

# CORPORATE SOCIAL RESPONSIBILITY AND COMPANIES ACT 2013

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## Abstract:

According To New Companies Act 2013, Csr Is Emerging As The Catalyst In Socio-Economic Development Of The Country, The Practices And Initiatives Taken By Corporates To Develop The Indian Society Is Making A Drastic Change And It Can Be Seen Around Us.

Clause 135 Of The New Companies Act 2013 Includes Following Criteria For Csr-

Net Worth- Rs 500 Crore Or More Or

Turnover- Rs 1000 Crore Or More Or

Net Profit- Rs 5 Crore Or More

If Any Company During Any Of The Financial Year Fulfils, Any Of The Above Conditions Then It Should-  
 Constitute A Csr Committee Of Board Which Shall Consist Of Minimum Three Directors Out Of Which One Shall Be Independent Director.

The Committee Shall Formulate And Recommend Csr Policy Which Indicates Companies Activities As Specifies In Schedule Vii And Also Amount Recommend For The Same.

At Least 2% Of The Average Net Profit Of The Immediately Preceding Three Financial Years Of The Company Shall Be Used In Accordance With The Csr Policy.

The Company Shall Give Preference To Its Local Area From Where It Operate Its Csr Activities.

In This Paper The Author Is Trying To Highlight The Changes In The Scenario Of Corporate Social Responsibilities Concept With The Coming Of The New Companies Act 2013 And Explaining Various Csr Activities, Its Advantages And Loopholes.

IndexTerms -

## Introduction

CSR is the duty of every business organization to protect the interest of the society at large. Even though the main motive of business is to earn profits, corporates should take initiatives for welfare of the society and should perform its activities within the framework of environmental norms. Earlier this concept is not of any legal importance as it was voluntary for all the corporates to take steps for betterment of the society except government rules and regulations related to protection of environment. But now with the massive efforts of Mr.Schain pilot and other parliamentary members CSR has gained importance in new companies' act 2013

The other name for this term CSR is corporate responsibility, corporate citizenship, responsible business, sustainable responsible business [SRB] and corporate social performance. A responsible corporate recognizes that its activities have great impact on the society in which it exists. Therefore, being part of society it makes them responsible and accountable of the economic, social, environmental and human rights impact of its activities on all stakeholders. But some Indian companies have ideology that merely complying with laws and regulations fulfills the need of social responsibility. CSR is that particular niche area of

corporate behavior and governance that need to get aggressively addressed and artfully in the implemented tactfully in the organization. CSR is one of the most effective tool that synergizes the efforts of corporate and social sector agencies towards sustainable growth and development and accomplishment of societal objectives. The government has with effect from 1<sup>st</sup> April 2014 imposed compulsory corporate social responsibility obligations [CSR] upon Indian companies and foreign companies operating in India under the companies act 2013. These obligations mainly come in the form of mandatory amounts of a minimum of 2% of their profits, the eligible companies must contribute to mediatory social problems.

### Objectives

To study the status of CSR in India.

To understand the meaning and various models of CSR.

To study the provisions of the new companies, act 2013 regarding CSR.

To study the challenges faced by CSR in India.

To study the CSR activities performed by companies operating in India and foreign companies operating in India.

### CSR- concepts, definitions and models

CSR is a concept whereby companies integrate social, environmental and health concerns in their business strategy [policy] and operations and in their interaction with stakeholders on a voluntary basis. The social responsibility of business encompasses the economic, legal, ethical, and discretionary expectations that society has of the organization at a given point in time [Carroll 1979]

The European commission's definition of CSR is- "a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis"

According to CSR Asia- "CSR is a company's commitment to operate in an economically, socially and environmentally sustainable manner while balancing the interests of diverse stakeholders"

It's hard to miss the conversation in the business media about responsibility. While some concept of corporate social responsibility has been around since the 1950s, businesses have seen both an evolving conversation and a growing interest in this area of management. Increasingly, corporations both large and small are using commitments to social responsibility to promote their products. Examining the three dominant models of social responsibility is one way managers and investors can make sure not to miss out on this important conversation.

