

# Corporate Social Responsibility Practices in India: A Study of Few Companies

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**Abstract** – This paper seeks to identify the Corporate Social Responsibility practices followed by companies operating in India. This paper will help the researchers and scholars in identifying the best CSR practices and to do further studies on what is best for India and what India really needs as CSR from the corporate. Indian Government has made CSR mandatory for the companies having turnover or benefits beyond a farthest point. Companies Act 2013 includes the arrangements related to CSR for the companies. Corporate Social Responsibility (CSR) isn't just a legal arrangement, however it is a commitment also with respect to an organization. As the companies begin their operations in the society, for the society and from different resources provided by the society, it becomes critical for them to give something in return to the society. This paper further seeks to identify the failures of companies in meeting the expectations of the society and helps to provide some suggestions to improve the CSR practices to better serve the society and the country on the loose.

**Keywords:** CSR, Companies Act 2013, Society etc.

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## INTRODUCTION

Corporate social responsibility means to do useful for the society and to contribute in the balanced development of the society by giving enough services to the stakeholders, for example, employees, customers, shareholders, suppliers, general open etc.

Corporate social responsibility (CSR) is the manner by which companies manage their business processes to produce an overall positive effect on society. It covers manageability, social effect and ethics followed for operating in the society. The stakeholders covered under CSR are:

- Customers
- Suppliers
- Employees
- Business partners
- Shareholders/Investors
- Government

## OBJECTIVES OF THE STUDY

- To think about the role of companies in CSR initiatives in India.

- To contemplate the problems and challenges before the companies in implementing CSR in India.
- To think about the legal arrangements related with CSR requirements for the companies.

## RESEARCH METHODOLOGY

With the end goal of our examination, secondary information has been compiled from different online sources and a descriptive report has been done demonstrating the major CSR practices followed by companies operating in India and their commitment towards the society.

## REVIEW OF LITERATURE

Praveen Kumar (2013) in his article on "Corporate Social Responsibility in India" has discussed about the present scenario of CSR in India and the challenges available in Context of India.

Beam, Dr. Sarbpriya et al. (2012) in their research paper on "A Close Look into Corporate Social Responsibility in India" has focused on the theme of CSR developed amid most recent couple of years from simple philanthropic activities to integrating the interest of the business with that of the communities in which it operates. In this paper, they have tried to feature objective evaluation of

the CSR and related business practices with ethics that are being adopted by large corporate houses in India.

## ORIGIN OF CSR IN INDIA

The concept of CSR is very old in India. Mahatma Gandhi's logic of trusteeship is like CSR of the modern world; companies like TATA and BIRLA have been soaking up the case for social great in their operations for quite a long time well before CSR become famous cause. The interest in network welfare among the Tata Group dates back to the 1860s when the organization was founded by Jamshed Ji Tata. This explains why nearly 66% of the equity of Tata Sons, the Tata Group's promoter organization, is held by philanthropic trusts, which have created a large group of national establishments in science and technology, medical research, social studies and the performing expressions.

Dr. Kurien's Amul-led Operation surge had pioneered inclusive development through work with dairy farmers at grass-root level, evolving lives, enhancing income, empowering women and at the same time reaping benefits to the business.

At Indian Oil, corporate social responsibility (CSR) has been the cornerstone of success ideal from inception in the year 1964. The Corporation's objectives in this key performance area are enshrined in its Mission statement: "... to help enrich the quality of life of the network and preserve ecological balance and heritage through a solid environment conscience."

Over the years CSR has gained importance in India as companies are realizing the importance of investing in CSR for achieving benefits of creating shareholder value, increased revenue base, strategic marketing, operational efficiency, better access to capital, human and intellectual capital and lower business chance. CSR has emerged as an effective device that synergizes the efforts of Corporate and the social sector towards sustainable development and development of societal objectives also.

These days, CSR has become necessary for the companies having enough benefits and turnover as per the Government regulations. CSR arrangements are given in Companies Act 2013.

## CSR PROVISIONS IN COMPANIES ACT 2013

The arrangements of CSR will be applicable for every organization whether private/open company(listed/unlisted) or foreign companies having branches or project offices in India which meet any of the three specified criteria mentioned below amid any of the three preceding budgetary years:

- Having net worth of rupees five hundred crore or more, or
- Having turnover of rupees one thousand crore or more, or
- Having a net benefit of rupees five crore or more.

