

ROLE OF CORPORATE SOCIAL RESPONSIBILITIES IN INDIA

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ABSTRACT

Corporate Social Responsibility or CSR is popularly known as a system of gauging an organization's bearing on society and weighing their responsibilities. Corporate social responsibility is sustainable which involves companies to take up activities without having negative impact on their business. In India several companies have started realizing that it is a sensible move to take up CSR activities and amalgamate it with their business process. Corporations are becoming increasingly aware of their role towards the society. They are responsible bodies that feel a sense of duty towards the common welfare and the environment. The development of CSR in India is understood through an examination of historical and spiritual underpinnings. Literature pertinent to this is used to form a picture of contemporary practice. Interview data complements this understanding and enables the development of snapshots outlining how CSR has been used. Corporate social responsibility (CSR) is increasingly being adopted on a global scale. However, it is evident that the utilization and implementation of CSR varies in differing contextual settings. The purpose of this chapter is to explore the concept of CSR in the Indian context. In this paper we analyze the Role of Corporate Social Responsibilities in India.

KEYWORDS: *Corporate Social Responsibility (CSR), Global Scale, Business Process, Environment.*

Introduction

Social responsibility is a major issue of concern in a global economy. Globalization, liberalization and privatization have changed perceptions on how the greater common good can be achieved. Relationship between companies and civil society has migrated from charity to a repositioning of the roles rights and responsibilities of business in society. CSR initiatives create long term benefit to company and impacts the brand image. It improves the employer branding as long-term strategy and also has positive effect on brand image through philanthropic activities in society. CSR may help in employer branding and product and services branding. According to Subroto Bagchi "Social responsibility is not about building corporate image, it's about building corporate characters".

According to Azim Premji "To me corporate social Responsibility aims at fundamental social-development. In Indian context it means an attempt to realize the vision of a just, humane and equitable society and when every action, however small, is driven by this larger vision, that is real social action."

India has witnessed high economic growth in last two decades. India continues to be one of the fastest growing economics in the world and has made progress on several development indicators. India continues to free several challenges in health and sanitation, education, water un-employment, environment and others. The passage of companies Act 2013, notification can be seen as a move by the government of India to strengthen the reaction of the business with communities and also better transparency and governance around CSR. India is one of the first few countries in the world which has mandated CSR spending as well as its reporting internationally disclosures on CSR have been in place

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for quite a few years now. The company Act, 2013 and the CSR rules came in to effect from 1 April, 2014. The ministry of corporate affairs is responsible for the enforcement of the Act and its regulation. As per Act, companies having a net worth of INR 500 Cr. or more or a turnover of INR 1000 Cr. or more or a net profit of INR 5 Cr. or more in a given financial year are required to spend 2 per cent of their profits on CSR programmes. Most of the companies do focus on CSR activities as follows:

- ❖ Eradicating hunger, poverty and malnutrition, promoting healthcare including preventive health care and sanitation including contributions to the Swachh Bharat Kosh set up by the Central Government for the promotion of sanitation & making available safe drinking water.
- ❖ promoting education, including special education and employment enhancing vocation skills Projects,
- ❖ Promoting gender equality, empowering women, setting up homes and hostels for women & orphans day care centers, end such other facilities for senior citizens & measures for reducing inequalities faced by socially & economically backward groups;
- ❖ Protection of national heritage, art
- ❖ Training to promote rural sports, nationally recognized sports, Paralympics sports & Olympic sports;
- ❖ Contribution to the prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development & relief & welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities & women;
- ❖ Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government;
- ❖ Rural development Projects.
- ❖ Slum Area Developments.

Research Methodology

The study is focusing based on the secondary data of the collected from different sources. The data are generated from by responsible authorities of the department as well as published research by various researchers provide on the website and reports. Data has been taken from different Books, Journals, and Research papers.

Objective

To study the role of Social Responsibility in India.

