



Corporate Social Responsibility in Indian Perspective

KEYWORDS

Corporate, Social, Responsibility, Conomy

Mrs. P. R. Kousalya

Assitant Professor Dept. of
Corporate Secretaryship, Dr.N.G.P.
Arts and Science College,
Coimbatore – 48

Mr. S. Yuvaraj

Assitant Professor Dept. of
Corporate Secretaryship, Dr.
N.G.P. Arts and Science College,
Coimbatore – 48.

Mr. T. Mohan

Assitant Professor Dept. Of
Corporate Secretaryship, PSG
College of Arts And Science
Coimbatore – 14

ABSTRACT *In this paper an attempt has been made to discuss the various issues related to Corporate Social Responsibility (CSR) in India. In addition, the studies pertaining to the status of CSR in Indian corporate sector have been critically elaborated during pre and post liberalization era. It is also evident that most of the forward looking companies in India have strongly been adopting CSR in their corporate policy to accomplish competitive advantage, profitability and performance in the light of liberalized world. In addition, it provides valuable information to the companies of India and other primary stakeholders about the prospects of development, reputation. In India, the government has been providing due emphasis on the growth of the CSR as a vehicle for transformation of the agrarian economy to the path of industrialization.*

INTRODUCTION:

Corporate Social Responsibility (CSR), can be described as, the continuous commitment by corporations towards the economic and social development of communities in which they operate. The concept of corporate social responsibility of large industrial groups has occupied a prominent place in the greater national discourse on economic issues since the pre-independence era in India. Gandhi described large business as 'trusts' of the 'wealth of the people' and thus emphasized on the larger social purpose that industrial wealth should serve in independent India. In the early days of the post- independence period, the Indian state under the heavy influence of Nehruvian socialism encouraged private industries to play an active role in the economic and social development of the backward sections of the society, while at the same time setup a mammoth public sector for serving larger societal interests. As Nehru's gentle socialism gave way to the more radical policies of nationalization and extensive state regulation of the Indira Gandhi era, industrial groups desperate to avoid the draconian state policies and regulations in economic affairs resorted to large scale corporate welfare programs to demonstrate that private wealth also played a important role in poverty alleviation and the socio-economic development of the nation and was not anti-people.

An impeding crisis in Indian economy led the Rajiv Gandhi and Narashima Rao governments to dismantle the 'license raj' and introduce much-needed economic reforms in the country, which marked the beginning of the economic liberalization and the free market economy in India. The major impact of these economic reforms has been the increased presence of transnational corporations in the country and transformation of Indian businesses into large global enterprises. In this scenario, there is an increased focus on the social role of these private enterprises by both the proponents and opponents of liberalization in India.

In this paper we analyze the fundamental changes in paradigm of corporate social responsibility and the new innovative practices being applied for its implementation in the last decade in India, in the context of the liberalization of the Indian economy. Our central argument in the paper is that the rise of private enterprise in the free market setup has radically transformed the perception and understanding that corporations have of their large role in society and consequently, there has been a revolution in implementation of corporate social responsibility programs at the ground level.

ROLE OF CSR:

- o Boost in brand image and reputation.
- o Increased sales and customer loyalty.
- o Reduction in operating costs.
- o Higher productivity and quality.
- o Attract and retain employees.
- o Reduced regulatory oversight.

STAKE HOLDER PARTICIPATION IN CORPORATE SOCIAL RESPONSIBILITY:

The conceptualization of corporate social responsibility up-till the 1990's was purely in terms of philanthropy or charity. Welfare programs or initiatives were introduced not as a duty or a responsibility but as a form of charity that was supposed to indicate the virtues of the company or the organization. Many industrial groups like the Tatas or Birlas setup charitable trusts that provided financial grants for various worthy causes. Although there were some cases where the corporation took up a more active role like the establishment of the Birla Institute of Technology, Pillani by the Birlas or setting up of primary schools by several major industrial groups for their workers 's children but even in these cases the approach was philanthropical. The problem with the philanthropy –based model has several problems there are as follows:

- The corporation does not commit its resources fully behind such a project and often confines itself to one-time or periodical financial grants.
- Since its an act of charity, the corporation does not feel the need for community participation in the designing or management of such initiatives and people participation, if any, is restricted to limited implementation aspects reducing the efficiency and effectiveness of corporate social responsibility measures at the ground level.
- The lack of involvement from the primary resource provider i.e. the corporation leads to low levels of accountability and transparency at the implementation level.

