

# Role of Corporate Social Responsibility in Indian Companies: An Analysis

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## ABSTRACT

According to the New Company Law of 2012, all businesses are expected to donate 2% of their net income to corporate social responsibility (CSR). The goal may be achieved via motivations of Indian businessman's to actively pursue CSR as it mandates that a certain class of businesses use a percentage of their revenues for CSR initiatives respectively. It becomes essential for corporates to contribute back to society whenever corporates started their operation for the benefit of society and using the many resources that society provides. The CSR has grown to be an essential business-activity and has drawn significant interest from global corporation's management. It makes easier method for corporate activities to be in line with societal ideals. The CSR is seen as the central position of several programs meant to guarantee the socio-economic advancement of the neighborhood. Moreover, Indian corporations today focus more on all stakeholders and it move beyond the idea of philanthropy or charity. The main goal of this research work is to examine the CSR policies adopted by Indian corporations especially in textile sector. Additionally, the study seeks to identify the instances in which companies achieved or fail to meet societal expectations along with suggestions taken from various stake holders for improving corporate social responsibility (CSR) policies that will be beneficial for society and corporate world in the country at large scale.

**Keywords:** CSR, Philanthropy/ Charity, Companies Act 2013, Societal expectations.

## INTRODUCTION

One self-regulating business model that assists a firm in being socially responsible to its stakeholders, the public, and itself is corporate social responsibility, or CSR. Corporate social responsibility, often known as corporate citizenship, allows businesses to be aware of the effects they have on the social, economic and environmental facets of society. By providing adequate services to all stakeholders, including workers, customers, shareholders, suppliers, and the general public, corporate social responsibility aims to benefit society and support its balanced growth. The way businesses run their operations to have a beneficial overall impact on society is known as corporate social responsibility, or CSR. It discusses societal impact, manageability, and the morals upheld in society. The following parties are protected by CSR: Customers, Suppliers, Workers, business associates, investors/shareholders and the Government itself.

"The ethical behavior of companies towards the society" is the definition of corporate social responsibility, which manifests itself in the form of such admirable initiatives started by for-profit businesses. CSR has grown in significance in the Indian corporate environment as businesses have realized that, in addition to expanding their operations, they must also establish trustworthy and long-lasting relationships with the society at large.

### Evolution Of CSR In India

The India is home to the most thriving Corporate Social Responsibility (CSR) conference in the world. Although the phrase corporate social responsibility (CSR) is relatively new in India, the idea has roots in Mauryan history, when thinkers such as Chanakya placed a strong emphasis on moral behavior and business ethics. In the past, CSR has been conducted informally as charitable giving to the underprivileged and impoverished segments of society.

The significance of distributing one's income to the underprivileged segments of society has been addressed several times in Indian texts. Sharing and caring are deeply ingrained in our culture.

The idea of CSR was also widely promoted by religion. Hindu merchants built temples, provided night shelters for the underprivileged, and offered donations. Hindus adhered to Dharmada, in which the producer or vendor collected a set price from the buyer and donated it to charity. The sum was referred to as Dharmada or the charity money. Sikhs also adopted Daashaant's style. Zakaat, a law of Islam, mandates that a percentage of one's income be donated to the underprivileged.

### **Four major stages can be distinguished in the development of CSR in India:**

**First stage:** Charity and the admirable actions of philanthropists served as the impetus for the initial stage of CSR. Along with industrialization, family values, customs, culture, and religion all had an impact. Up to 1850, rich businesspeople gave back to the community by establishing temples or other places of worship.

Industrialist families such as the Tatas, Birlas, Modis, Godrej, Bajajs, and Singhanias, among others, advanced this idea in the 1900s by establishing trusts for community development, educational and medical facilities, and philanthropic organizations.

**Second stage:** The second stage was the fight for independence, when industrialists were pressured to demonstrate their commitment to the good of society. For the sake of the less fortunate members of society, Mahatma Gandhi advocates for the wealthy businessmen to donate their fortune.

**Third stage:** The rise of public sector organizations to guarantee equitable income distribution in the nation had an impact on CSR throughout the third phase, which lasted from 1960 to 1980. The industrial licensing policy, Corporate wrongdoing was caused by excessive taxes and constraints on the private sector. As a result, laws pertaining to labor, corporate governance, and environmental problems were approved.