**ACTIVITIES WHICH HAVE BEEN SPECIFIED IN SCHEDULE VII** of Companies Act, 2013 which might be included by companies in their Corporate Social Responsibility Policies are as per the following:

### Activities relating to:—

- Eradicating hunger, poverty and lack of healthy sustenance, advancing health care including preventive health care and sanitation [including commitment to the Swach Bharat Kosh set-up by the Central Government for the advancement of sanitation] and making available safe drinking water.
- Promoting education, including special education and employment enhancing job aptitudes especially among children, women, elderly and the differently abled and livelihood enhancement projects.
- Promoting gender equality, empowering women, setting up homes and hostels for women and vagrants; setting up maturity homes, day care centers and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically in reverse gatherings.
- Ensuring environmental supportability, ecological balance, protection of widely varied vegetation, creature welfare, agro forestry, conservation of normal resources and keeping up quality of soil, air and water [including commitment to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga].
- Protection of national heritage, workmanship and culture including restoration of structures and sites of verifiable importance and centerpieces; setting up open libraries; advancement and development of customary craftsmanship and handiworks.
- Measures for the benefit of armed forces veterans, war dowagers and their dependents.

- Training to promote country sports, broadly recognized games, Paralympic sports and Olympic games.
- Slum area development.

#### **Expenditure to be incurred on CSR Activities**

- Every organization to which the arrangements is applicable must spend in any event 2% of the average net benefits of the organization made amid the three immediately preceding money related years in pursuance of the CSR Policy
- No upper utmost has been specified with regard to CSR expenditure which essentially means that the organization can even spend more than the base requirement
- Average net benefit will be calculated based on arrangements of Section 198 which is fundamentally "Benefit before Tax". Further, the benefit so calculated will not include the benefit from overseas branch and any dividend received from other companies in India which are covered under Section 135 of Companies Act, 2013
- The organization will give preference to the neighborhood areas around it where it operates, for spending the sum earmarked for CSR activities.
- A organization may do CSR action either at its own or through implementing agencies or by working together with other companies subject to the conditions as might be set down.
- Expenditure incurred by foreign holding organization for CSR activities in India will qualify as CSR spend of Indian auxiliary if, the CSR expenditure are routed through Indian subsidiaries and if the Indian backup is covered under the CSR arrangements.

#### **CSR IN INDIA: SOME EXAMPLES OF CORPORATIONS**

India is the primary nation on the planet to make corporate social responsibility (CSR) compulsory, after an amendment to The Companies Act, 2013 in April 2014. As per the arrangements related with CSR, the Businesses can invest a segment of their benefits in areas, for example, education, poverty, gender equality, and hunger to satisfy the CSR commitments as per law.

Corporate social responsibility: some examples of CSR by companies are as per the following:

#### **1. TATA GROUP**

The Tata Group conglomerate in India carries out different CSR projects, a large portion of which are network improvement and poverty alleviation programs. Through self-help gatherings, it is engaged in women empowerment activities, income generation, country network development, and other social welfare programs. In the field of education, the Tata Group provides scholarships and endowments for numerous establishments.

The gathering likewise engages in healthcare projects, for example, assistance of youngster education, vaccination and creation of awareness of AIDS. Other areas include economic empowerment through agriculture programs, environment protection, giving game scholarships, and infrastructure development, for example, healing centers, research centers, educational establishments, sports academy, and social centers.

#### **2. ULTRATECH CEMENT**

Ultratech Cement, India's biggest cement organization is involved in social work crosswise over 407 villages in the nation planning to create supportability and self-reliance. Its CSR activities center around healthcare and family welfare programs, education, infrastructure, environment, social welfare, and sustainable livelihood.

The organization has organized medical camps, vaccination programs, purification programs, school enrollment, ranch drives, water conservation programs, modern preparing, and natural cultivating programs.

#### **3. MAHINDRA & MAHINDRA**

Indian automobile manufacturer Mahindra and Mahindra (M&M) established the K. C. Mahindra Education Trust in 1954, followed by Mahindra Foundation in 1969 with the purpose of advancing education. The organization essentially focuses on education projects to help economically and socially disadvantaged communities. CSR programs invest in scholarships and awards, livelihood preparing, healthcare for remote areas, water conservation, and disaster relief programs. M&M runs projects, for example, "Nanhi Kali" concentrating on young lady education, Mahindra Pride Schools for modern preparing, and Lifeline Express for healthcare services in remote areas.

#### **4. ITC GROUP**

ITC Group, a conglomerate with business interests crosswise over hotels, FMCG, agriculture, IT, and bundling sectors has been concentrating on creating sustainable livelihood and environment protection programs. The organization has been

able to generate sustainable livelihood opportunities for six million people through its CSR activities. Their e-Choupal program, which plans to connect country farmers through the internet for getting agriculture items, covers 40,000 villages and over four million farmers. Its social and ranch forestry program helps farmers in converting wasteland to pulpwood estates. Social empowerment programs through smaller scale enterprises or credits have created sustainable livelihoods for over 40,000 rustic women.

