



ORIGINAL RESEARCH PAPER

Commerce

CORPORATE SOCIAL RESPONSIBILITY(CSR) IN INDIA

KEY WORDS: Society, Responsibility, People, Profit, analysis, trend.

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ABSTRACT

CSR is a medium through which by which the companies interact with its stakeholders. It has reached a new hallmark and is not constrained to the charity and philanthropic acts only. Now it includes action to the social issues and effort towards the sustainable development of the business. It aims at the business strategies for good governance and development of the society and its people. The purpose of this paper to study the proper meaning and recent trend analysis and projections in CSR.

REVIEW OF LITERATURE:

The pace of increase in knowledge moves towards rapid changes. It grows more and more than the passage of time. Therefore, a researcher has to be conscious about the changes and developments in the field of his/her study. For this purpose, the researcher has to survey the available literature like novels, reports, researches, books, articles, newspapers and journals in order to add knowledge in its study. Over the past decades, the concept of CSR has become an important concept in the study of researchers, scholars and industrialists etc.

Windsor (2001), article examined the future of CSR or the relationship between business and society in long run. The researcher tried to find out that whether the organization and society will come closer to each other in future or not and what will be the changing phase of CSR. With the help of history or past trend of CSR, Caroll's model analysis and in global context, the researcher found three emerging alternatives of CSR i.e. conception of responsibility, global corporate citizenship, stakeholder management practices.

Moon (2004), paper examined the role of government in driving corporate social responsibility among the corporate. The study explained that the drivers of CSR are related with business and society. Business includes its reputation, corporation itself, employee's relation knowledge, goals etc. further, the study cleared that government is driver of CSR by making this relationship true and fair through making through making policies and regulations. The study also embarked other's country's situation that how their government entered into businesses for driving CSR. Samuel O.

Hartman (2011), article "Corporate social Responsibility in the food sector" in European review of agriculture economics journal, analyzed the importance of CSR in food sector, particularly those companies which have high brand. CSR is an important part of these companies. But SME s are less capable in discharging their obligation towards society. Further, the research found that food sector always tries to improve the controlling and discharging its services towards consumers. Consumers also prefer those brands or food firms which give preference to CSR activities and provide good product and services.

Agunis, glovas (2012), Paper entitled "what we know and don't know about corporate social responsibility: A review and research agenda" in Journal of management, based on 588 journal articles and 102 books. The study provided a framework of CSR actions which affects external as well as internal stakeholders and outcomes of such actions. The paper also enhanced the knowledge regarding levels, forms of CSR; need to understand CSR with outcomes etc. further the researcher also suggested a framework of research design, data analysis and measurement for future research of CSR.

Evolution of CSR in India

CSR is not a new concept in India. It starts gaining importance from 18th century. The forms of CSR have changed from time to time.

- It started in the year 1800 approx. In the pre-industrialization period. At that time it is confined to the charity and philanthropy with the religion belief only.
- From the year 1800-1924 in pre-industrialization era these activities were undertaken in the form of donations with social welfare objectives.
- From year 1950-1980 at the time of industrialization CSR activities were taken in the form of responsible behavior with progressive approach.
- From year 1980 till today in post-industrialization era CSR activities are being performed in various forms by keeping in view multi-stakeholders benefits.

Objectives of the study:

- To study the meaning of CSR.
- To study the trend analysis of CSR in India.
- To study the thematic priorities in CSR in India.

Short forms:

- CSR-** Corporate Social Responsibility
- SR-** Social Responsibility
- FY-** Financial Year

Social Responsibility:

SR means to SERVE THE SOCIETY in the best possible manner. Everyone, which is a person under the law, whether individual, company or cooperatives, is responsible towards the society. It means the actions of any person should have some positive impact on the society and the nation. SR is a subjective term and it vary from person to person for its execution. Although some laws are enacted but it is not forceable on anyone.

SR is to evaluate the effects of the actions on those that are directly or indirectly affecting the society and the environment.

Philip Kotler defines it as, "a commitment to improve community well-being through discretionary practices and contribution of resources."

Corporate Social Responsibility:

CSR is a very broader concept. CSR means in daily routine business, a company should operate in that way in which the society is benefitted positively. It is also known as CORPORATE CITIZENSHIP.

CSR is sustainable which involves companies to take up activities without having negative impact on the society. It is not just charity, it is about the whole representation of the company which is to be considered i.e.

- Internal practices with the clients.
- Practices with the shareholders.
- Well-being and Satisfaction of the employees.
- Proper implementation of Govt. rules and regulations.
- Activities for the well-being of the society.

The goal of CSR is to Embrace responsibility for the company's actions and encourage a positive impact through its activities on the environment, consumers, employees, communities, shareholders. Benefit to the society can be in the any form i.e. economic, social, environmental, political etc. It should not harm the rights of any person or individual in the society.

The WBCSD defines CSR as, "the continuing commitment by business to contribute to economic development while improving the quality of life of the workforce and their families as well as of the community and society at large"

CSR Trend Analysis and Projections FY 2014-15 to FY 2018-19

Prescribed CSR Spend to cross INR 50,000 Cr. Mark

The Companies Act, 2013 brought in many changes in the corporate landscape of India, ranging from introduction of one-person company (OPC) to rules for better corporate governance, from the mandatory women director on boards of listed firms to the provision of the mandatory CSR. Introduction of CSR rules was the most debated and talked-about point since the Draft Companies Bill was presented in the Lower House of the Parliament in 2011. Technically, with the new Companies Act, India became the leading country to make companies invest a part of their profits for communities as a compliance.