**Fourth stage:** Indian corporate organizations incorporated corporate social responsibility (CSR) into a sustainable business strategy starting in the fourth phase, which began in 1980. The 1990s saw a surge in the nation's economic growth due to globalization, economic liberalization, and the removal of restrictions and licensing requirements. This resulted in a greater push for industrial progress, which allowed businesses to make greater contributions to social responsibility.

Nowadays, in India the corporate social responsibility(CSR) is treated in a more systematic manner and has expanded beyond simple contributions and charity. The company strategy now revolves around it. Businesses have corporate social responsibility (CSR) teams that create policies, plans, and objectives for their CSR initiatives and provide funds to support them.

### **REVIEW OF LITERATURE**

**Kishor Neelakantan** asserts that the implementation of the Company Act 2013 would put a significant regulatory pressure on CSR initiatives, which are required of all Indian businesses. Four main criteria—integrity, strategic orientation, efficiency, and transparency—are the basis of the methodology the author proposed for investors to assess businesses' CSR initiatives.

**Dr. M. Ramana Kumar (2013)** In addition to studying Indian government policies and CSR programs, this study on the analysis of a few Indian private and public sector firms attempted to examine the CSR initiatives undertaken by Indian private corporations (such as Reliance Industries Ltd.) and public sector organizations(ONGC). According to the survey, greater focus on corporate social responsibility is still needed, even if both public and private companies in India are making efforts in this area.

**Bibhu Prasad et. al. (2012)** conducted a study on "Real CSR vs. Sustainable Development." According to their study's findings, businesses now invest heavily in areas like food, education, ground water, child labor, and so on, but they are unaware of the basic needs of the underprivileged.

Although making a profit is a given for businesses, the study indicated that corporate social responsibility (CSR) goes beyond these businesses' statutory and inherent obligations. The study came to the conclusion that balanced business and societal growth is what is meant by sustainable development.

### **Objectives of the Study**

1. To understand the idea of CSR.
2. To be aware the people about updated CSR clauses in the 2013 Companies Act.
3. To examine the CSR efforts of a few Indian corporations which affects the society.

### **RESEARCH METHODOLOGY**

The secondary data needed for this study was gathered from a variety of sources, including journals, newspaper articles, media-reports, magazine articles and Government websites like the Indian Ministry of Corporate Affairs.

### **The 2013 Companies Act's CSR provisions**

Profitable enterprises with a sizable company will be required to invest at least 2% of their three-year average earnings in corporate social responsibility (CSR) initiatives annually under the enterprises Act, 2013, which superseded the almost six-decade-old laws controlling how corporations operate and are governed in India. Every organization that possesses any one of the following during any given fiscal year will be subject to the

#### **CSR Provisions:**

1. Possessing at least Rs. 500 crore in net worth, or
2. Having at least Rs. 1,000 crore in revenue, or
3. Having a net advantage of at least Rs. 5 crore.

A corporate social responsibility(CSR) Committee of the Board must be formed by any company with a net worth of at least Rs 500 crore, a turnover of at least Rs 1,000 crore, or a net profit of at least Rs 5 crore in any given fiscal year. The committee must have three or more directors, at least one of whom must be an independent director. The corporate social responsibility(CSR) Committee's membership is revealed in the Board's report.

#### **The CSR Committee's primary duties include:**

1. Draft a CSR policy outlining the activities or activity the firm will engage in, as listed in Schedule VII of the Act, and suggest it to the board.
2. Suggest how much should be spent on these endeavors.
3. Continually check the company's CSR policy.

The following activities are included in Schedule VII of the Companies Act of 2013 and can be incorporated into a company's CSR policy:

1. Ending severe poverty and hunger;
2. Encouraging education;
3. Encouraging women's empowerment and gender equality
4. Improving maternal health and lowering child mortality;
5. Fighting illnesses including malaria, HIV, and AIDS;
6. Maintaining environmental sustainability;
7. Providing employment opportunities that improve vocational skills;
8. Initiatives for social business;
9. Developmental efforts in slum areas
10. A donation to the Prime Minister's National Relief Fund or any other fund established by the federal government or state governments for socioeconomic development and assistance, as well as funds for the welfare of women, minorities, other backward classes, Scheduled Tribes, and Scheduled Castes;