Review of Literature

- Alexnder Dahlsrud (Nov., 2006) CSR is socially constructed in a specific context. Five dimension of CSR are developed through a content analysis of existing CSR definitions. Environmental, social, economic stakeholder and voluntariness dimensions are refers of CSR.
- Baskin (2006) India is a demographic welfare state. The main idea of CSR is that companies should accept that they play in society more than just an economic role. But the role of CSR in industry and commerce sector in developing countries, are limited, because of less skilled workers, low income, less purchasing power, and financial instability.
- Brammer, Jackson & Matten (2012) "corporate social responsibility and Institutional theory new perspective on private governance." In social economic review depicted that CSR is not only a voluntary action but beyond that. In this study, CSR had defined under institutional theory. The institutional theory stated that corporate social activities are not only voluntary activities but it is a part of interface between business and society.
- Hartman (211) "Corporate Social Responsibility in the food sector" in European review of agriculture economics journal, analyzed the importance of CSR in food sector, particularly those companies which have high brand. CSR is an important port of these companies further the research found that food sector always tries to improve the controlling and discharging its services towards consumers.
- Mallen Baker (2012) in his article on "four emerging trends in Corporate Responsibility" tried to elucidate of CSR that have changed from last so many years first, the relationship between business and society has changed. They have come closer because of the social and environmental problem prevailing around the world.

- Prasenjitmalti (2011) on his paper unraveling the motivation for corporate citizenship tried to analyse theoretically the motives of corporate before their CSR initiatives. The study found that CSR is related to profit, power plays, politico-legal equation, and situation on market flux, human concern and other ethical dynamics.
- Vaaland and Heide's (2008) the paper purpose to handle the CSR critical incidents and utilize the experience in enforcing the CSR activities. The study concluded the CSR should be managed by handling unexpected incidents, long term reduction of gap between stakeholders and their expectations and company performance and finally maintaining relationship with society through interplay between actor, resources and activities.
- Mahfuja Maliha (June, 2013) proffer a precise understanding of what has already been investigated and finding of those investigation regarding the value-enhancing capabilities of CSR. The thrust of the CSR literature largely acknowledges the value enhancing capabilities of firm's social environment activities.
- Windsor (2001). "Article examined the future of Corporate Social Responsibility or the relationship between business and society in long run. The researcher tried to find out that whether the organization and society will come closer to each other in future or not and what will be the changing phase of CSR. With the help of history or past trend of CSR.
- A.G. and Palazzo, G. (2011), "The New Political Role of Business in a Globalized World: A Review of a New Perspective on CSR and its Implications for the Firm, Governance, and Democracy" In this view business firm are conceived as economic actors, and governments and their state agencies are considered the only political actors. Many business firms have started to assume social and political responsibilities that go beyond legal requirements and fill the regulatory vacuum in global governance.

Importance of CSR

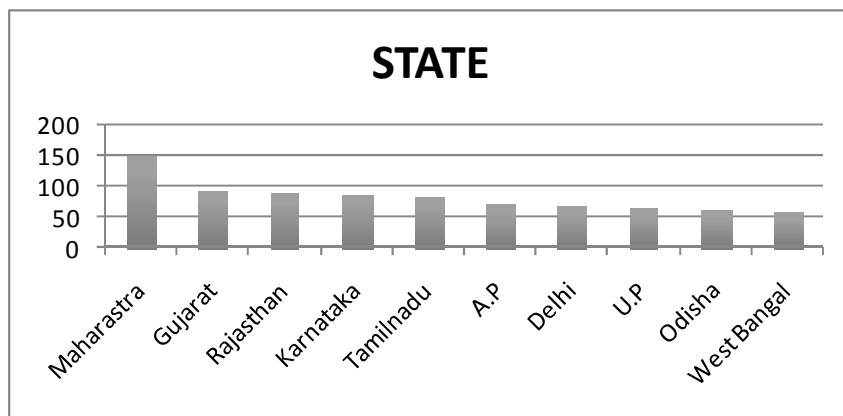
CSR need to balance and recognize the links between the society welfare and the success of the organization. They need to examine the opportunities which should be designed to benefit the organization as well as the companies important to integrate. CSR into key business areas is identifying and managing the positive & negative impact of business activities on the society. It is important to evaluate potential and complex impacts due to social and environmental initiatives before investing. This will help build a clear action plan and avoid deviation. Identifying current vulnerabilities and predict future pitfalls related to business practices would be useful to identify your core CSR theme areas.

A CSR approach can help improve corporate governance, transparency, accountability and ethical standards. Companies are global ambassadors of change and values. Technology offers opportunities to improve dialogue and partnership consumers and investors are showing increasing interest in supporting responsible business practices and are demanding more information on how companies are addressing risks and opportunities related to social and environmental issues. People in many countries are making it clear that corporations should meet the same high standards of social and environmental care, no matter where operate.