Corporate social responsibility is the commitment a company has to the community outside of its shareholders and employees. The subject isn't without controversy, with some claiming corporations have no role in social responsibility and others asserting that they can't escape it. Business researcher Elizabeth Redman proposed the three models of corporate social responsibility as a way of understanding this often contentious conversation. In her work on corporate social responsibility, published in the Roosevelt Review, Redman contends that the discussion often involves one of three conceptual models for CSR: a conflict model, an added value model and a multiple goals model.

### Traditional Conflict Model

In the traditional conflict model for corporate social responsibility, social values and benefits are seen as in conflict with shareholder profits. Under this model, corporations opting to practice forms of social responsibility are likely to see added costs for doing so. Proponents of this conceptual model generally argue that the nature of business is one of trade-offs between economic and moral values, and corporate managers will inevitably be forced to decide between their social and fiduciary responsibilities or their commitment to shareholder equity value.

## Added Value Model

A second model for conceptualizing corporate social responsibility is to see social and environmental commitments as a means to create profit. While proponents of this model tend to acknowledge that conflicts persist in business decisions, they also believe that CSR investments are also capable of generating new revenues. This model tends to focus on issues like the value of CSR in attracting socially conscious consumers, finding socially conscious employees and managing the risks of negative press.

## Multiple Goals Model

Finally, a third model for corporate social responsibility posits a role for social values in corporate decisions that are untethered to economic values. Under this model, corporations have goals beyond shareholder value, including the enhancement of their community without respect to monetary gain. According to Redman, this model is thought to be relatively radical, though some corporate officers have expressed support for it. Proponents of this model emphasize quality of life as the basis of economic activity.

Corporate social responsibility initiatives are standards and measures that businesses put in place to benefit society. Generally speaking, these initiatives are based on [sustainability](#) in four different categories which are:-

### Environmental Responsibility

Environmental sustainability initiatives enacted by businesses generally focus on two main areas: limiting pollution and reducing greenhouse gases. As the awareness of environmental issues grows, businesses that take steps to reduce air, land and water pollution can increase their standing as good corporate citizens while also benefiting society as a whole. For example, [Cisco Systems](#), a multinational technology company, has taken a variety of steps to reduce its carbon footprint, including the installation of photovoltaic systems at production facilities and developing platforms that allow employees to work from remote locations rather than commuting to the office.

### Philanthropic Initiatives

Philanthropic initiatives include the donation of time, money or resources to charities and organizations at local, national or international levels. These donations can be directed to a variety of worthy causes including human rights, national disaster relief, clean water and education programs in underdeveloped countries. For example, Microsoft co-founder Bill Gates has donated billions of dollars to the [Bill and Melinda Gates Foundation](#), which supports numerous causes including education, the eradication of malaria and agricultural development. In 2014, Bill Gates was the single largest giver in the world, donating \$1.5 billion in Microsoft stock to the Bill and Melinda Gates Foundation.

The primary focus on ethics is to provide fair labor practices for businesses' employees as well as the employees of their suppliers. Fair business practices for employees include equal pay for equal work and living wage compensation initiatives. Ethical labor practices for suppliers include the use of products that have been [certified as meeting fair trade standards](#). For example, Ben and Jerry's Ice Cream uses fair trade-certified ingredients like sugar, cocoa, vanilla, coffee and bananas.

### Economic Responsibility

Economic responsibility focuses on practices that facilitate the long-term growth of the business, while also meeting the standards set for ethical, environmental and philanthropic practices. By balancing economic decisions with their overall effects on society, businesses can improve their operations while also engaging in sustainable practices. An example of economic responsibility is when a company modifies its manufacturing processes to include recycled products, which could benefit the company by potentially lowering the cost of materials and also benefit society by consuming fewer resources.

