



# CORPORATE SOCIAL RESPONSIBILITY (CSR) AND COMMUNITY DEVELOPMENT IN INDIA

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**Abstract:** The purpose of this paper is to know the reasons for growth of CSR in India and to know what are the potential benefits of CSR to the community in general. Corporate Social Responsibility (CSR) is the medium through which corporate address the large group of stakeholders. CSR moving far ahead from its age-old domain of philanthropy and charity has now reached to a new hallmark of Corporate responsiveness and action to social issues and demand for sustainability in order to advance further towards a new era of collective future action for factoring the sustainable business strategy for good governance and development of the society and its people. Organizations are getting competitive in whatever they do. Moreover, companies are being closely monitored under provisions like corporate governance and RTI Act which bind organizations towards ethics and transparency. In such a scenario, future looks healthy and people in general can expect to derive benefits out of it.

**Index Terms - Corporate Social Responsibility, Globalization.**

## I. INTRODUCTION

It's no longer enough for businesses to simply buy and sell their products and services without considering the world in which they operate. The term "corporate social responsibility" came into common use in the late 1960s and early 1970s after many multinational corporations formed the term stakeholders, meaning those on whom organization activities have an impact. It was used to describe corporate owners beyond shareholders as a result of an influential book by R. Edward Freeman, Strategic Management: A Stakeholder Approach in 1984. Companies must voluntarily do business in an economically, socially and environmentally responsible manner to be sustainable over the long term. Corporate social responsibility (CSR) refers to business practices involving initiatives that benefit society. A business's CSR can encompass a wide variety of tactics, from giving away a portion of a company's proceeds to charity, to implementing "greener" business operations. The concept of CSR rests on the ideology of give and take. Companies take resources in the form of raw materials, human resources etc from the society. By performing the task of CSR activities, the companies are giving something back to the society (Companies Act 2013 (Companies Act)). CSR policy functions as a built-in, self-regulating mechanism whereby business monitors and ensures its active compliance with the spirit of the law, ethical standards, and international norms.

The goal of CSR is to embrace responsibility for the company's actions and encourage a positive impact through its activities on the environment, consumers, employees, communities, stakeholders and all other members of the public sphere. The WBCSD 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." It brings benefits for risk management, cost savings, access to capital, customer relationships, and human resource management. Companies can become socially responsible by following the law; integrating social, environmental, ethical, consumer, and human rights concerns into their business strategy and operations.

## II. GLOBAL GUIDELINES ON CSR

CSR moved from a social practice to an effective business tool. There are several globally recognised guidelines, frameworks; tools pertaining to CSR are available. Some of them are discussed below, these relate to larger perspective of business responsibility and sustainability. UN Guiding Principles on Business and Human Rights: Human rights are at the heart of the debate, and so is the question of which tools can be deployed to make sure that they are respected. In 2011, the Human Rights Council of the United Nations adopted concrete guidelines for action, the Guiding Principles on Business and Human Rights, intended to move beyond the debate on voluntary versus binding instruments in the area of human rights. The Guiding Principles rest on three pillars:

1. the state duty to protect
2. the corporate responsibility to respect
3. access to remedy

OECD Guidelines for Multinational Enterprises, they offer a comprehensive code of conduct designed to provide multinational enterprises (MNEs) with guidance and support in their interactions with trade unions and in the areas of environmental protection, the fight against corruption and respect of the interests of consumers. The Guidelines also contain recommendations on overseas investment and cooperation with foreign suppliers.

The International Labour Organization (ILO), which was founded in 1919, aims to introduce minimum social standards around the world. The idea behind these efforts is to prevent companies from gaining competitive advantages by violating workers' rights. The mission and the actions of the ILO are based on four basic principles:

- i) Freedom of association and the right to collective bargaining
- ii) Elimination of forced labour
- iii) Abolition of child labour
- iv) Elimination of discrimination in respect of employment and occupation

Growing Importance of CSR can be a huge benefit to a company because it forces the leadership to research and implement ways to be a benefit for society. The establishment of a CSR strategy is a crucial component of a company's competitiveness and something that should be led by the firm itself. This means having policies and procedures in place which integrate social, environmental, ethical, human rights or consumer concerns into business operations and core strategy – all in close collaboration with stakeholders. A global provider of business solutions for human resources found that organisations that had a genuine commitment to CSR substantially outperformed those that did not, with an average return on assets 19 times higher. Additionally, the study showed that CSR-orientated companies had a higher level of employee engagement and provided a markedly better standard of customer service (Study by Kenexa High Performance Institute in London, 2015).

