

Topic: CSR: A Stride for Enhancement of the Society

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Abstract: With the application of the Companies Act 2013, now companies are necessarily required to spend every year 2% of their last three average profit for taking up social activities under CSR (Corporate Social Responsibilities), if they fulfill certain provisions of the Companies Act 2013. The companies are earning profit from utilizing resources available in the society be it is living or nonliving. Hence it is the duty or the responsibility of company to give back something to the society either by providing education, some development, efforts to save environment etc. CSR is getting popularized day-by-day because organizations have recognized that besides growing their businesses, it is equally important to outline responsible and supportable relationships with the community at large. The present paper is an attempt to understand requirements of the companies act 2013 and its provisions related to CSR, benefits of CSR to the company, top ten Indian companies and its spending on CSR for the F.Y 2017-18 and conclusion on the basis of overall observation.

Keywords: Corporate Social Responsibility, Net Worth, Average Profit, Companies Act, Net Profit, Sustainability

I. INTRODUCTION

Corporate Social Responsibility is not actually a new term/concept in India. With the implementation of the Companies Act 2013, companies fulfilling certain provisions are required to contribute, 2% of their average profit every year for the betterment of society and environment in which they perform their business activities and earn profit. CSR is also linked with the principal of sustainability. The enterprises should not make decisions based only on financial factors such as profits or dividends, but also based on the immediate and long term social and environmental consequences of their activities. Thus CSR is a way for companies to benefit themselves as well as benefiting society. As a yardstick for societal development, CSR helps companies to match their responsibilities as a businessmen in the national and international surroundings.

Through various activities under CSR can be taken up, which helps in improving healthcare, various activities like promoting preventive healthcare, promoting education, promoting gender equality, setting up homes for women, orphans and the senior citizens etc can be taken up to improve conditions of the society. Corporate social responsibility is not going to solve the world's problems fully, but will definitely help to reduce it to greater extent. India is one of the few countries in the world to have a well defined and fanatical CSR Act. In fact, it is the first to have brought about a legislation to implement CSR activities followed by United Kingdom.^c

II. SEGMENTWISE DEVELOPMENT OF

CORPORATE SOCIAL RESPONSIBILITY IN INDIA

In the world, India has the richest conclave of Corporate Social Responsibility (CSR). The term CSR may be relatively new-fangled to India, but the idea dates back to Mauryan history, where philosophers like Kautilya emphasized on ethical practices and principles while conducting business. Even in the ancient times, charity to the poor, needy or underprivileged was done by wealthy and well to do businessman or common man. Indian scriptures have at several places mentioned the importance of sharing one's earning with the deprived section of society. We have a deep rooted culture of sharing and caring.

CSR has evolved in phases like community engagement, socially responsible production, and socially responsible employee relations. Therefore, the history of Corporate Social responsibility in India can be broadly divided into four phases as follows.

A. First Segment

In the first segment, CSR activities were carried out by gracious actions of philanthropists and charitable trusts, which were influenced by family values, traditions, culture and religion along with business or commercial activities. Till 1850, the wealthy businessmen of the society, publicly shared their richness with the society either by setting up temples or religious institutions in their own or nearby villages. Even in crisis like famines, they use to open their granaries for the poor and hungry. In 1900s, the industrialist

families like Tatas, Birlas, Modis, Godrej, Bajajs and Singhanias promoted this concept sharing and caring by setting up charitable trusts/foundations, educational or healthcare institutions etc. for the betterment and development of the community.

B. Second Segment

The second segment was the era of struggle for independence, when the industrialists were under pressure to show their dedication towards the benefit of the society. During this period, the concept of trusteeship helped in the socio-economic growth of India. To fulfill this objectives, the industrialists and business houses begin to build trusts for schools/colleges, research and training institutes for innovation, social reforms like rural development, women empowerment etc.

C. Third Segment

In the third segment i.e from 1960-1980, social activities were more influenced by the appearance of Public sector undertakings for the appropriate distribution of wealth. The policy of industrial licensing, high taxes and restrictions on the private sector resulted in corporate malpractices. This led to acting out of legislation regarding corporate governance, labor and environmental issues. Hence public sector units (PSUs) were not very victorious. Therefore there was a natural swing of expectation from the public to the private sector and their active involvement in the socio-economic growth. In 1965, the academicians, politicians and businessmen set up a national meeting to make private sector/ corporate houses to make them more accountable for the society because they make huge profit by utilization of resources of the society i.e man, material etc. This is how charity and philanthropy work was formalized as Corporate Social Responsibility (CSR).

D. Fourth Segment

From 1980 onwards, Indian companies incorporated CSR into a reasonable business policy. With globalization and economic liberalization in 1990s, and partial removal of controls and licensing systems there was a rumble in the economic growth of the country. This led to the improved energy in industrial growth, making it possible for the companies to contribute more towards social responsibility. What started as charity is now understood and accepted as responsibility.