At the same time, there is increasing awareness of the limits of government legislative and regulatory initiatives to effectively capture all the issues that CSR address. Businesses are recognizing that adopting an effective approach to CSR can reduce the risk of business disruption, open up new opportunities drive innovation and enhance brand.

State wise focus of the Companies

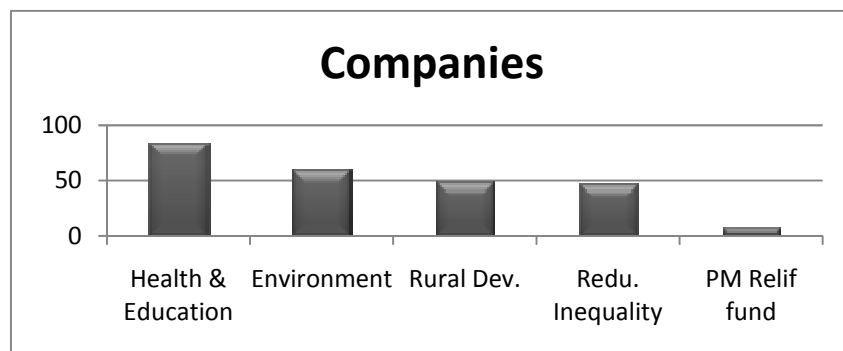
In this year Maharashtra had the highest number of projects, followed by Gujarat, Rajasthan, Karnataka and Tamil Nadu. Excluding Madhya Pradesh, which has been replaced by Delhi during this year, the rest of the states have retained their position in Top 10, by attaching spends towards CSR. However, it is surprising to observe that the number of projects have drastically come down by 33 per cent. This is a positive indication wherein the corporate have started more focused projects rather than spreading too thin through multiple projects, which can in long run, assist towards achieving measurable outcomes. Lakshya Deep, Andaman Nicobar, Islands, Dadra and Nagar Haveli, Pondicherry and Chandigarh including Northeastern states continues to have received least attention during the current year as well. More surprise that the number of project have come down by 79 per cent i.e from 102 to only 21 projects.



Source: KPMG in India's analysis based on our India's CSR reporting survey, 2016.

Sector Wise Focus of the Companies

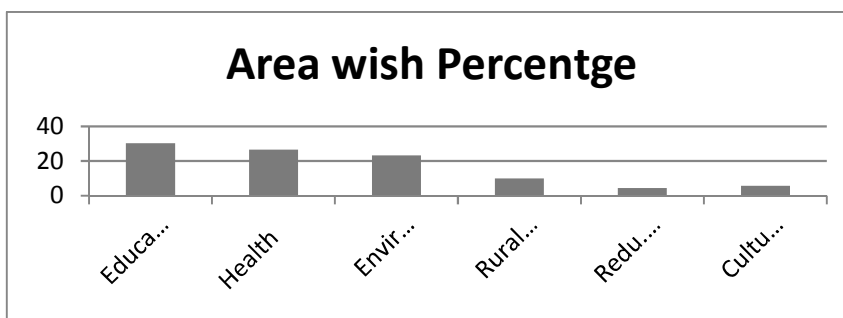
In the view of chart, 90 per cent companies have interested in projects in the area of health and education, followed by environment 59 companies, Rural development 49 companies and reducing inequality 47 companies only 8 companies are interested in PM Relief funds, Art and Culture and slum development during this year.



Source: KPMG in India's analysis based on our India's CSR reporting survey, 2016.

Area Wise Percentage of Spends Towards Project Overheads

In the view of survey overall most of the companies have regarding direct spends and overhead expenditure towards CSR project during the current year, against some companies during previous year. In the charts saw that education, health and environment sector 80.1 per cent out of the total percent. Reducing inequality, art and culture and sport is only 4.3 per cent of the total per cent. It means most of the companies do not weight age on reducing equality, art culture and sports.



Source: KPMG in India's analysis based on our India's CSR reporting survey, 2016.

Conclusion

India continues to be one of the fastest growing economies in the world and has made. India is one of the first few countries in the world which has mandated CSR spending as well as its reporting internationally disclosures on CSR have been in place for quite a few years now. A CSR approach can help improve corporate governance, transparency, accountability and ethical standards. CSR is the commitment of companies towards the sustainable economic development of the society. It is found that more than 70% companies actively involved in the promotion of the better health, safety management at work place. It was revealed that most of the companies allocating for CSR activities and most of the fund sent for social welfare.

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