Nearly two-thirds (66%) of respondents said they're willing to pay more for products and services that come from companies that are committed to positive social and environmental impact, up from 55% in 2014, and 50% in 2013. In terms of specific company attributes, 58% said they were willing to pay more if a product is from a company known for being environmentally friendly and 56% said they were willing to pay more if the product is from a company known for its commitment to social value (Nielsen worldwide survey of 30,000 consumers in early 2015). The 2015 Cone Communications/Ubiquity Global CSR study found that 90% of consumers would switch to a brand if it supported a cause.

Apart doing good for society and the planet, CSR can be a significant competitive advantage in today's highly competitive out-of-home leisure landscape.

- i) In the interest of enterprises - CSR provides important benefits to companies in risk management, cost savings, access to capital, customer relationships, HR management, and their ability to innovate.
- ii) In the interest of the economy - CSR makes companies more sustainable and innovative, which contributes to a more sustainable economy.
- iii) In the interests of society - CSR offers a set of values on which we can build a more cohesive society and base the transition to a sustainable economic system.

### III. CSR IN INDIA - GOVERNANCE STRUCTURE

To oblige by the regulations set by the Companies (CSR Policy) Rules, 2014 and subsequent amendments, implemented CSR projects across regions of its operations. To go beyond the urban set up where our offices are located, Synopsys extended its support to the rural and semi urban parts of Karnataka, Telangana, Delhi NCR, and Maharashtra. In the financial year 2022-23, Synopsys India had a total of 25 projects implemented with the help of 20 NGO partners in 593 government schools and 9 charitable institutions impacting about 115000 beneficiaries. Contributing to the global goals, Synopsys India deliberated its CSR efforts towards the United Nations' Sustainable Development Goals, 2030. Our CSR projects impacted majorly the indicators of Quality Education, Zero Hunger, Good Health and Wellbeing and Reduced Inequalities. With the evolving CSR Rules in India, Synopsys concentrated towards a vigorous process setting and robust due diligence, both internally and externally. This year, Synopsys had a fresh approach for implementing CSR projects with increased focus on visibility and employee engagement. The results of our mandatory due diligence of all 20 partners ensured that Synopsys partnered with credible NGOs, along with revisiting the reporting requirements, guidelines, and processes. Every project funded by Synopsys had a milestone and target-based approach which ensured outcomes were duly met. CSR in India is governed by the CSR Committee members of Synopsys India, which includes Raja Subramaniam, VP, Applications Engineering, Anshuman Ray, VP, Human Resources and B Mukesh, Director, Finance. The strategy and operations are directed and overseen by Bijay Chowdhury, Head, CSR and Philanthropy (Asia Pacific), in consultation with Erin Guzman, Senior Director, ESG. In addition, our CSR Champions in each of the offices are part of the dialogues while finalizing the projects. All stakeholders in the Governing body review the projects before approval and progress is monitored on a regular basis during the CSR Committee meetings. We have our branding guidelines in place for usage by the NGO partners which ensures productive visibility in the community and among external stakeholders. To enhance accountability for both Synopsys India and NGO partners, our legal team revised its agreement for CSR partnerships which outlines the terms and conditions for fund utilization along with guidelines on monitoring and reporting.

CSR is not new in India. Ever since their inception, corporate like the TATA Group, Aditya Birla Group, IOCL, to name few have been involved in serving the community, through donations and charity events. In India, the concept of CSR is governed by clause 135 of the Companies Act, 2013, which was passed by both Houses of the Parliament, and had received the assent of the President of India on 29 August 2013. The CSR provisions within the Act is applicable to companies with an annual turnover of 1,000 crore INR and more, or a net worth of 500 crore INR and more, or a net profit of 5 crore INR and more. The new rules, which will be applicable from the fiscal year 2014-15 onwards, also require companies to set-up a CSR committee consisting of their board members, including at least one independent director (Companies Act, 2013).