## Corporate social responsibility in India

CSR is not a new concept in India. Ever since their inception, corporates like the [Tata Group](#), the Group, and [Indian Oil Corporation](#), to name a few, have been involved in serving the community. Through

donations and charity events, many other organizations have been doing their part for the society. The basic objective of CSR in these days is to maximize the company's overall impact on the society and stakeholders. CSR policies, practices and programs are being comprehensively integrated by an increasing number of companies throughout their business operations and processes. A growing number of corporates feel that CSR is not just another form of indirect expense but is important for protecting the goodwill and reputation, defending attacks and increasing business competitiveness.<sup>1</sup>

Companies have specialized CSR teams that formulate policies, strategies and goals for their CSR programs and set aside budgets to fund them. These programs are often determined by social philosophy which have clear objectives and are well defined and are aligned with the mainstream business. 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 etc. For example, a more comprehensive method of development is adopted by some corporations such as [Bharat Petroleum Corporation Limited](#), [Maruti Suzuki India Limited](#). Provision of improved medical and [sanitation](#) facilities, building schools and houses, and empowering the villagers and in process making them more self-reliant by providing [vocational training](#) and a knowledge of business operations are the facilities that these corporations focus on. Many of the companies are helping other peoples by providing them good standard of living. [Mahindra & Mahindra](#) carries out different CSR activities which focus on girl child, farmers and youth through programmers in domains like public health, education and environment.<sup>1</sup>[UltraTech Cement](#) is involved in CSR activities across 407 villages in India with an aim to create self-reliance and sustainability. Also, corporates increasingly join hands with [non-governmental organizations](#) (NGOs) and use their expertise in devising programs which address wider social problems. Similarly, [greenfly](#) Industries Limited under the leadership of [Shobhan Mittal](#), CEO and joint-Managing Director, formed Green ply Foundation to carry out CSR activities for the company. green ply CSR has partnered with Rural Development Institute (RDI) of the Himalayan Institute Hospital Trust (HIHT) and started a healthcare initiative in Tazi, Nagaland which aims to influence reproductive and sexual health behavior of women and adolescents in the area. Another initiative of green ply Foundation is the 'Carpenter Guru' mobile application which is a part of the Carpenter Training programme designed and implemented by the Foundation. Training is conducted by the Foundation for carpenters, in order to equip them with modern carpentry techniques, knowledge of modern material and skills to improve their livelihoods. More than 1,500 carpenters and contractors across Delhi, Kolkata and Bhopal have directly benefitted from this training program so far.

There are some achievements in the field of CSR which are-

Professor B.S Sahay honored with India CSR lifetime achievement award.

The prestigious India CSR leadership Summit and awards 2017 celebrating CSR innovation and leadership to be held at hotel Sahara star Mumbai on 26 may 2017,

The prestigious India women CSR leadership award was conferred upon miss Anuran Nidhi head CSR reliance group for her outstanding contribution in strategizing large scale CSR project

### **Provisions of new companies act regarding CSR**

[The Companies \(Corporate Social Responsibility Policy\) Rules, 2014 to come into effect from April 2014 1,](#)

[With effect from April 1, 2014, every company, private limited or public limited, which either has a net worth of Rs 500 crore or a turnover of Rs 1,000 crore or net profit of Rs 5 crore, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility activities. The CSR activities should not be undertaken in the normal course of business and must be with respect to any of the activities mentioned in Schedule VII of the 2013 Act. Contribution to any political party is not considered to be a CSR activity and only activities in India would be considered for computing CSR expenditure.](#)

[The net worth, turnover and net profits are to be computed in terms of Section 198 of the 2013 Act as per](#)

the profit and loss statement prepared by the company in terms of Section 381 (1) (a) and Section 198 of the 2013 Act. While these provisions have not yet been notified, it has been clarified that if net profits are computed under the Companies Act, 1956 they needn't be recomputed under the 2013 Act. Profits from any overseas branch of the company, including those branches that are operated as a separate company would not be included in the computation of net profits of a company. Besides, dividends received from other companies in India which need to comply with the CSR obligations would not be included in the computation of net profits of a company.

