluntary Adoption and Disclosure of CSR by Listed Companies

A logical question that takes after from Figure 1 is which sorts of firms have tried to participate in CSR? Table 1 looks at the normal company characteristics of sample firms which report CSR in their Annual Reports and those that don't. The characteristics are characterized as for net worth, sales, and profit after tax and age. The first three characteristics have been utilized as option criteria for the application of Section 135. As is clear from the assessments in the Table, the mean and middle net worth and sales of organizations which report CSR are fundamentally higher than those that don't report CSR. Truth be told, the mean net worth and sales of those disclosing CSR are more than twofold of those that don't reveal demonstrating that on a normal, estimate matters in CSR engagement. Passing by the criteria set under Section 135, the normal size of firms not connecting with in CSR (net worth of Rs. 6396 crore and turnover of Rs. 9687 crore), are significantly higher than the minimum size that would go under the CSR net (Rs. 500 crore and

Rs. 1000 crore), and the middle net profits of those not announcing CSR, of Rs. 933 crore are path over, 180 times higher than, the benefit edge of just Rs. 5 crore stipulated in the Section. These appraisals show that in spite of the fact that the extent of companies deliberately undertaking CSR is expanding over the years, the generally low thresholds specified under Section 135 will acquire a substantial lump of the best listed companies under its purview.

Table 1: Company Characteristics and CSR

		Company Reporting on CSR		Wilcoxon Test for Equality of Median: Z-Value	T Test for equality of Mean
		No	Yes		
Net worth (Rs. Crore)	Median	6395.70	15410.90	17.84*	
	Mean	17661.21	57400.1		9.53*
	N	1815	989		
Sales (Rs. Crore)	Median	9687.05	24129.05	16.36*	
	Mean	27739.13	105882.12		7.24*
	N	1612	878		
PAT (Rs. Crore)	Median	933.55	2473.40	16.03*	
	Mean	3003.21	9958.14		9.59*
	N	1812	989		
Age (Years)	Median	26.00	31.00	6.39*	
	Mean	35.84	40.67		4.71*
	N	1819	989		

This contention is further supported by an analysis of the CSR spending of 27 top corporates for the financial year 2012-13, as presented in Table 2. As is evident from the figures of total turnover and PAT of the companies in the Table, all of the 27 companies would come under the purview of Section 135. Yet more than half of the companies have been spending less than 2 per cent on CSR, and 11 of the 27 companies even spending less than one per cent. Interestingly, the PAT of all the companies in the list are several multiples of the Rs.5 crore , ranging approximately between Rs. 300 crore and Rs. 21,000 crore.

Turning to the types of CSR activities that companies have reported, Table 3 and Figure 2 present respectively the nature of CSR activities that companies have chosen to engage in, and the variety of their CSR engagement.

Table 2: CSR Spending of Top Companies for FY 2012-13

Company	Paid-up capital (in crore)	Total Turnover (in crore)	Total Profit After Tax (PAT) (in crore)	Total Spending on CSR (in crore) (approx.)
CSR > 2% of PAT				
Tata Motors Ltd.	638.07	49,320	301.81	6.36% of PAT = 19.21
JP Associates	1.18	13512.08	501.28	5.75% of PAT = 28.82
Tata Steel	971.22	38,199.43	5,062.97	3.37% of PAT = 170.76
Ambuja Cement	308.44	9674.94	1297.06	3.07% of PAT = 39.08
Ultratech Cement				2.63% of PAT =
Ranbaxy Labs	211.457	6112.443	162.339	2.62% of PAT = 4.27
Grasim Industries	91.78	5,689.58	1,225.99	2.13% of PAT = 25.30
CSR 1-2% of PAT				
ACC	187.95	11130.45	1061.19	1.90% of PAT = 20.16
Hindustan Unilever				1.82% of PAT =
IDFC	1514.72	8148.42	1,836.00	1.70% of PAT = 30.00
Reliance Industries	3,229.00	371,119.00	21,003.00	1.71% of PAT = 357.05
Larsen & Toubro	123.08	61,470.86	4,910.65	1.49% of PAT = 73.16
Hindalco	191.48	26056.93	1699.20	1.48% of PAT = 29.79
ICICI Bank	1154.00	48421.00	8325.00	1.4% of PAT = 116.55
ITC limited	790.18	41,809.82	7,418.39	1.1% of PAT = 82.34
State Bank of India (SBI)	684.03	135691.94	14105.32	1.0% of PAT = 117.07
Mahindra & Mahindra	306.99	40990.33	3352.82	1.0% of PAT = 33.52
Sesa Goa	86.91	2,554.00	2,280.00	1.0% of PAT = 22.59
CSR < 1 % of PAT				
Axis Bank	467.95	33,733.68	5,179.43	0.81% of PAT = 42.42
Asian Paints	95.92	8,971.70	1,050.00	0.09% of PAT = 0.98
Bank of Baroda	422.52	802069.12	4480.72	0.16% of PAT = 7.00
Cipla Limited	160.58	8294.58	1507.11	0.5% of PAT = 7.65
Lupin	8951.00	707239.00	126043.00	0.74% of PAT = 937.00
Cairn India	1910.23	17524.14	12056.39	0.17% of PAT = 20.86
Hero Motocorp	39.94	24,166.49	2,118.16	0.06% of PAT = 1.39
Kotak Mahindra Bank	373.00	9,203.00	1,361.00	0.3% of PAT = 4.08
Punjab National Bank	353.47	700285.00	4747.52	0.07% of PAT = 3.24
Tata Power	237.33	9,567.28	1,024.69	0.77% of PAT = 7.88
TCS	295.72	50,656.53	12,786.34	0.51% of PAT = 65.21

