

CORPORATE SOCIAL RESPONSIBILITY IN INDIA – A WAY TO ACHIEVE SUSTAINABLE DEVELOPMENT GOAL

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Abstract:

CSR has become a popular word in today's world. With the Companies Act 2013, the Indian government adopted a legislative approach to reconfigure the business-society nexus in form of mandatory CSR activities. Indian businesses have realized that they must look not only at the economic dimension of their companies, but also at its ecological and social impact to move towards sustainable development. The present research paper attempts to analyse several such aspects of the CSR law in India. Enactment of Companies Act, 2013 by the Ministry of Corporate Affairs and Government of India was one of the world's largest experiments of introducing the CSR as a mandatory provision by imposing statutory obligation on Companies to take up CSR projects towards social welfare activities. This CSR Initiative will push the nation towards achievement of sustainable development goals and public-private partnership in transforming India.

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Introduction:

According to William Clay Ford Jr. Chairman of the board and CEO of Ford Motor Company, "There is difference between a good company and great company. A good company offers excellent products and services. A great company also offers excellent product and services but also strives to make the world a better place." It is no longer enough for businesses to simply buy and sell their products and services without considering the world in which they operate. Now it has become inevitable to achieve sustainable goal to survive in long run and to serve the society at large. The concept of CSR rests on the ideology of give and take. Corporate sustainability is based on three pillars: environmental, social, and economics is an immense term that is used to explain the efforts of a company to improve society in a significant manner. Below reasons reflect why CSR is important:

CSR improves the public image by publicising the efforts towards a better society and increasing their chance of becoming favourable in the eyes of consumers.

CSR increases media coverage as media visibility throws a positive light on the organisation.

CSR enhances the company's brand value by building a socially strong relationship with customers.

CSR helps companies to stand out from the competition when companies are involved in any kind of community.

Objectives:

1. To develop an understanding of concept of CSR.
2. To study the potential benefits of CSR to organizations.
3. To analyse the contribution of CSR in achieving sustainable development goal.

Methodology:

The research paper is an attempt of exploratory research. The data of this study is secondary data which have been collected from different sources such as official websites of department of Corporate Affairs, Newspaper Articles, journals, Research Papers, media reports and Magazine Articles.

Review of Literature:

1. **Vethirajan.C, Ramu.C (2019)**, in his article on “Consumers’ Knowledge On Corporate Social Responsibility of Select FMCG Companies in Chennai District” the paper shows that the customers have enough knowledge on legal aspects of CSR law
2. **Ashish Baghla (2018)**, said that CSR has the own way to make its practices reliable in India, they must need to also support the various society other than being supported already for their sustainable development to make the best Indian economy.
3. **Yadav and Gupta (2015)** A Study on Linkage

4. between Corporate Social Responsibility and Return on Net Worth (RONW) of Selected Companies: An Empirical Analysis. IOSR Journal of Business and Management.
5. **Bhunia and Das (2015)** The Impact of Corporate Social Responsibility on Firm’s Profitability-a Case study on Maharatna Companies in India. American Research Journal of Humanities and social Sciences.
6. **Vijay and Divya (2014)** Impact of Corporate Social Responsibility Initiatives of Indian Banking Sector. International Journal of Business and Management.

5. Data Analysis and Interpretation:

India is the only country which has regulated and mandated CSR for some select categories of companies registered under the Act. This CSR Initiative will push the nation towards achievement of sustainable development goals and public-private partnership in transforming India.