#### 4. PROCTER AND GAMBLE INDIA LIMITED

P&G (Procter and Gamble) had initiated a social development and education program in India called "Shiksha" which aimed at advancing the education among children in rustic areas at affordable expenses. P&G started contributing a fixed sum from the sale of its items to the children education finance for country areas. till date, it has spent more than Rs. 24 Crores on Shikshaprogramme; and the sum is increasing every year to benefit the poor children and promote school education among them.

#### 5. DABUR INDIA

Dabur's CSR Policy is inspired by the expressions of its founder Dr. S. K. Burman who said "What is that life worth which can't convey solace to others". While seeking after our business strategy of presenting items that give our consumers health and wellness, Dabur operates in a manner that not simply continues to generate an attractive return for shareholders, yet in addition minimizes our effect on the environment.

The four center areas of Dabur India towards CSR are as per the following:

##### A- Eradicating hunger, poverty and malnutrition:

Arrangement of nourishment, sustenance supplement, clothes etc for poor people, children and other deprived sections of the society. Arrangement of shelter for homeless, and advancing sanitation, making available safe drinking water.

**B- Promoting Health care including Preventive Health care through awareness programmes,** health check-ups, arrangement of medicine and treatment facilities, giving pre-natal&post-natal healthcare facilities, prevention of female foeticide through awareness creation, program for preventing diseases and building insusceptibility.

##### C- Ensuring environmental sustainability and ecological balance through:

Estate drives in schools, villages, our assembling units and offices/business premises and other areas in general; Reviving endangered plants, advancing agro-forestry; Protection of verdure and fauna; Adoption of wastelands to cultivate plants; Promoting biodiversity etc.

**D- Employment and livelihood enhancing vocational skills and projects** counting fitting, beautician, mehndi application, bee keeping, nourishment processing and preservation, vermiculture, treating the soil and other Life Skill Training and livelihood enhancement projects

#### 6. HINDUSTAN UNILEVER LIMITED

HUL is constantly working on the improvement of society in India through its CSR activities. HUL has framed various policy measures to achieve its sustainability goals as a part of CSR.

##### HUL's Environment policy:

- Ensuring safety of its items and operations for the environment by utilizing norms of environmental safety, which are scientifically sustainable and generally acceptable.
- Develop, introduce and keep up environmental management systems over the organization to meet the organization principles and also statutory requirements for environment.
- Verify compliance with these principles through regular reviewing.
- Assess environmental effect of every one of its activities and set consistent improvement objectives and targets and review these periodically to ensure that these are being met at the individual unit and corporate level.
- Reduce waste, conserve energy and explore opportunities for reuse and recycle.

#### RESPONSIBLE BUSINESS RANKINGS

With a coordinated effort with IIM Udaipur, the Responsible Business Rankings are calculated every year by Futurescape organization. The latest information collected by them demonstrates the main 100 companies in India based on their Governance, stakeholder investment, Disclosures and Sustainability practices. As per the report published in 2017



- TATA group is having its four companies among the top 10.
- UltraTech cement, ACC Ltd, and Ambuja cements Ltd are other firms in top 10.

### **SUGGESTIONS**

- Companies should center around the development of areas of the society which has been ignored by the government.
- Healthcare is the prime issue for rustic India. Real piece of CSR ought to be allocated towards the development of medical and healthcare facilities in India.
- Education is losing its credibility in India because of benefit motives by associations and management of different private organizations. Hence, there is a need of quality education with pragmatic orientation in rustic areas at affordable expenses for the destitute people.
- Clean India mission is progressing gradually however there is a need of accelerating its pace of development for a healthy environment in India.
- Pollution of different types has become a serious issue in India. There is a need to invest in the measures and technologies which can minimize the environmental contamination and maximize the social benefits as healthy environment for the people.
- Government should keep refreshing the laws as per the requirements of society for CSR and for a balanced regional development.
- Incentives ought to be provided to the companies contributing more to CSR programs.

### **CONCLUSION**

Finally, it very well may be said that CSR is working in its own particular manner however there is a pivotal need of having the attention on untouched areas of society which are necessary for an inclusive and sustainable development and development of Indian economy. There can't be one answer for such problems of the economy yet everyone needs to work in coordinated effort towards the balanced development of India because "we are the piece of society and we are likewise responsible towards ourselves."

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