As Table 3 shows, considering the distribution across all activities reported over the nine years of the sample, the CSR activities in the areas of food, drinking water, sanitation and health as well as involvement in education, skill development/training and employment comprise of the major chunk of corporate sector engagement in the social sector, each accounting for around 17 per cent of the total activities reported. Energy/sustainability and environmental issues also feature prominent among the CSR initiatives. These are followed by CSR through providing support to NGOs and working for the disadvantaged sections of society. CSR on Table 3 clearly reveals that corporates have been voluntarily and predominantly engaging in social activities that broadly conform to the CSR objectives of the Government as enlisted in Annexure VII of the Companies Act 2013. It also reveals that CSR behavior of large Indian corporates see themselves in the role of supplementing governmental efforts in public good provisioning to meet the developmental objectives of the country.

Table 3: Distribution of Type of CSR Activities by Companies

csr_type	Type of CSR Activity	Frequency	Percent
001	Agriculture and irrigation	78	2.56
002	Village, rural infrastructure and development	246	8.06
003	Food, Drinking water, sanitation and health	514	16.84
004	Education, skill development/training, and employment	542	17.76
005	Waste and water management	54	1.77
006	Safety and disaster management	161	5.28
007	Urban development	8	0.26
008	Energy/sustainability and environment (including animal and wild life)	433	14.19
009	Aid (infrastructure, material aid, financial aid to NGOs)	336	11.01
010	Empowerment of women/people/disability/old age care/orphanage	302	9.90
011	Quality of life/Improvement of working conditions	93	3.05
012	Art, sports and culture	90	2.95
013	Social service and awareness	155	5.08
014	Miscellaneous	1	0.03
000	Not Specified	39	1.28

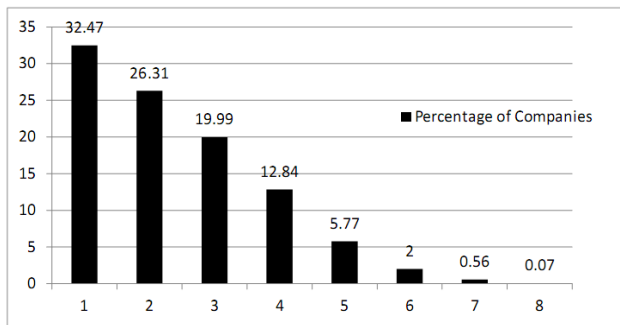


Figure 2: Distribution of Companies by Number of Distinct CSR Activities

Importance of Corporate Social Responsibility (CSR):

