

CORPORATE SOCIAL RESPONSIBILITY

A tool for sustainable development

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Abstract- The field of CSR has grown exponentially in the last decade. Nevertheless, there remains a protracted debate about the legitimacy and value of corporate responses to CSR concerns. The ulterior motive of alluring this topic is that every business should balance profit making activities with activities that benefit society. In building a socially responsible business, corporate undertaking socially responsible initiatives is truly a win-win situation. Not only will your company appeal to socially conscious consumers and employees, but you'll also make a real difference in the world. Corporate Social Responsibility [CSR] has become a fundamental business practice and has gained much attention from the management of large international companies. It facilitates the alignment of business operations with social values. CSR is deemed as a point of convergence of various initiatives aimed at ensuring socio-economic development of the community.

Over the past few years CSR, as a concept, has been the focus of many deliberations and research. It has grown in importance both academically as well as in the business sense. It captures a spectrum of values and criteria for measuring a company's contribution to social development. As the term "CSR" is used continually, many complementary and overlapping concepts, such as corporate citizenship, business ethics, stakeholder management and sustainability, have emerged. These extensive ranges of synonymously used terms indicate that multiple definitions have been devised for CSR mostly from different perspectives and by those in facilitating roles such as the corporate sector, government agencies, academics and the public sector.

Keywords: *Corporate social responsibility: Socially responsible business: contribution: sustainability: ethics.*

INTRODUCTION

Corporate Social Responsibility (CSR) is a concept that suggests that it is the responsibility of the corporations operating within society to contribute towards economic, social and environmental development that creates positive impact on society at large. Although there is no fixed definition, however the concept revolves around that fact the corporations needs to focus beyond earning just profits. The concept of corporate social responsibility has gained prominence from all avenues. Many of the leading corporations across the world had realized the importance of being associated with socially relevant causes as a means of promoting their brands

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.

For Indian businesses CSR can be a source of opportunity, innovation, and competitive advantage while at the same time providing with the opportunity to actively contribute to the sustainable development. Organizations in India have been quite sensible in taking up CSR initiatives and integrating them in their business processes. It has become progressively projected in the Indian corporate setting because organizations have recognized that besides growing their businesses, it is also important to shape responsible and supportable relationships with the community at large.

History

The Vedas are also universal in its approach.

According to two academics, the concept of CSR has its roots as far back as the teachings in Veda.

“O man! Procure wealth with one hundred hands and distribute it with one thousand hands. Thus you attain perfection of the work done and to be done.”

Atharva Veda (3-24-5)

The Bhagvad Gita's concept of loka-samgraham (bringing the world together) in CSR symbolizes a persistent attempt by business to connect everything based on the principle of unity of existence or the vision that the entire human race as a family 'Vasudhaiva Kutumbakam'.

One can barely go anywhere in India without encountering the juggernaut of Mohandas Karamchand Gandhi (Gandhi to most of us) and his legacy to the nation.

According to him,

“One of the seven blunders of the world is-Commerce without ETHICS”

India has a long tradition of paternalistic philanthropy. The process though acclaimed recently, has been followed since ancient times

VARIANTS OF CSR

Economic Responsibilities	Required	Be profitable, maximize sale and minimize cost.
Legal Responsibilities	Required	Obeys laws and regulations.
Ethical Responsibilities	Expected	Do what is right, fair and just.
Philanthropic Responsibilities	Desired/Expected	Be a good corporate citizen, indulge in charitable deeds.

RESEARCH METHODOLOGY

The research paper is an attempt of exploratory research, based on the secondary data sourced from journals, magazines, articles, newspapers and media reports CSR outlook report 2018.

OBJECTIVES

- 1 To develop an understanding of concept of CSR
- 2 To analyze the development of CSR in India and its changing trends
- 3 To understand the policies governing CSR
- 4 To analyze the CSR initiatives in India
- 6 To provide suggestions for accelerating CSR initiatives

MANDATORY PROVISIONS OF CSR

One of the major initiative by the Indian Government to promote CSR Policy among corporates is notified in Section 135 and Schedule VII of Companies Act 2013 by MINISTRY OF CORPORATE AFFAIRS that every company, private limited or public limited, which either has

- a net worth of Rs. 500cr. or
- a turnover of Rs. 1000cr. Or
- net profit of Rs. 5cr. ,

needs to spend atleast 2% of its average net profit for the immediately preceding three financial years on CSR activities. Government could have collected this 2% money as CSR tax from companies but instead have given the liberty to companies to spend on their own (with no penalty) with the expectation that few great companies shall put their sweat (in the form of talent) along with money and contribute towards nation building in the long run.