As stipulated in the Section 135 of the Companies Act, companies having a net worth of INR 500 crore (Cr.) or more, a turnover of INR 1000 Cr. or more, or a net profit of INR 5 Cr. or more in a given financial year are required to spend 2 percent of their average net profit (of previous three years) on CSR programmes. Indian companies responded well to the mandatory CSR with almost INR 8800 Cr. CSR spend in the 1st reporting year of the CSR compliance.

The Act heralded a new era for the development sector in India which was under resource-crunch due to decreasing foreign-funding (read 'grants') to Indian non-profits, shift in strategic focus of large grant-making organizations from India to other low-income countries and tightening of noose on FCRA, a compulsory government-nod for non-profits to obtain foreign-funding.

If we look at the overall CSR ecosystem in India, the total CSR fund investment by companies in India would cross INR 50,000 Cr. by 31st March 2019, since the applicability of the mandatory CSR. A large chunk of this is towards education and skills development projects, followed by healthcare and sanitation initiatives, both of which are top priorities for the central government as well.

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.

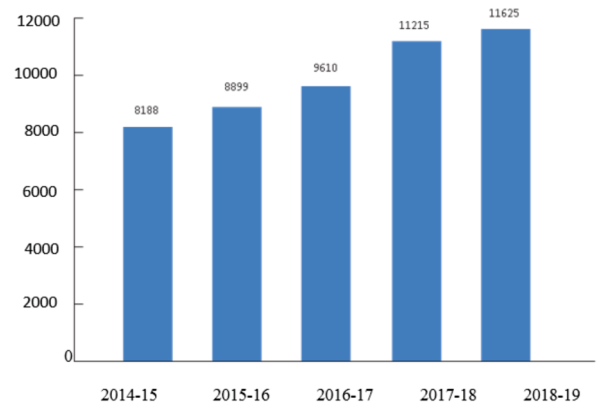
CSR Trajectory of Five Years (Reported and Projected)

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

Here, the data for the first three financial year is the actual reported data of the company while the data for 2017-18 and 2018-19 is projected data based on the trends of previous three years' trends and a few sample data-analysis done for the FY 2017-18. These 500 companies are the ones that were required to spend INR 1Cr or more in FY 2017-18.

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.

Prescribed CSR of Big 500 Companies (INR Cr.)



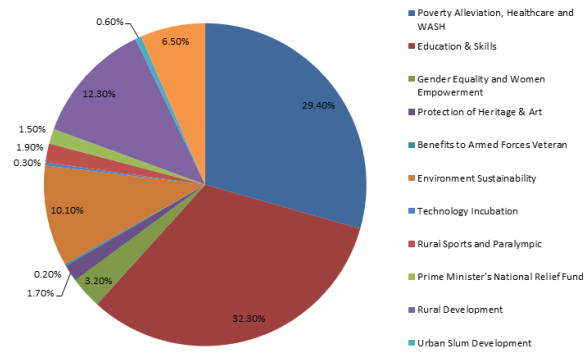
Source: CSR report by NGOBOX & CSRBOX

*** 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.**

The Big Picture Of CSR In India

- CSR compliance in-line with the prescribed CSR/year is going to increase and would reach in the range of 97-99% by FY 2019-20.
- Education is the most preferred intervention area for companies, specially companies with medium CSR budget, and this is expected to remain the most preferred theme for years to come.
- CSR compliance level is set to increase, and in-depth (detailed) disclosures in the annual reports will be a common practice.
- The average ticket-size of the CSR projects has shown downwards movement from 2014-15 to 2016-17, but gradually, this will reverse.
- Top 10 companies command more than one-third of India's CSR pool while top 20 command over 45% of the CSR fund, and this is likely to remain constant for next 3-4 years.
- Government collaboration for large scale CSR partnerships; more companies will align their CSR programs with government programs, schemes and priorities with special focus on Ayushman Bharat, Aspirational District Programme, Skill India Mission and National Nutrition Mission.
- Business to business (B2B) collaboration and joint design and implementation of projects is gradually getting space in board-rooms and we will see more collaborative projects on the ground in the near future.
- The practice of transferring CSR fund in CSR foundations and implementing partners as Corpus-fund would gradually come to cease.

Thematic Priorities in CSR In India



Projected CSR fund distribution from FY14-15 to FY18-19

Source: CSR report by NGOBOX & CSRBOX

CONCLUSION:

CSR has no boundaries and it is not a new concept in India. The forms of CSR have changing from time to time. Most of the big companies have realized the importance of being associated with society relevant causes as a means of protecting the goodwill and reputation, defending attacks and increase business competitiveness by CSR. It stems for the desire to do well and get self-satisfaction in return as well as the social obligation of the business. The Indian corporate sectors are planning to introduce CSR in small and medium enterprises(SME's)sector to increase its reach in the remote areas. Also even some small companies are using CSR as its business strategies, which aims at mutual development of the company and the community simultaneously.

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