### **ROLE OF SOME BUSINESS CORPORATE IN CSR PRACTICES IN INDIA ASSESSMENT YEAR 2023-2024**

#### **HDFC Bank Limited:**

Atanu Chakraborty, Chairperson, HDFC Bank's corporate social responsibility (CSR) program, Parivartan, has been running for over a decade. In fiscal year 2023–2024, the bank spent an additional Rs 125 crore on CSR initiatives, for a total of Rs 945.31 crore. The bank's CSR initiatives, which are spread throughout 28 states and 8 Union Territories, have impacted the lives of over 10 crore people.

- **Rural development:** Education, skill development, healthcare, financial literacy, and other initiatives are the main themes of the bank's Holistic Rural Development Programme (HRDP).
- **Education:** In keeping with India's SarvaShikshaAbhiyaan, HDFC Bank is putting in place a scheme to support education.
- **Enhancement of livelihood and skill development:** The bank trains young people and farmers in rural-regions to make money through non-agricultural or agricultural endeavors.
- **Hygiene and healthcare:** The bank approaches these issues holistically.
- **Financial inclusion and financial literacy:** According to the bank, achieving financial inclusion begins with financial literacy.
- **Environment:** To lessen its impact on the environment, the bank has installed solar-powered ATMs.
- **Women entrepreneurs:** The bank gives women entrepreneurs seed money and creates networks to assist their goods get in front of more people.
- **Farmers:** The bank provides training to farmers so they may join a workforce that is resilient.

### **Reliance Industries Limited**

The Reliance Foundation, the charitable division of Reliance Industries Limited, is chaired by Nita Ambani. Over the past five fiscal years, the company has exceeded the allocated CSR budget and is consistently committed to CSR initiatives. During the fiscal year 2023–2024, the firm spent Rs. 900 Cr on CSR initiatives (the recommended amount was Rs. 840 Cr).

The company's primary initiatives for the fiscal year 2023–2024 included: education, disaster relief, climate resilience, sports ecosystem, women's empowerment, entrepreneurship, the Olympic movement, rural transformation, and partnership with the Indian Olympic Association (IOA).

### **Tata Consultancy Services Limited**

N Chandrasekaran, who is the chairman and non-independent non-executive director, O P Bhatt, who is the member and independent non-executive director, and N G Subramaniam, who is the member and non-executive director, make up the CSR committee. Throughout the past five fiscal years, the company has consistently demonstrated its commitment to corporate social responsibility by spending less than the required budget. In the fiscal year 2023–2024, the corporation spent RS. 827 crores on community development initiatives, despite the mandated CSR of Rs. 850 crores.

1. Through its CSR initiatives, TCS has empowered nearly 7 million individuals in the last year, with a particular emphasis on underprivileged communities and women youth.
2. Through its literacy as a service initiative, TCS empowered 20,342 marginalized individuals by teaching them digital, financial, and functional literacy.
3. Through its youngsters Employment Program, TCS trained 23,297 rural youngsters in India and provided them with industry-ready mentorship.
4. In 1735 Indian villages, digital entrepreneurs who received training under TCS's "Bridge IT" initiative are making a living. With a fresh batch of 1400 female entrepreneurs from socially underprivileged backgrounds, the program is being extended to 44 districts.
5. The Youth Employment Program of TCS is presently implemented in 24 Indian states and union territories. Women made up 49% of the 19,900 students trained in the 2024 fiscal year. In the IT/ITES and other fields, more than 2845 students have found work.
6. The Ignite My Future initiative has helped 312, 966 students and 6209 teachers throughout ANZ, APAC, LATAM, North America, the UK, Ireland, and India in FY 2024.
7. The go IT initiative has benefited 121,648 students and instructors worldwide in FY 2024.

