

# An overview of the evolution, Role and Scope of the Corporate Social Responsibility (CSR) in India

**Dr.Pankaj Gupta**

Associate professor, Department of CommerceJV Jain  
college, Saharanpur

**Ajay choudhary**

Research Scholar, Ch. Charan Singh University, Meerut

## **Abstract :**

CSR is described by the United Nations Industrial Development Organization (UNIDO) as the integration of social and environmental issues into corporate operations and relationships with customers and other stakeholders. According to most people, corporate social responsibility (CSR) is the process through which a firm balances its economic, environmental, and social responsibilities while also meeting the expectations of shareholders and other stakeholder groups. There is a big difference between CSR and philanthropy/charity since CSR is a business strategy. The CSR policy of a corporation affects not just the firm's charitable effortsbut also its business operations, supply chain, and human resource.

CSR aims to promote a beneficial influence on the environment, customers, workers, communities, stakeholders, and all other members of the public sphere via the company's operations.

The goal of this paper is to provide an overview of the evolution, Role and Scope of the CSR in India and the many different ways it is put into reality in India.

**Key words :** CSR, Corporate Social Responsibility

## **Introduction :**

Since ancient times, “corporate social responsibility (CSR) has been ingrained in Indian society. The idea of corporate social responsibility (CSR) may be traced back to the Mauryan period, when thinkers such as Kautilya highlighted the importance of ethical business practises and ideals. Charitable giving to the less fortunate has long been an informal part of corporate social responsibility (CSR). The scriptures of India also stress the significance of giving back to the less fortunate members of society by sharing one's earnings. Indian religion has also played a significant influence in establishing the notion of corporate and individual social responsibility towards environment, animals and the underprivileged.

After independence, India adopted an agrarian economy built on the village as a unit of self- sufficiency in every way. The villagers' merchants, farmers, and artists made sure that there was enough work, food, and lodging for everyone. Individuals would not be deprived of food or shelter. There was enough togetherness among the members of the community to take care of one another and the natural environment in which they lived.

As larger firms began to form, this feature began to show itself in them. The companies basically invested in the health and well-being of the people in their immediate area. Because happy and healthy workers lead to increased productivity in the workplace, this was a method for the business community and its

owners to give back to the community.

### **CSR in India**

During the Industrial Revolution several industrialist families like the Tatas, Birlas, Modis and Godrej spent a great deal of money on public good via the establishment of foundations, educational institutions, and health care organisations, all of which were funded by their CSR expenditures.

Indian business leaders of the period were further influenced by Mahatma Gandhi's notion of trusteeship. Capitalists, according to this theory, should behave ethically and socially accountable as trustees (not owners) of their assets.

In the event that I have accumulated a good amount of riches—either via inheritance or by means of commerce and industry—I must recognise that all that wealth does not belong to me; what belongs to me is the right to an honourable existence, no better than that enjoyed by millions of other people. That which I have left over must be utilised for the sake of my community.

The development of CSR in India has been closely linked to the growth and development of Indian society as a whole. When India Inc. accepted required CSR legislation, it was not difficult.

A CSR Committee must be formed by qualifying firms in order to carry out the authorised programmes or activities by the Committee. There are registered trusts, societies, and companies in India that carry out CSR operations. CSR actions that primarily benefit the company's workers and their families do not qualify as CSR expenditures, according to federal law. Companies who fail to spend the designated amount of CSR monies in a given calendar year will be required to place the funds into an escrow account and guarantee that they are used within three years. Even if a corporation fails to fulfil even that, it will be forced to pay the remaining sum to the National CSR Fund.

CSR spending in India has grown steadily since its launch in 2014. In fact, in 2017-2018, corporations spent more than the allotted amount for the first time. By 2014-2015 to 2017, the top 100 publicly traded corporations on India's National Stock Exchange spent a total of Rs. 26,385 crore, according to a report from KPMG. There has been a significant increase in funding for health and sanitation, rural development, education, and environmental protection". India Inc. has tried to intervene in a number of socio-economic and political issues that have been brought together by the adoption of CSR in the country. While the Act has made this easier, India Inc. is still looking at the differences between their own business practises and what is required of them as part of India's CSR. However, CSR is also a place where engaged policymakers and non-profits making a difference in the world may find a place to work.