The roots of CSR can be traced back to early 19th century when the Lever Brothers and Cadbury adopted standards of employment, governance, manufacturing and community engagement in order to meet the basic needs of their workers and the workers' families. Their private economic objectives were closely aligned with social objectives. "The Father of CSR movement" Howard Bowen in his book 'Social Responsibilities of the Businessman' defined CSR as 'obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society.' Around the turn of the century, organizations such as the United Nations, OECD and other multilateral organization identified CSR as significant contributor to the process of social and equitable development. As businesses continued to grow, making up the significant share of countries' national product, opinion was formed that they are pillars of social development. Shareholder returns are channeled back into the system through investment, taxes and social spending. Tax revenues contribute to public services. In other words, the economic successes of businesses can be channelized into poverty reduction programmes, environment protection and other areas which ensure sustainable and equitable development (Forbes India 2014). The World Business Council for Sustainable Development defines CSR as "the continuing commitment by business to contribute to economic development while improving the quality of life of the workforce and their families as well as of the community and society at large." Thus, it can be inferred that profits are simply a useful indicator and businesses exist to serve the society. With growing concern for sustainable development, public opinion towards businesses has also changed. Business Ethics have grown substantially over this time period and need for corporate accountability has gained visibility. Growing demand for corporate disclosure, the rise of civil society, NGOs and government related initiatives over the past three decades have compelled companies to respond. Moreover, businesses are getting increasingly aware of benefits percolating from such social activities.

The key benefits of incorporating a stronger CSR programme in the corporate culture are explained below:

- **Communities provide the licence to operate:** There is a direct linkage between company's reputation and its participation in community development activities. Companies these days use CSR to gain customer and employee's loyalty and thus enhanced reputation. Moreover, several studies have found a positive relationship between a company's ability to attract, retain and motivate employees with their CSR commitments. Such companies find it easier to recruit employees and retention levels are also reported to be higher. Thus resulting in less recruitment and training costs.
- **Improved financial performance and easy access to capital:** It has been observed that companies involved in CSR activities have easy access to capital that might be otherwise not available. A Harvard university study has found that companies which are enthusiastically involved in CSR activities have four times growth rate and eight times employment growth compared to other companies.
- **Enhancing corporate reputation:** Participation in CSR activities allows companies to position themselves as responsible corporate citizens thus generating goodwill and positive image within public and business community.

Challenges to CSR Initiatives in India:

CSR initiatives face many challenges in India and are often seen as deterrent to even the best-intentioned plans. The most important ones are described here.

1. **Lack of Community Participation in CSR Activities:** Often, the communities who are the intended beneficiaries of a CSR program show less interest which will affect their participation and contribution. Also, very little efforts are being made to spread CSR within the local communities and instill confidence in the people. The situation is further aggravated by inadequate communication between the organization and the community at the grassroots level.
2. **Need to Build Local Capacities:** There is a need to build the capacities of the local non-governmental organizations. Many NGOs are not adequately trained and equipped to operate efficiently and effectively as there is serious dearth of

trained and efficient organizations that can effectively contribute to the ongoing CSR activities initiated by companies. This seriously compromises efforts to scale CSR initiatives and consequently limits the scope and outcome of a company's CSR initiatives.

3. **Issues of Transparency:** Lack of transparency is one of the key issues. There is a perception that partner NGOs or local implementation agencies do not share adequate information and make efforts to disclose information on their programs, address concerns, assess impacts and utilize funds. This perceived lack of transparency has a negative impact on the process of trust building between companies and local communities, which is key to the success of any CSR initiative.
4. **Lack of Consensus:** There is a lack of consensus amongst local agencies regarding CSR project needs and priorities. This result in lack of consensus often results in duplication of activities by corporate houses in their areas of their intervention. The consequence results in unhealthy competitiveness spirit among local implementing agencies, which goes against the necessity to have rather than building collaborative approaches on important issues. This factor limits organization's abilities to undertake impact assessment of their initiatives from time to time.

CONCLUSION:

The introduction of mandatory CSR provision in the new companies act is an honest attempt to meet India's social and sustainable development goals. Businesses have failed to take care of external costs of their operations and it is time when they should seriously contemplate social responsibilities towards their employees, customers, stakeholders and society at large. There is urgent need for more inclusive management of CSR activities where businesses should not view CSR as a hindrance of carrying business in India. Rather it should be considered as an opportunity to make a positive impact on the community. CSR presents an opportunity by which India can achieve a balance of social, environmental and economic imperatives and at the same time protecting the interest of various stakeholders and reducing administrative burdens.

Although the thought behind passing the legislature of CSR is commendable but it will be fruitful only if the mandate will be followed in practice too. There are certain suggestions to make the law more effective which are as below

- Broadening the definition of CSR by amending Schedule VII
- Tax deduction must be provided for CSR expenditure
- Appointment of a separate body for overlooking compliance with the obligations under clause 135.

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