The CSR Rules appear to widen the ambit for compliance obligations to include the holding and subsidiary companies as well as foreign companies whose branches or project offices in India fulfil the specified criteria. There is a need for clarity with respect to the compliance obligations of a company as well as its holding and subsidiary companies.

The activities that can be undertaken by a company to fulfil its CSR obligations include eradicating hunger, poverty and malnutrition, promoting preventive healthcare, promoting education and promoting gender equality, setting up homes for women, orphans and the senior citizens, measures for reducing inequalities faced by socially and economically backward groups, ensuring environmental sustainability and ecological balance, animal welfare, protection of national heritage and art and culture, measures for the benefit of armed forces veterans, war widows and their dependents, training to promote rural, nationally recognized, Paralympic or 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 and relief and welfare of SC, ST, OBCs, minorities and women, contributions or funds provided to technology incubators located within academic institutions approved by the Central Government and rural development projects.

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

To formulate and monitor the CSR policy of a company, a CSR Committee of the Board needs to be constituted. Section 135 of the 2013 Act requires the CSR Committee to consist of at least three directors, including an independent director. However, CSR Rules exempts unlisted public companies and private companies that are not required to appoint an independent director from having an independent director as a part of their CSR Committee and stipulates that the Committee for a private company and a foreign company need have a minimum of only 2 members.

A company can undertake its CSR activities through a registered trust or society, a company established by its holding, subsidiary or associate company or otherwise, provided that the company has specified the activities to be undertaken, the modalities for utilization of funds as well as the reporting and monitoring mechanism. If the entity through which the CSR activities are being undertaken is not established by the company or its holding, subsidiary or associate company, such entity would need to have an established track record of three years undertaking similar activities.

Companies can also collaborate with each other for jointly undertaking CSR activities, provided that each of the companies are able individually report on such projects.

A company can build CSR capabilities of its personnel or implementation agencies through institutions with established track records of at least three years, provided that the expenditure for such activities does not exceed 5% of the total CSR expenditure of the company in a single financial year.

The CSR Rules specify that a company which does not satisfy the specified criteria for a consecutive period of three financial years is not required to comply with the CSR obligations, implying that a company not satisfying any of the specified criteria in a subsequent financial year would still need to undertake CSR activities unless it ceases to satisfy the specified criteria for a continuous period of three years. This could increase the burden on small companies which do not continue to make significant profits.

The report of the Board of Directors attached to the financial statements of the Company would also need to include an annual report on the CSR activities of the company in the format prescribed in the CSR Rules setting out inter alia a brief outline of the CSR policy, the composition of the CSR Committee, the average net profit for the last three financial years and the prescribed CSR expenditure. If the company has been unable to spend the minimum required on its CSR initiatives, the reasons for not doing so are to be specified in the Board Report.

### Data analysis and findings

As per the report- The Economic Times [FUTURESCAPE], India's top 100 companies for sustainability and CSR 2016 from which we analysed top 50 companies which are-

RANK	COMPANY'S NAME	RANK	COMPANY'S NAME
1	TATA STEEL LTD.	26	CUMMINS INDIA
2	TATA POWER CO. LTD	27	HCL TECHNOLOGIES LTD.
3	ULTRA TECH CEMENT LTD	28	RELIANCE INDUSTRIES LTD.
4	MAHENDRA & MEHENDRA LTD	29	ESSAR OIL LTD.
5	TATA MOTORS LTD.	30	HINDUSTAN CONSTRUCTION COMPANY LTD.
6	TATA CHEMICALS LTD.	31	NESTLE India LTD.
7	ITC LTD.	32	OIL & NATURAL GAS CORPORATION LTD.
8	SHREE CEMENT LTD.	33	JINDAL STEEL & POWER LTD.
9	BHARAT PETROLEUM CORPORATION LTD.	34	VEDANTA LTD.
10	LARSEN AND TOUBRO LTD.	35	DR. REDDY'S LABORATORIES LTD.
11	INFOSYS LTD.	36	DABUR India LTD.
12	ACC LTD.	37	APPOLO TYRES LTD.
13	INDIAN OIL CORPORATION LTD.	38	BAJAB AUTO LTD.
14	AMBUJA CEMENT LTD.	39	CHAMBAL FERTILISERS & CHEMICALS LTD.
15	SAIL	40	BHARAT HEAVY ELECTRICALS LTD. 7