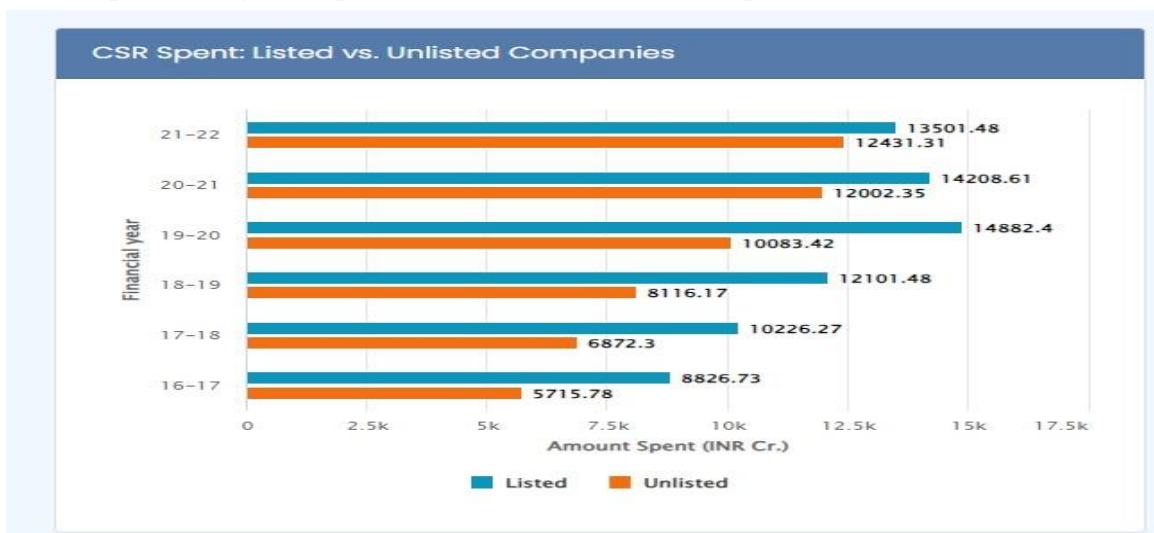
(I)Graph showing CSR spent of Top 10 companies from FY 15-16 to FY 21-22.



Source: - Secondary Data collected from MCA Website, (MCA Portal, 2023)

The above graph shows the CSR spent in crores by top 10 companies from FY 15-16 to FY 21-22. From the graph it is evident that over the period there has been an increasing trend in amount spent by companies.

(II) Graph showing CSR spent of Listed and Unlisted Companies from FY 16-17 to FY 21-22



Source: - Secondary data collected from MCA Website, (MCA Portal, 2023)

The above graph shows CSR spent of Listed and Unlisted Companies from FY 16-17 to FY 21-22. In the FY 16-17 listed companies have spent approximately Rs.8826.73 crores while unlisted companies have spent around Rs.5715.78 crores. In the FY 17-18 listed companies have spent approximately Rs.10226.27 crores while unlisted companies have spent around Rs. 6872.3 crores. In the FY 18-19 listed companies have spent approximately Rs.12101.48 crores while unlisted companies have spent around Rs.8116.17 crores. In the FY 19-20 listed companies have spent approximately Rs.14882.4 crores while unlisted companies have spent around Rs.10083.42 crores. In the FY 20-21 listed companies have spent approximately Rs.14208.61 crores while unlisted companies have spent around Rs.12002.35 crores. In the FY 21-22 listed companies have spent approximately Rs.13501.48 crores while unlisted companies have spent around Rs.12431.31 crores

Legal Framework of CSR in India:

The most ambitious attempt at mandated CSR activities for companies came with the enactment of Section 135 of the Companies Act 2013. It made CSR spending as well as reporting mandatory for the very first time in India and brought the CSR activities of Indian corporate under the purview of corporate law. Specifically, the provisions under Section 135 requires companies with (i) to appoint a CSR Committee of at least 3 directors (one independent director), and (ii) under the guidance of the CSR Committee, spend in every financial year, at least two per cent of the average net profits of the company made during the three

immediately preceding financial years, in pursuance of its Corporate Social Responsibility Policy. The committee is expected to formulate and recommend CSR policy, as well as oversee the implementation thereof. Every company including its holding or subsidiary, and a foreign company defined under clause (42) of Section 2 of the Companies Act 2013 having its branch office or project office in India, which fulfils the following criteria during the immediately preceding financial year shall comply with the provisions of section 135 of the Companies Act, 2013 and rules there under and constitute a CSR Committee. Net worth of rupees five hundred crore or more, or Turnover of

rupees one thousand crore or more or A net profit of rupees five crore or more. SCHEDULE VII of Companies Act, 2013

Activities which may be included by companies in their Corporate Social Responsibility Policies