III. PROVISIONS OF THE COMPANIES ACT 2013 & CORPORATE SOCIAL RESPONSIBILITY

The purpose of corporate social responsibility is that as companies are making good amount of profit by operating in the society, it is the duty of the companies to give something in return by investing in social and environmental related causes. In other words the term 'Corporate Social Responsibility' (CSR) literally means the responsibility of Corporate Entities towards society. Under

the Companies Act, 2013, profitable companies with a sizeable business would have to spend every year at least 2% of three-years average profit on CSR activities. This would apply to the companies with a turnover of Rs 1,000 crore and or more, or net worth (i.e difference between total assets and total liabilities) of Rs 500 crore and more, or net profit of Rs 5 crore and more.

Indian companies acted well to the mandatory provisions related to CSR, with almost Rs. 8800 Cr. CSR spend in the 1st reporting year i.e F.Y 2015-15 of the CSR compliance.^a Total CSR spend may cross Rs 50,000 cr by March 2019^b. A large piece of this fund is used towards education and skills development projects, followed by healthcare and sanitation initiatives. both of this are top priorities for the central government too.

IV. CSR ACTIVITIES LISTED IN SCHEDULE VII OF THE COMPANIES ACT 2013

As per Companies Act 2013, schedule VII of it has listed such as eradicating extreme hunger and poverty, promoting gender equality and empowering women, promotion of education, reducing child mortality and improving maternal health, combating human immunodeficiency virus, acquired immune deficiency syndrome, malaria and other diseases, ensuring environmental sustainability, employment enhancing vocational skills, social business projects, contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government or the State Governments for socio-economic development and relief and funds for the welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women and such other matters as may be prescribed.

However, in determining CSR activities to be undertaken, preference would need to be given to local areas and the areas around where the company functions.

V. BENEFITS OF CSR

1. It helps in increasing satisfaction of the employees:

The way in which a company delights its group of people i.e community verbalizes a lot regarding how a company treats its employees. If employees feel that they are respected and supported by the company whenever it is required, they will definitely feel satisfied and motivated in the work they are engaged or appointed. If employees are given opportunity to volunteer for any social or organizational work, especially during working hours, creates a sense of attachment with organization as well as a association to the surrounding community. Employees will gain motivation and pride in their work through these personal-development opportunities. Employees that are actively involved in the community are also acting as brand ambassador for the company. In fact, companies with highly engaged and motivated employees demonstrates better business profitability.

2. It improved public image of the company:

In today’s digital era, companies which exhibits corporate social responsibilities very well, gains more publicity and admired by society for their involvements and commitment towards society. Consumers feel much proud of using products/services of that company which are serving group of their people.

3. It increases the loyalty of the customers towards company:

Customers are more likely to be loyal to those companies which have high corporate values align with their personal ones. Activities which are undertaken under CSR programs exhibits company's corporate values, vision and their mission. Companies core values are reflected in their team work, community involvement and engagement.

4. It facilitates in increasing the creativity:

As per provisions of the Companies Act 2013, companies fulfilling the criteria, are required to undertake CSR activities for spending required amount. Hence to accomplish the criteria, company's employees to try new things and get re-energized about their jobs by taking up CSR activities. Through this social involvement, employees will feel empowered to start contributing for the superior picture of the organization.. They might come up with new ideas about products or internal processes or innovate new problem-solving solutions.

VI. RESEARCH METHODOLOGY

The research paper is an attempt to do conceptual research, for which secondary data of top 10 Indian Companies of the current year are collected from journals, magazines, articles, newspapers and websites. The top 10 companies are collected on the basis of their contribution to the society on the basis of CSR spending of last three years as per provisions of the Companies Act 2013

Objectives

1. To understand the term and concept of CSR
2. To analyze and study the contribution of top 10 Indian companies through CSR to society and environment.

To study the objectives as mentioned above, following data of top 10 Indian Companies are collected.

Table Showing Prescribed and Actual sending by the Company under CSR

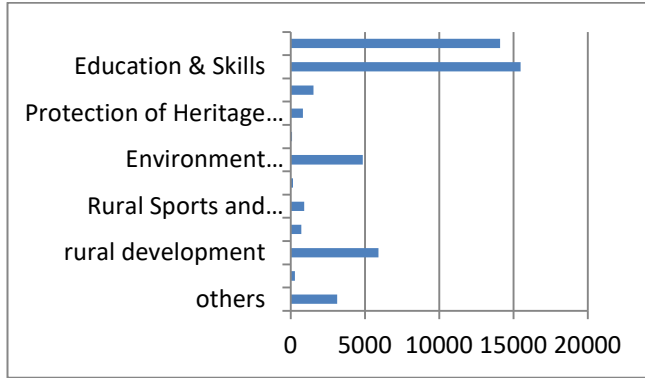
Sr. No	Name of the Company	year	Prescribed CSR (in cr)	Actual CSR (in cr)
1.	Reliance Industries Ltd.	2014-2015	532.96 Cr	760.58 Cr
		2015-2016	557.80 Cr	651.60 Cr
		2016-2017	620.41 Cr	659.20 Cr
		2017-2018	703.08 Cr	745.04 Cr
2.	Tata	2014-2015	285.00 Cr	219.00 Cr