16	JUBLIANT LIFE SERVICES LTD.	41	NTPC LTD.
17	COCA-COLA INDIA PVT.LTD.	42	WIPRO LTD.
18	GAIL[India] LTD.	43	OIL India LTD.
19	TATA CONSULTANCY SERVICES LTD.	44	HDFC BANK LTD.
20	HINDUSTAN UNILEVER LTD.	45	HINDALCO INDUSTRIES LTD.
21	CISCO SYSTEM India PVT. LTD	46	BHARAT ELECTRONICS LTD.
22	JSW STEEL LTD.	47	GODREJ CONSUMER PRODUCTS LTD.
23	HINDUSTAN PETROLEUM CORPORATION LTD.	48	POWER GRID CORPORATION OF India LTD.
24	MARUTI SUZUKI India LTD.	49	BOSCH LTD.
25	YES BANK LTD.	50	HINDUSTAN ZINC LTD.

This study was undertaken in partnership with IIM Udaipur FUTUREScape & The Economics Times is an unbiased quantitative and analytical examination of Indian sustainability report, annual report and business responsibility report. It includes industries as varied as automobiles, banks, FMCGs, infrastructure, IT etc.

It covers four [4] major criteria-

Criteria	Weightage
Governance	20%
Disclosure	15%
Stakeholders	35%
Sustainability	30%

As per 2016 ranking, for most companies, financial year 2014-15 was the first implementation year with respect to the new companies act 2013

#### Findings

Tata steel leads the pack compared to the previous study. It has jumped to two places.

Tata power retain its position.

There are 4 Tata group companies in the top 10 list.

Mahendra & Mahendra, the top ranked company in 2014 has dropped 3 ranks to be placed at fourth.

Ultra tech cement and Shree cement are surprise entrants in the top 10 list

Reliance got 28<sup>th</sup> rank in this top 50 list which has disappointed a lot as there were huge expectations from Reliance industries.

Point which is necessary to be noted here is that, no foreign players made it to the top ten list- a trend that follows from 2014

Composition of the top ten companies in the last three years reveals that the top performers have largely remain consistent and possible reasons for this are-

Business responsibility for top performers is more than compliance, it's a great strategy.

Sustainability and CSR impacts are holistic.

Business responsibility framework for the organization are created after materiality assessment and stakeholders engagement.

Money spent on business responsibilities

In this the companies are categorized in 4 types

S.NO.	TYPE	AMOUNT SPENT[AVG.]	SCORE[AVG.]	NO. OF COMPANIES
1	Pace scatters	2.1%	65.1	47
2	Smart utilizers	0.9%	63.2	38
3	Low efficiency	2.1%	27.4	40
4	Starting out	0.6%	23.9	48

Analysis I

From the data is is seen that companies that come under the category of Smart utilizers category are the real gamers as they spent less amount and gained high score as their strategy is much efficient which is based on proper cost-benefit analysis technique. This category can be termed as brilliant performers.

Companies that come under the category of pace scatters and low efficiency have spent same amount but their score is different as low efficiency category includes companies which are not good in strategy formulation and cost-benefit analysis.

Starting out companies are on its track which have spent less amount and gaining less score.

Analysis II

Strategies plays crucial role in decision making whether decision is to be taken at top level management or at bottom level, prior planning and strategy formulation is indispensable. The results which we studies above are the consequences of the strategies of the companies. Tata industries are rich in strategy formulation and this has made the in acquiring top ten position in the top rankers iu the field of business responsibility.