### **ONGC Limited**

The Oil and Natural Gas Corporation (ONGC) recorded its highest-ever Corporate Social Responsibility (CSR) spending in the fiscal year 2023–2024, marking an incredible milestone. The business continues to show its dedication to social and environmental welfare with a total CSR expenditure of Rs. 6,345.74 million, which includes Rs. 809.62 million in ONGC's Aspirational Districts. One of the biggest public sector companies in India, ONGC, has long been in the forefront of enhancing the social fabric of the country via a variety of CSR programs. By investing a record Rs. 6,345.74 million on programs that intended to elevate underprivileged populations, improve infrastructure, and promote sustainable development, the organization exceeded its prior targets in FY 2023–2024. This degree of dedication upholds ONGC's position as a socially conscious corporate behemoth under Section 135 of the Companies Act of 2013.

### **Tata Steel Limited**

Although the company incurred loss in the financial year 2023-2024, it has spent Rs. 580 Cr for CSR activities in that year. Tata Steel's online purging assistance model, which removes the danger of explosion in the gas cleaning plant (GCP) sector of blast furnaces, has earned the World Steel Association (world steel) Safety and Health Excellence Recognition 2024. The company's profit after tax in FY2023–24 was ₹4,807 crore, whereas in FY2022-23 it was ₹14,685 crore. The main reason for the decrease in profit after tax from the prior year was an impairment charge of ₹12,560 crore that was included in the standalone financial statements due to the restructuring of the UK business. By giving priority to individuals who are marginalized and close to its operational regions, the company also promotes regional change models that allow for long-lasting improvements in community well-being. Health, nutrition, water, education, livelihoods, infrastructure, sports, disability, grassroots governance, and amplifying women's voices in communities are among the areas in which the company carries out its CSR programs.

### **Indian Oil Corporation Limited**

The company has spent more than the allocated CSR budget and is consistently dedicated to CSR initiatives. Despite spending Rs. 422 crores on CSR for the fiscal year 2023–2024, the corporation really spent Rs. 458 crores on community development initiatives. This expenditure resulted in a carryover of Rs. 35.29 Crore for future years. One of India's leading energy companies, Indian Oil, is well known for its dedication to ensuring the country's energy

security while promoting socioeconomic development. With the motto "Nation-First" and a business strategy that prioritizes fostering the environment and the community as guiding principles, IndianOil's CSR programs seek to improve local communities' quality of life and advance national prosperity. Indian Oil's commitment to ethical and sustainable business practices is demonstrated in its most recent annual report, which offers a thorough summary of the company's CSR expenditures and initiatives for the fiscal year 2023–2024.

**Health and Nutrition:** IndianOil committed to enhancing public health outcomes by allocating Rs. 290.03 Crore (63.36% of total CSR spend) to health and nutrition activities in accordance with DPE criteria.

**Aspirational Districts:** In order to support the socioeconomic development of 40 aspirational districts, Indian Oil spent Rs. 47.26 crore in them after realizing the necessity to do so.

**Community Development Initiatives:** The organization implemented 600 community development initiatives around the country, influencing innumerable lives and promoting constructive transformation.

### **Ethical approach of CSR in growth of India**

- Businesses should focus their corporate social responsibility (CSR) efforts on the most isolated facets of society where the government cannot effectively assist the populace/public.
- The main concern for rural India is health-care. The epidemic disease has caused them a great deal of suffering. Therefore, via their corporate social responsibility(CSR) initiatives, corporations should consider providing health-care services and medical to rural India.
- Benefit motivations by associations and management of various private entities are causing education in India to lose its integrity. Therefore, Indian businesses must adopt government schools in order to provide high quality education to the country's rural-areas.
- Indian businesses must support and promote the "Swachh Bharat Abhiyan" through their corporate social responsibility (CSR) initiatives in order to quicken the program's growth for a healthy environment in India.
- In rural regions, there is a need for high-quality education with a practical focus at reasonable costs for the underprivileged.
- Businesses that make larger contributions to CSR initiatives must receive incentives from the government.

### **CONCLUSION**

The aforementioned report concluded that the Government of India started CSR practices with aimed to make businessman to be more responsible to their shareholders and society as a whole because there work nature are social enterprises. Moreover, the study reflects that, a lot of big businesses are using volunteer programs to enhance their social and environmental performance in present scenario. The result of study signifies as business corporate have ultimate goal is to serve society without endangering the environment or the community's life support system by offering high-quality, safe goods and services that enhance societal well-being. Therefore, a company should clarify and refocus its mission to benefit and uplift society. Lastly, it is suggested that Indian companies focus their CSR initiatives on the current needs of the community.

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