

A CONSIDERATION ON CORPORATE SOCIAL RESPONSIBILITY IN INDIAN COMPANIES

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ABSTRACT

Corporate Social Responsibility is a key concept in the business world particularly in developing countries like India. In India many companies or industries have modified their policies, activities and are engaged into Corporate Social Responsibility (CSR) especially on rural development beyond their financial aspects. India is the first country following and implementing legally and made a regulation in the constitution under the "Companies Act.2013, Section 135, clause VII. The purpose of this research was to address gaps identified in the literature regarding the implementation of CSR at the rural level and the initiatives that influence this implementation. A Rural Area or countryside is a large geographical area with low population density that is located outside towns and cities. Everything that is un-urban is considered as rural. Typical rural areas have small settlements. Rural Development is the methodology which involves the Up gradation of the social, economic, and cultural conditions of a village or small town.

Keywords: CSR, Policies, Companies, Rural Development and Villages.

INTRODUCTION

A Rural Area or countryside is a large geographical area with low population density that is located outside towns and cities. Everything that is un-urban is considered as rural. Typical rural areas have small settlements.

“India lives in its villages” – Mahatma Gandhi

As the quote point outs that most of the Indian population lives in the rural areas, India cannot be considered as a developed Country without reinforcing the growth efforts of the rural areas.

India is the first country in the world to make corporate social responsibility (CSR) mandatory, following an amendment to the Companies Act, 2013 in April 2014. Businesses can invest their profits in areas such as education, poverty, gender equality, and hunger as part of any CSR compliance.

The CSR provision requires affected companies to spend at least **2 percent** of their average net profits made in the preceding three years on CSR. Companies must set up a “CSR Committee,” including at least one independent director who will be appointed to the company's board.

With the inception of the New Companies Act 2013, the various welfare activities/ project under the Corporate Social Responsibility (CSR) by various Companies established under the Companies Act in India, has assumed a significant importance. The most effective CSR plans ensure that while organizations comply with legislation, their investments also respect the growth and development of marginalized communities and the environment. CSR should also be sustainable – involving activities that an organization can uphold without negatively affecting their business goals.

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 |
| Tamil Nadu | 4.54% | 2176 |
| Odisha (Orissa) | 4.53% | 2171 |
| Andhra Pradesh | 4.52% | 2166 |
| Jharkhand | 3.60% | 1725 |
| Telangana | 3.23% | 1548 |

Organizations in India have been quite sensible in taking up CSR initiatives and integrating them into their business processes.

Companies now have specific departments and teams that develop specific policies, strategies, and goals for their CSR programs and set separate budgets to support them.

Most of the time, these programs are based on well-defined social beliefs or are carefully aligned with the companies' business domain.

OBJECTIVES OF THE STUDY

- To analyse Corporate Social Responsibility.
- To know Corporate Social Responsibility in Indian Companies.

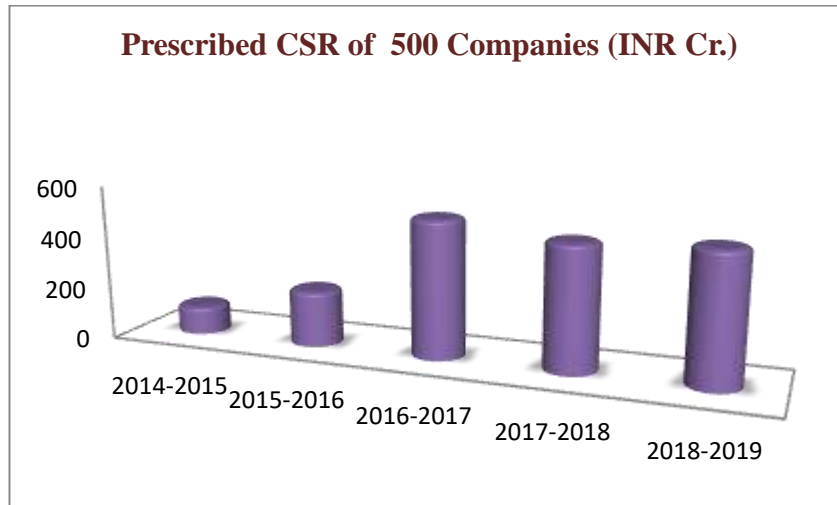
METHODOLOGY OF THE STUDY

The study primarily depends on primary and secondary data.