## Issues and challenges faced by CSR in India

Many companies think that corporate social responsibility is a peripheral issue for their business and customer satisfaction more important for them. They imagine that customer satisfaction is now only about price and service, but they fail to point out on important changes that are taking place worldwide that could blow the business out of the water. The change is named as social responsibility which is an opportunity for the business. Some of the drivers pushing business towards CSR include:

The Shrinking Role of Government

In the past, governments have relied on legislation and regulation to deliver social and environmental objectives in the business sector. Shrinking government resources, coupled with a distrust of regulations, has led to the exploration of voluntary and non-regulatory initiatives instead.

### Demands for Greater Disclosure

There is a growing demand for corporate disclosure from stakeholders, including customers, suppliers, employees, communities, investors, and activist organizations.

### Increased Customer Interest

There is evidence that the ethical conduct of companies exerts a growing influence on the purchasing decisions of customers. In a recent survey by Environs International, more than one in five consumers reported having either rewarded or punished companies based on their perceived social performance.

### Growing Investor Pressure

Investors are changing the way they assess companies' performance, and are making decisions based on criteria that include ethical concerns. The Social Investment Forum reports that in the US in 1999, there was more than \$2 trillion worth of assets invested in portfolios that used screens linked to the environment and social

### Competitive Labour Markets

Employees are increasingly looking beyond paychecks and benefits, and seeking out employers whose philosophies and operating practices match their own principles. In order to hire and retain skilled employees, companies are being forced to improve working conditions.

### Supplier Relations

As stakeholders are becoming increasingly interested in business affairs, many companies are taking steps to ensure that their partners conduct themselves in a socially responsible manner. Some are introducing codes of conduct for their suppliers, to ensure that other companies' policies or practices do not tarnish their reputation. Dr. Ratnam said the concept of CSR had different meanings depending on the stakeholder and that depending on the specific situation of the enterprises expectations can also vary. A CSR project can begin in response to a crisis or adverse publicity that a company may suffer. The motive for launching CSR can vary between philanthropy or notions of corporate citizenship. In India, over time, the expectations of the public have grown enormously with demands focusing on poverty alleviation, tackling unemployment, fighting inequality or forcing companies to take affirmative action. The historical driver of CSR has been philanthropy or a sense of ethics. After the Second World War, a variety of national and international regulations arose through bodies such as the International Labor Organization (ILO) emphasizing the need for an active social policy for transnational companies (TNC's). This additional driver, international institutions, has relevance for India through the work of the ILO, the OECD, Socially Responsible Investment (SRI), the SA8000 Social Accountability scheme and through the work of the Uncommission on Human Rights which tackled the human rights responsibilities of TNC's. In India, some public sector companies can spend up to 5% of their profits on CSR activities. Pressure groups have been quite successful in inducing companies to fund CSR schemes, even to the point of using kidnappings a tactic! Forms of CSR differ according to the country or region. In Europe, for example, notions of CSR probably developed out of the Church and a sense of ethics. In India, CSR has evolved to encompass employees, customers, stakeholders and notions of sustainable development or corporate citizenship. In transnational companies, the approach to CSR typically emerges from one of three elements including a decentralized strategy (which might examine human rights), a centralized strategy (which would be company-wide) or globally integrated strategy (which would include Coca Cola or oil companies - where local actions can impinge globally).

The survey conducted by Times of India group on CSR used a sample size of 250 companies involved in CSR activities through a method of online administration of questionnaire. The questionnaire was evolved after due diligence including focus group meetings, consultations with key stakeholders and a pilot in four metros. Finally 82 organizations responded to the questionnaire. These comprised 11 public sector undertakings (PSUs), 39 private national agencies and 32 private multinational organizations. The respondent organizations form a satisfactory percentage of 33 per cent of the sample size, given the fact that only those companies that had direct or indirect involvement in CSR activities were chosen to be approached for the survey.