### **Role of CSR in India**

Despite India's size and sparsely populated interior, Poverty-stricken residents make up the highest percentage of its population. A lack of resources means that there is constantly a battle for them.

India is home to the most polluted cities in the world. As a result, the health of the country's residents is jeopardised.

India is a welfare state because of these socioeconomic concerns. The administration continues to take steps to help the country's underprivileged. The Indian constitution recognises education, health, a healthy environment, and a secure workplace as essential rights for all people. In spite of this, the government's ability to help the impoverished on the ground level is sometimes hindered by inconsistencies in its service.

These voids are being filled by the CSR legislation. As a result of its competence in organisational skills, a CSR effort ensures that the beneficiaries are impacted at the appropriate moment and in the right way. It contributes to a society's overall progress.

In addition to this, CSR plays a significant role in preserving the country's community spirit. Everyone may participate, regardless of their socioeconomic status. In a cooperative framework with a shared aim of growth, it welcomes many types of organisations to participate. It promotes the growth of nationalism in the business sector as well as the general public.

Corporate social responsibility (CSR) may make a significant contribution to improving the mental health of the country's working youth. A company's CSR activities enable employees to participate, which in turn may foster teamwork, foster leadership, and instil a feeling of responsibility in the workforce. It's a benefit that the happiness aspect is included in this.

Financial inclusion, social inclusion, education, and behavioural change are just few of the ways in which it contributes to India's progress. People are more likely to accept regulations if they are implemented via corporate social responsibility (CSR).

As mandated by law, corporations have the chance to help the country's brightest brains via CSR initiatives. It may, thus, aid in the growth of numerous start-ups in India, which can help to alleviate the country's economic and social woes. Most importantly, it gives hope to the nation's young and inspires them to work more and risk more in order to achieve their goals and contribute to the country's progress.

### **Scope of CSR in India**

The best brains in a company's CSR department are in charge. Out of habit, each corporation that spends a considerable amount of money wants to make sure that the money is spent well. It's done by folks who are well-versed in the subject matter. Consequently, its role in the future will be enormous.

While India's economy is booming, it isn't doing so well when it comes to research. There must be a focus on promoting indigenous solutions to indigenous challenges via research in education, technology, health and so forth. CSR has the potential to spark a scientific revolution. India has an issue with brain-draining. It's possible that CSR can avert such a catastrophe. To solve the interoperability issue, CSR may play a vital role.. This, in turn, will lead to greater government efficiency.

“Citizens and the informal sector alike may benefit from social and national development via CSR. As citizens of India, we have a responsibility to recognise and carry out our basic responsibilities, and this may be accomplished via this programme.

**Constitution of the CSR Committee:**

- Every Company to which CSR is applicable is required to constitute a CSR Committee of the Board consisting of:
- 3 or more directors, out of which at least one director shall be an independent director. However, if a company is not required to appoint an independent director, then it shall have 2 or more directors in the Committee;
- 2 directors in case of a private company having only two directors on its Board; and
- At least 2 persons in case of a foreign Company of which one person shall be its authorised person and resident in India and another nominated by the foreign company.

**Functions of CSR Committee:**

The CSR Committee shall—

- Formulate and recommend to the board, a CSR Policy which shall indicate the activities to be undertaken by the Company;
- Recommend the amount of expenditure to be incurred on the activities referred to the above;
- Monitor the CSR Policy of the company from time to time; and
- Institute a transparent monitoring mechanism for implementation of the CSR projects or programs or activities undertaken by the company”.

**Conclusion :**

The Government has implemented CSR in order to make firms more accountable to their shareholders and the broader community, according to the findings of this research. Because corporations are social entities, they have a duty to look after all of its stakeholders, and it is essential that they do so in a manner that ensures the satisfaction of every member of the company. Using volunteer programmes, several multinational firms are increasingly working to improve their environmental and social performance. The ultimate goal of business is to benefit society by delivering safe, high-quality goods and services without compromising our environment or community's life support system. As a result, businesses should re-evaluate and refocus their mission. With each passing year, the social responsibility of corporations becomes more prominent. CSR initiatives have been embraced by businesses in India, and they have been included into their operations. Even still, putting CSR into practise still has its share of difficulties. Among part, this is due to the fact that there is little or no understanding of corporate social responsibility (CSR) in the local communities.

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