THE NEW INNOVATIONS IN IMPLEMENTING CORPORATE SOCIAL RESPONSIBILITY:

With the shifting of the corporate social responsibility paradigm to a stakeholder centric approach, practices at the ground level have also undergone a radical transformation. In every aspect of corporate social responsibility measures the last decade has seen corporations innovating to increase efficiency, effectiveness and accountability. The focus has been on initiatives that are people-centric with active community participation at all levels. Further, the corporations

themselves have moved away from the charitable initiatives like giving financial grants or sponsorships to providing products and services in a manner that would make a real difference in the target communities.

The first perceptible change has been the introduction of a host of innovative programs and schemes in several areas like education, healthcare, rural development, environment protection, protection of artistic and cultural heritage and disaster management that are customized to meet the specific needs of the target group and corporations devote not only financial resources but expertise, manpower, products and services for the successful implementation of these schemes:

- LUPIN INDIA LTD, India's third largest manufacturer of pharmaceuticals has started a project for providing sustainable development in 154 villages across Rajasthan. The scheme instead of providing for piece-meal assistance that does not lead to effective alleviation of poverty or adequate development is designed as a holistic action plan that includes an Agricultural Income Generation Scheme, land cultivation and fruit plantation programs, fodder preservation schemes, sericulture and water-recycling programs, establishment of medical and educational centres, adult literacy programs and credit schemes.
- CIPLA, another Indian pharma major has found a novel approach to fulfil its corporate social responsibility obligations by offering to sell a cocktail of three anti-HIV drugs, Stavudine, Lamivudine and Nevirapine, to the Nobel Prize-winning voluntary agency Medicine Sans Frontiers (MSF) at a rate of \$350, and at \$600 per patient per year to other NGOs over the world. This offer has to lead to a significant decrease in the prices of these drugs worldwide increasing the accessibility of these drugs especially in the developing countries.
- RANBAXY, one of India's major pharmaceutical firms operates seven mobile healthcare vans and two urban welfare centres that reach over a lakh people in various parts of northern and central India as part of its corporate social responsibility initiative.
- TATA CONSULTANCY SERVICES (TCS) has set up a fully-equipped computer training laboratory for children from the Society for the Welfare of the Physically Handicapped and Research Centre, in Pune for imparting basic computer knowledge. NIIT has launched a highly popular 'hole-in-the-wall' scheme where it places a computer on a public wall in urban and rural areas so that neighborhood children can learn computer basics using the play-way method.
- BHARAT ELECTRONICS LTD built cyclone proof houses for the victims of the super cyclone in with the help of the victims themselves so that the houses are built according to their needs.

CORPORATE SOCIAL RESPONSIBILITY IN PUBLIC ENTERPRISES:

In our narrative so far, we have focused on the private sector and its greater societal obligations. India, also, has a large public sector with several huge corporations. And companies operating in various sectors like petroleum, heavy industries, aviation, mining, steel, equipment manufacturing and shipping. The Indian public sector has had a long tradition of corporate social responsibility and the initiatives of corporations like the Oil and Natural Gas Commission (ONGC), Steel Authority of India Ltd (SAIL) and Gas Authority of India Ltd. (GAIL) have critical in the development of several backward regions of the country. Indian Airlines and Bharat Heavy Electronics have been widely acclaimed for their disaster management efforts.

The era of liberalization has led to the privatization of several public sector units and others being forced to make switch from being monopolies to being free market players with intense private competition. These dynamic processes have raised several key questions related to the corporate social responsibility of the public sector:

- What should the social involvement levels of a company or corporation once it is privatized?
- Should public sector units continue to play the same social role as they did in the pre-independence era or is there a need to scale back their social responsibility initiatives?

These are questions that are central to the post-liberalization debate and need further analysis and research. Meanwhile the opponents of privatization have used an 'corporate social responsibility' argument for their cause, they argue that considering the vital importance of the social role played by the public sector in India, there should not be any privatization of these vital industries. Once again the lack of adequate research specifically empirical data restricts us from an objective examination of this issue.

CONCLUSION:

The new economic era in India i.e. the post-liberalization phase of the Indian economy was a catalyst for the radical transformation in the corporate social responsibility related practices in the country, the change was two fold: transformation of the conceptual understanding of corporate social responsibility and innovations at the implementation level. At the conceptual level, there was a fundamental transformation from the charity-oriented approach to the stakeholder-oriented approach. Even though the company is an artificial person it has some responsibility like human. It can provide more social responsibility oriented activities to the society for economic development.

According to Goldman Saches "If India continues the same economic development activities definitely it will become the Motor for world economy in 2035"

REFERENCE

1. www.wikipedia.com | 2. Corporate Ethics and Corporate Governance – Walther Ch. Zimmerli, | 3. Corporate Social and Human Rights Responsibilities- Karin Buhmann