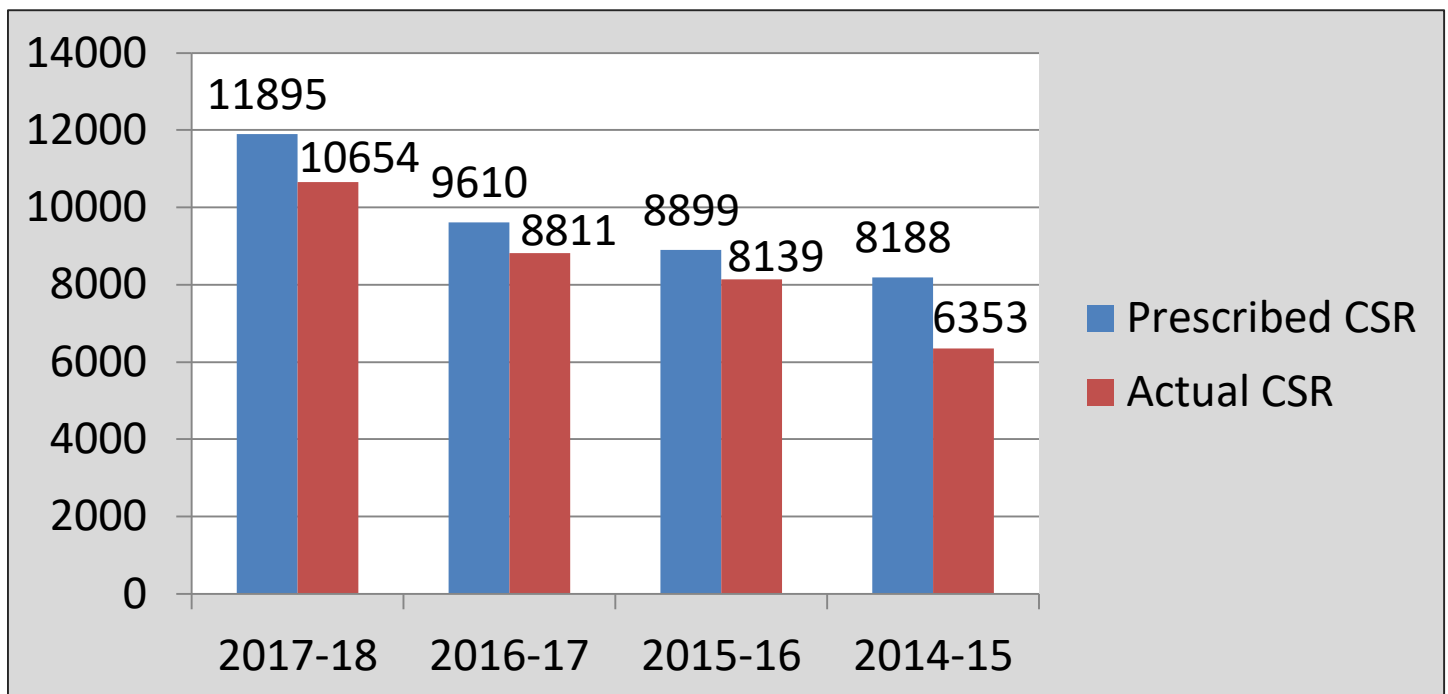
Penalties on default

- 50000 rupees which can go till 250000 'or' 3 years imprisonment or
- both

CSR Trajectory of Five Years (Reported and Projected)

CSR in Numbers	Prescribed CSR (From 01st April 2014 to 31st March 2019)
Big 500 Companies (In the report)	INR Cr. 49537

Prescribed CSR and Actual CSR from 2014-2018



Top 10 States as CSR Fund Receivers (FY-14-15-FY18-19)

State	% India's of CSR fund	INR Cr.
Maharashtra	15.59%	7473
Rajasthan	6.18%	2962
Karnataka	5.95%	2852
Gujarat	5.28%	2531
West Bengal	4.55%	2181

Bottom 5 States as CSR Fund Receivers

State	% India's of CSR fund	INR Cr.
Nagaland	0.65%	311.6
Mizoram	0.67%	321.2
Meghalaya	0.73%	349.9
Goa	0.74%	354.7
Tripura	0.75%	359.5

CSR Budget Range	No. of Companies
Companies with more than INR 100 Cr.	27
Companies with INR 50-100 Cr.	22
Companies with INR 10-50 Cr.	98
Companies with INR 1-10 Cr.	330
Less than INR 1 Cr.	23

RECENT TRENDS AND CSR INITIATIVE IN INDIA

What is the best way for a company to discharge its corporate social responsibility (CSR)? Should it set up a foundation? Or work through non-profits? Or implement its schemes directly?

All these options are open to companies but an increasingly large number of them are choosing to set up their own foundations to carry out CSR as it gives them more control over the programmes they choose to undertake.

The number of projects implemented through foundations alone has gone from 99 in FY15 to 153 in FY16

“Companies with large funds usually prefer to set up a foundation, as they have more control over how the money is spent,”

SBI, which set up its foundation in June 2015, had a Rs99.5 crore budget in FY16.

“We have been doing CSR since the 80s, but when the mandate came we decided to set up a foundation because it helps bring in better corporate governance as it requires one to set up a separate board dedicated to this entity,” said Sanjutha Sharma, CSR head of the SBI Foundation.

REASON: Having a foundation can help companies comply, as they can pass on the entire CSR budget to the foundation and avail tax benefits.

Whatever the route, experts believe that the objective should be to maximize impact.

Interesting insights

- 1/3rd of the companies spent more than the prescribed CSR budget
- 6% companies could not spend even 33% of the prescribed CSR budget • 28% increase in the prescribed CSR budget from FY 2014-15 (beginning of the CSR compliance)
- 47% increase in actual CSR spent since FY 2014-15 and 8% increase from the last financial year
- Almost 25% of India’s actual CSR spent is in Maharashtra and Gujarat states only
- Education projects received almost one-third of total CSR spend
- Skills development projects received 5% while Swachh Bharat related projects received 7.3% of the Country’s CSR spend.
- Top 10 companies account for 1/3rd of India’s CSR spend
- Top 20 companies account for almost 45% of India’s total CSR spend
- Education and skills development projects will receive over INR 3500 Cr. funding
- Healthcare and Wash projects will receive close to INR 3000 Cr. CSR fund.

If we dig-deeper in the reported and projected CSR data, it is largely the big 500 companies that define the CSR landscape of the country. These big 500 companies command more than 90% of the total CSR pool of the country. Making it more specific, it’s only the top 20 companies that command more than 45% of India’s total prescribed CSR fund year after year, the total prescribed CSR spend for these 500 companies between FY 2014-15 and FY-2018-19 is INR 49537Cr. If we look at the whole CSR ecosystem in India and all the companies under the CSR mandate the numbers add up to INR 56000 Cr.

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