- Secondary research –analysis of census data, internet search, data from secondary sources
- Primary research using structured formats containing quantitative and qualitative data for household and village focused group discussion, participatory rural appraisal.

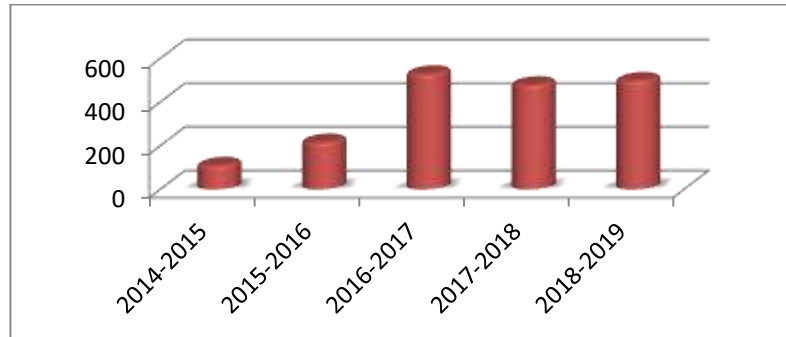
ANALYSIS

If we look at the numbers for all the companies that fall under the purview of the CSR compliance, the total prescribed CSR would cross INR 56,000 Cr in these five years.



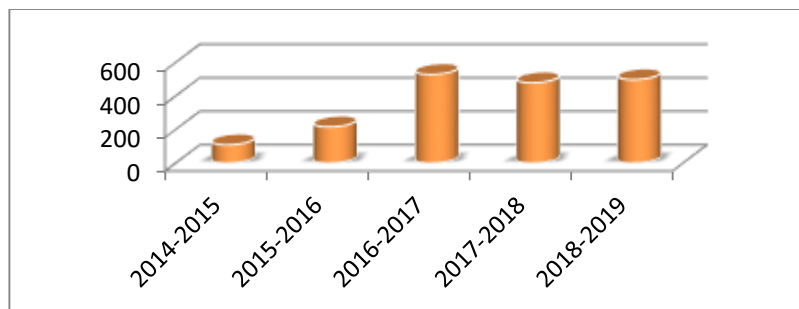
For FY17-18 and FY18-19 the numbers may differ by 5%-7% for adjustments for the average net profit with profit from overseas operations as per the CSR rules.

CSR Spend In Education and Skills Development Projects INR Cr.



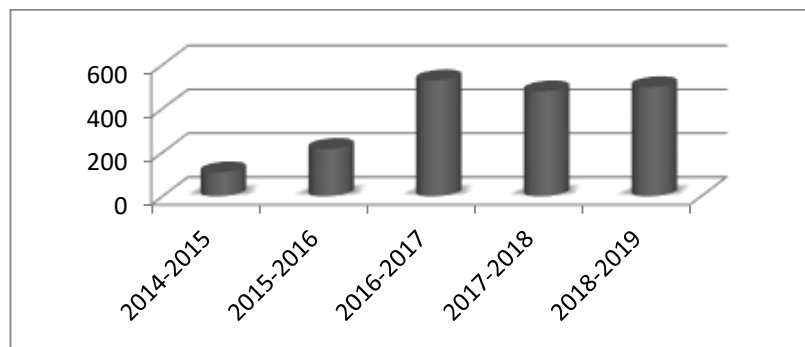
For FY 2017-18 and 2018-19, the data is projected on the basis of past trends and an adjustment has also been made for unspent CSR fund (7%) in these two years (Applicable to all the graphs in this section).

CSR Spend In Healthcare and WASH Projects



*For FY 2017-18 and 2018-19, the data is projected on the basis of past trends and an adjustment has also been made for unspent CSR fund (6.5%) in these two years (Applicable to all the graphs in this section).

CSR Spend In Women Empowerment and Gender Equality



*For FY 2017-18 and 2018-19, the data is projected on the basis of past trends and an adjustment has also been made for unspent CSR fund (5%) in these two years (Applicable to all the graphs in this section).

CONCLUSION

A trusted partner with direct access to beneficiaries is one of the most important components of a successful CSR program. Preparing an implementation roadmap and financial budgeting. Selecting NGO or implementation partners and training them to execute CSR mandate. Defining processes and reporting framework to measure outcomes and monitor progress. Bridging the resourcing and expertise gaps by training and sensitizing both parties before project implementation. Publish periodic reports for company review.

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