	Consultancy Services Ltd.	2015-2016	360.00 Cr	294.00 Cr
		2016-2017	446.00 Cr	379.71 Cr
		2017-2018	497.00 Cr	400.00 Cr
3.	Oil and Natural Gas Corporation Ltd.	2014-2015	660.61 Cr	495.23 Cr
		2015-2016	593.70 Cr	419.06 Cr
		2016-2017	535.66 Cr	525.90 Cr
		2017-2018	487.04 Cr	503.42 Cr
4.	HDFC Bank Ltd.	2014-2015	197.13 Cr	118.55 Cr
		2015-2016	248.00 Cr	127.28 Cr
		2016-2017	304.00 Cr	305.42 Cr
		2017-2018	365.00 Cr	374.54 Cr
5.	Indian Oil Corporation Ltd	2014-2015	133.40 Cr	113.79 Cr
		2015-2016	141.50 Cr	156.68 Cr
		2016-2017	212.67 Cr	213.99 Cr
		2017-2018	327.94 Cr	331.05 Cr
6.	Infosys Ltd.	2014-2015	243.00 Cr	239.54 Cr
		2015-2016	256.01 Cr	202.30 Cr
		2016-2017	287.42 Cr	289.44 Cr
		2017-2018	287.42 Cr	312.60 Cr
7.	. ITC Ltd	2014-2015	212.92 Cr	214.06 Cr
		2015-2016	246.76 Cr	247.50 Cr
		2016-2017	275.27 Cr	275.96 Cr
		2017-2018	290.47 Cr	290.98 Cr
8.	National Thermal Power Corporation Ltd.	2014-2015	283.48 Cr	205.18 Cr
		2015-2016	271.35 Cr	491.80 Cr
		2016-2017	227.85 Cr	277.81 Cr
		2017-2018	220.75 Cr	241.54 Cr
9.	Bharti Airtel Ltd	2014-2015	140.00 Cr	41.10 Cr
		2015-2016	189.00 Cr	42.16 Cr
		2016-2017	207.90 Cr	5.58 Cr
		2017-2018	214.63 Cr	27.80 Cr
10.	Hindustan Zinc Ltd	2014-2015	152.64 Cr	59.28 Cr
		2015-2016	170.05 Cr	63.25 Cr
		2016-2017	175.35 Cr	49.40 Cr
		2017-2018	189.65 Cr	92.18 Cr

VII. ANALYSIS & INTERPRETATION OF DATA

It is observed from the above table that prescribed amount is ascertained on the basis of average profit of last three years. The contribution towards CSR was mandatory from F.Y 2014-15. Except Reliance Industries Ltd and ITC Ltd, all other eight companies could not spend the prescribed amount of CSR requirement. Further it is obvious that all the above 10 companies had tried to spend all or little amount towards CSR activities like for healthcare, environment conservation, providing education, rural development etc. Schedule VII of the Companies Act have specified the activities for which required amount should be spent under CSR. Of the total amount spend, highest amount is spend for education & skill projects, poverty alleviation, healthcare & wash. The following chart depicts the utilization of CSR funds for various endeavor or mission.

Chart showing Spending on various projects through CSR (in Cr)



Government is also very much concerned about providing education, reducing poverty, healthcare, environment, developing rural areas etc. Hence CSR activities under taken by corporate or business houses also helps government in fulfilling their objectives.

VIII. CONCLUSION

In the current social situation in India, it is difficult for single body to bring about change, as the dimension is enormous. Corporate houses have the expertise, strategic thinking, manpower and money to facilitate extensive social change. For obvious change in the society be it is in education, health, sanitation, rural development, providing pure drinking water facility etc. efficient partnerships between corporate, NGOs and the government, if made, will place India's social development on a faster track. Therefore if Government through its schemes and Corporates through CSR activities, work together can bring significant changes in the welfare of the society.

An assurance by companies to corporate social responsibility is no more a choice.. Companies required to understand that CSR activities affects their internal i.e. employee engagement, productivity, turnover rate and external i.e. increased sales, customer loyalty, brand awareness growth. By generating and contributing in CSR initiatives, companies have the opportunity showcase their core values and create trust among their employees and buyers.

At present companies are required to spend 2% of their average profit on CSR, but there is no mechanism to check and find out how much amount is spend or not spend. For not spending required amount, companies should be questioned. On the other hand there are companies who spend equal or more to required amount on CSR activities. Such companies should be acknowledged publicly by offering awards or certificates.

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