Activities relating to: —

- (i) eradicating hunger, poverty, and malnutrition, [promoting health care including preventive health] and sanitation [Including contribution to the Swatch Bharat Kosh set-up by the Central Government for the promotion of sanitation] and making available safe drinking water;
- (ii) promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;
- (iii) promoting gender equality, empowering women, setting up homes and hostels for women and Orphans;
- (iv) ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air, and water [including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga];
- (v) protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional arts and handicrafts;
- (vi) measures for the benefit of armed forces veterans, war widows and their dependents;
- (vii) training to promote rural sports, nationally recognised sports, paralympic sports and Olympic sports;
- (viii) contribution to the Prime Minister's National Relief Fund [or Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund)] or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities, and women;
- (ix)(a) Contribution to incubators or research and development projects in the field of science, technology, engineering, and medicine, funded by the Central Government or State Government or Public Sector Undertaking and;
- (b) Contributions to public funded Universities; Indian Institute of Technology (IITs); National Laboratories and autonomous bodies established under Department of Atomic Energy (DAE); Department of Biotechnology (DBT); etc and medicine aimed at promoting Sustainable Development Goals (SDGs)
- (x) rural development projects.
- (xi) slum development.
Explanation. — For the purposes of this item, the term 'slum area' shall mean any area declared as such by the Central Government or any State Government or any other competent authority under any law for the time being in force.
- (xii) disaster management, including relief, rehabilitation, and reconstruction activities.

The Tata Group conglomerate in India carries out various CSR projects, most of which are community improvement and poverty alleviation programs. Through self-help groups, it has engaged in women empowerment activities, income generation, rural community development, and other social welfare programs. In the field of education, the Tata Group provides scholarships and endowments for numerous institutions.

The group also engages in healthcare projects, such as the facilitation of child education, immunization, and creation of awareness of AIDS. Other areas include economic empowerment through agriculture programs, environment protection, providing sports scholarships, and infrastructure development, such as hospitals, research centres, educational institutions, sports academy, and cultural centres.

Ultratech Cement:

Ultratech Cement, India's biggest cement company is involved in social work across 407 villages in the country aiming to create sustainability and self-reliance. Its CSR activities focus on healthcare and family welfare programs, education, infrastructure, environment, social welfare, and sustainable livelihood.

The company has organized medical camps, immunization programs, sanitization programs, school enrolment, plantation drives, water conservation programs, industrial training, and organic farming programs.

Mahindra & Mahindra:

Indian automobile manufacturer Mahindra & Mahindra (M&M) established the K. C. Mahindra Education Trust in 1954, followed by Mahindra Foundation in 1969 with the purpose of promoting education. The company primarily focuses on education programs to assist economically and socially disadvantaged communities.

Its CSR programs invest in scholarships and grants, livelihood training, healthcare for remote areas, water conservation, and disaster relief programs. M&M runs programs such as Nanhi Kali focusing on education for girls, Mahindra Pride Schools for industrial training, and Lifeline Express for healthcare services in remote areas.

ITC Group:

ITC Group, a conglomerate with business interests across hotels, FMCG, agriculture, IT, and packaging

sectors has been focusing on creating sustainable livelihood and environment protection programs. The company has been able to generate sustainable livelihood opportunities for six million people through its CSR activities.

Their e-Choupal program, which aims to connect rural farmers through the internet for procuring agriculture products, covers 40,000 villages and over four million farmers. It's social and farm forestry program assists farmers in converting wasteland to pulpwood plantations. Social empowerment programs through micro-enterprises or loans have created sustainable livelihoods for over 40,000 rural women.

Conclusion:

We live a dynamic life in a world that is growing more and more complex. Global-scale environment, social, cultural, and economic issues have now become part of our everyday life. Boosting profits is no longer the sole business performance indicator for the corporate and they must play the role of responsible corporate citizens as they owe a duty towards society. The concept of Corporate Social Responsibility (CSR), introduced through Companies Act, 2013 puts a greater responsibility on companies in India to set out a clear CSR framework.

Many corporate houses like TATA and Birla have been engaged in doing CSR voluntarily. The Act introduces the culture of corporate social responsibility (CSR) in Indian corporate requiring companies to formulate a CSR policy and spend on social upliftment activities. CSR is all about corporate giving back to society. The Company Secretaries are expected to be known about the legal and technical requirements with respect to CSR to guide the management and Board. From the above study it is concluded that the Government has introduced CSR because they want companies to become more responsible for its stockholders and society at large. The aim of business is to serve the society without tampering the environmental and

community life support system by providing safe, high-quality products and services that improve their wellbeing .CSR is one of the ways to achieve Sustainable development goal so it is very important to make society acquainted with CSR provisions. The CSR ambit is getting bigger and for upcoming years it would turn as a unique knowledge base for analysing and achieving sustainability goals as among various large economies. India is a country which has assured by mandating CSR through its legislative action.

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