After the new Companies Act made it mandatory for companies with a net worth of Rs 500 crore or with annual turnover of Rs 1,000 crore to spend under CSR, India's total CSR reporting increased by 27% in 2015, the maximum among 45 countries (survey done by KPMG).

In India several companies have started realizing that it is a sensible move to take up CSR activities and integrate it with their business process. The basic objective of CSR in these days is to maximize the company's overall impact on the society and stakeholders. 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. This comes with a growing realization that they, as an integral part of this society themselves, can contribute to its upliftment and empowerment of the entire country in turn. Thus Companies now are setting up specific departments and teams that develop policies, strategies and goals which are for their CSR programs and allocate separate budgets to support them. These programs are based on well-defined social beliefs or are carefully aligned with the companies' business domain. The programs are put into practice by the employees who are crucial to this process. CSR programs ranges from community development to development in education, environment, and healthcare and so on.

#### IV. CSR ACTIVITIES OF SOME INDIAN COMPANIES

The first company of good corporate governance is the Indian IT industry bellwether, Infosys. Indeed, Infosys is one of the companies that has set benchmarks for other companies not only in India but all over the world in the way corporate governance and social responsibility are handled and projected to the outside world. The point here is that companies not only need to walk the talk for CSR but also broadcast their achievements to the world at large. Another company that has done an exceptional job of portraying itself as a good corporate citizen is the TATA group in India.

Four Tata Group companies have secured top 10 Rank in CSR for 2nd consecutive year in Economic Times Survey, report published on September 15, 2016. There are four Tata group companies in the top 10 list. Tata Power retains its position. Compared to the previous study, it has jumped two places. Mahindra & Mahindra the top ranked company in 2014 has dropped 3 ranks to be placed fourth. Ultratech Cement and Shree Cements are a surprise entrant in the top 10. Interestingly no foreign players made it to the top 10 list – a trend that follows from 2014. CSR activities of some Indian companies are as follows:

**Infosys:** They established Infosys Foundation in 1996. The focus areas are to strive for economic development, promoting education, to fight for hunger, poverty, malnutrition, to strengthen rural areas, to promote gender equality and women empowerment and environment sustainability.

**Reliance Industries:** To provide impetus to various philanthropic initiatives of RIL, Reliance Foundation (RF) was set up in 2010 as an expression of its vision towards sustainable growth in India. Reliance Foundation works for the people belonging to marginalized community. It works to promote quality life among rural people, to provide access to quality and affordable healthcare in India, work for urban renewal and provide affordable education, to promote art and culture of India, also work to revolutionize grassroots sports.

**Tata Group:** The Tata Group conglomerate in India carries out various CSR projects, most of which are community improvement and poverty alleviation programs. Through self-help groups, it is engaged in women empowerment activities, income generation, rural community development, and other social welfare programs. In the field of education, the Tata Group provides scholarships and endowments for numerous institutions.

The group also engages in healthcare projects such as facilitation of child education, immunization and creation of awareness of AIDS. Other areas include economic empowerment through agriculture programs, environment protection, providing sport scholarships, and infrastructure development such as hospitals, research centers, educational institutions, sports academy, and cultural centers.

**Mahindra and Mahindra:** The Company focuses on the constituencies of girls, youth, and farmers, by supporting them in education, health and livelihood enhancement, with innovative programmes that harness the levelling power of technology. Rise for Good also entails running our business with integrity, responsibility and transparency, caring for the well-being of the planet and striving for the welfare of our employees, customers and the community.

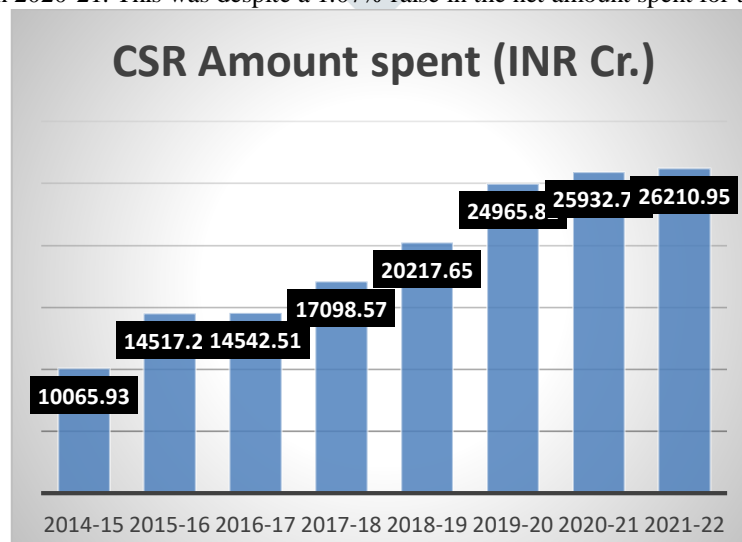
**Ultratech Cement:** Ultratech Cement, India's biggest cement company is involved in social work across 407 villages in the country aiming to create sustainability and self-reliance. Its CSR activities focus on healthcare and family welfare programs, education, infrastructure, environment, social welfare, and sustainable livelihood.