The survey elicited responses from participating organizations about various challenges facing CSR initiatives in different parts of the country. Responses obtained from the participating organizations have been collated and broadly categorized by the research team. These challenges are listed below:

#### Lack of Community Participation in CSR Activities:

There is a lack of interest of the local community in participating and contributing to CSR activities of companies. This is largely attributable to the fact that there exists little or no knowledge about CSR within the local communities as no serious efforts have been made to spread awareness about CSR and instill confidence in the local communities about such initiatives. The situation is further aggravated by a lack of communication between the company and the community at the grassroots.

#### Need to Build Local Capacities:

There is a need for capacity building of the local non-governmental organizations 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 scaling up of CSR initiatives and subsequently limits the scope of such activities.

#### Issues of Transparency:

Lack of transparency is one of the key issues brought forth by the survey. There is an expression by the companies that there exists lack of transparency on the part of the local implementing agencies as they do not make adequate efforts to disclose information on their programs, audit issues, impact assessment and utilization of funds. This reported lack of transparency negatively impacts the process of trust building between companies and local communities, which is a key to the success of any CSR initiative at the local level

#### Non-availability of Well Organized Non-Governmental Organizations:

It is also reported that there is non-availability of well-organized nongovernmental organizations in remote and rural areas that can assess and identify real needs of the community and work along with companies to ensure successful implementation of CSR activities. This also builds the case for investing in local communities by way of building their capacities to undertake development projects at local levels.

#### Visibility Factor:

The role of media in highlighting good cases of successful CSR initiatives is welcomed as it spreads good stories and sensitizes the local population about various ongoing CSR initiatives of companies. This apparent influence of gaining visibility and branding exercise often leads many nongovernmental organizations to involve themselves in event-based programs; in the process, they often miss out on meaningful grassroots interventions.

#### Narrow Perception towards CSR Initiatives:

Non-governmental organizations and Government agencies usually possess a narrow outlook towards the CSR initiatives of companies, often defining CSR initiatives more donor-driven than local in approach. As a result, they find it hard to decide whether they should participate in such activities at all in medium and long run.

#### Non-availability of Clear CSR Guidelines:

There are no clear cut statutory guidelines or policy directives to give a definitive direction to CSR initiatives of companies. It is found that the scale of CSR initiatives of companies should depend upon their business size and profile. In other words, the bigger the company, the bigger is its CSR program.

#### Lack of Consensus on Implementing CSR Issues:

There is a lack of consensus amongst local agencies regarding CSR projects. This lack of consensus often results in duplication of activities by corporate houses in areas of their intervention. This results in a competitive spirit

between local implementing agencies rather than building collaborative approaches on issues. This factor limits company's abilities to undertake impact assessment of their initiatives from time to time.

### Conclusion

The concept of corporate social responsibility is now firmly rooted on the global business agenda. But in order to move from theory to concrete action, many obstacles need to be overcome. A key challenge facing business is the need for more reliable indicators of progress in the field of CSR, along with the dissemination of CSR strategies. Transparency and dialogue can help to make a business appear more trustworthy, and push up the standards of other organizations at the same time. Some of the positive outcomes that can arise when businesses adopt a policy of social responsibility include-

### Company Benefits

Improved financial performance;  
 Lower operating costs;  
 Enhanced brand image and reputation  
 Increased sales and customer loyalty;  
 Greater productivity and quality;  
 More ability to attract and retain employees;  
 Reduced regulatory oversight;  
 Access to capital;  
 Workforce diversity;  
 Product safety and decreased liability.

### Benefits to the Community and the General Public

Charitable contributions;  
 Employee volunteer programs;  
 Corporate involvement in community education, employment and homelessness programs;  
 Product safety and quality.

### Environmental Benefits

Greater material recyclability;  
 Better product durability and functionality;  
 Greater use of renewable resources;  
 Integration of environmental management tools into business plans, including life-cycle assessment and costing, environmental management standards, and eco-labeling.

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