The company has organized medical camps, immunization programs, sanitization programs, school enrolment, plantation drives, water conservation programs, industrial training, and organic farming programs.

**ITC Group:** ITC Group a conglomerate with business interests across hotels, FMCG, agriculture, IT, and packaging sectors has been focusing on creating sustainable livelihood and environment protection programs. The company has been able to generate sustainable livelihood opportunities for six million people through its CSR activities. Their e-Choupal program, which aims to connect rural farmers through the internet for procuring agriculture products, covers 40,000 villages and over four million farmers. Its social and farm forestry program assists farmers in converting wasteland to pulpwood plantations. Social empowerment programs through micro-enterprises or loans have created sustainable livelihoods for over 40,000 rural women.

#### V. CSR ACTIVITIES OF SOME INDIAN COMPANIES

FY 2021-22 witnessed that Indian firms spending on corporate social responsibility remained flat based on the companies' annual reports. the combined CSR expenditure by 20804 companies that were required to spend under the law stood at Rs. 26210.95 crore, similar to Rs. 25932.79 crore in 2020-21. This was despite a 1.07% raise in the net amount spent for the FY 2021-22.



The companies in India spent around Rs. 26,210.95 Cr. (FY 2021-22) in various programs ranging from educational programs, skill development, social welfare, healthcare, and environment conservation. The health care sector received the maximum funding of INR Rs.7636.18 Cr. followed by education at Rs.6367.33 Cr. For the FY 2021-22, while programs such as Clean Ganga Fund,

Armed Forces, Veterans, War Widows/ Dependants, Agro Forestry, Swachh Bharat Kosh, Setting Up Orphanage, Technology Incubators projects saw negligible spend.

**Table. No. 01**  
**Amount spent on CSR by top ten companies FY 2021-22**

Sl.No	Company Name(s)	Amount (INR Cr.) (2021-22)	Amount (INR Cr.) 2020-21
1	Reliance Industries Limited	812.33	922
2	HDFC Bank Limited	722.99	634.42
3	Tata Consultancy Services Limited	719.92	674
4	Oil And Natural Gas Corporation Limited	436.19	531.45
5	NTPC Limited	356.71	418.87
6	Infosys Limited	344.47	361.82
7	ITC Limited	333.38	335.43
8	NMDC Limited	287.33	158.62
9	Indian Oil Corporation Limited	284.03	445.09
10	Icici Bank Limited	266.52	200.49

*Source: CSR Report, National CSR Portal, Ministry of Corporate Affairs*

In terms of absolute spending, Reliance Industries spent the most (Rs.812.33 Cr.) followed by the HDFC bank Ltd and Tata Consultancy Services Limited with Rs. 722.99 Cr. and Rs. 719.92 Cr. respectively. NMDC Ltd spending Rs. 356.71 cr. compared to previous year came to 8<sup>th</sup> place in the year 2021-22 from 21<sup>st</sup> place in the year 2020-21.

## VI. CONCLUSION

Corporate Social Responsibility (CSR) is an important aspect of business operations in 2023 and beyond, as companies face growing pressure to demonstrate their commitment to sustainability and ethical practices. This blog has explored the evolution of CSR, its current state, best practices for companies looking to prioritize CSR, and the future of the field. Companies that prioritize CSR are better positioned to create long-term value for all of their stakeholders and to succeed in this rapidly changing landscape. Organizations must realize that government alone will not be able to get success in its endeavour to uplift the down trodden of society. Hence, the development of community, education and health becomes very important aspect and part of Corporate social responsibility.

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