

A CRITICAL ANALYSIS OF CSR INITIATIVE IN INDIA



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ABSTRACT

Today CSR is not discretionary and taking a shape of management principle as a strategies imperative which is gradually spreading across all companies in India regardless of sector or size originations which have hitherto not been involve in CSR project need to now first of all identify which socially relevant activity they desire to work for. The next step would be to prepare a budget, identify the number of personnel including domain e makes a real difference experts, required, decide if the company desires to work with an NGO, specify the geographical location for the activity as also the number of targeted beneficiaries, so that the selected CSR activity has a

certain continuity and consequently makes a real difference. The company can choose supporting projects which can benefit people and/or animals and/or the environment. On 18th Dec, 2012 the Loksabha passed the new companies Bill which requires corporates to spend 2% of their net profits on CSR activities. The activities qualifying for CSR under the law are listed out in schedule VII to the Bill. In this paper is concluded CSR, CSR activities list in the bill and CSR is a burden or boon.

KEYWORDS : *Corporate social responsibility, NGO, Stakeholders, Burden, Boon.*

INTRODUCTION :

Corporate social responsibility is not a new phenomenon. In 1963 milton friend man propounded the theory that there is one and only one social responsibility of business to use its resources and engage in activities designed to increase its profits, so long as it stays within the rules of the game. This universally accepted theory underwent a modification in 1970 as and 1980 when many businesses especially multinational corporations, introduced the concept of serving the interest of stakeholders apart form those of shareholders. As a result several enterprise in the world voluntarily under took corporate social responsibility activities. In India most wealthy people/ families and practically all Indian business houses voluntarily began undertaking corporate social responsibility activities funded eighter form their personal incomes or trough their business or by setting up NGO and trusts.

In India on 18th Dec. 2012 the Lok Sabha passed the new companies bill which require

corporate to spend 2% of their net profit on CSR and suggested areas for CSR project, thus probably making India the first country in the world in which CSR will become a mandatory requirement once the bill become an Act. In India some companies which have in the past never undertaken any CSR activity and such organization are going to consider this as an additional Burden on the other hand there are many corporate organization which have been implementing CSR activities for the society and consider this provision as a boon recognizing their efforts.

OBJECTIVE :-

- 1.To understand the concept of CSR.
- 2.To study the suggested areas for CSR project in companies Bill Dec 2012.
- 3.To Analyze mandatory CSR Burden or boon to organization.

RESEARCH METHODOLOGY :-

The present research paper is primarily based on secondary data made available by various source. The major sources of data are research journals, references, books, newspaper articles and various websites quoted in the references.

CSR CONCEPT :-

Corporate social Responsibility is on the rise all over the world and India also. Civil societies, consumers and other actors have increased pressure on companies to adhere to social and environmental standards and this pressure has impact on the business in India.

CSR is now very common term and most of the corporate houses are trying to give something to help less privileged human being in India and abroad Business for social responsibility, USA defines CSR applicable to companies "Operating in a manner that meet to exceeds ethical, legal, commercial and public expectations that society has of business." The International organization of employers (IOE), Geneva defines CSR as "Initiatives by companies voluntarily integrating social & environmental concern in their business operations and in their interaction with their stakeholders." The term CSR as presently interpreted by businesses the world over implies having a positive impact through as activities on the stakeholders, i.e. consumers, suppliers, employees, trade unions, shareholders i.e. consumers, suppliers, employees, trade unions, shareholders, financial institution, communities) plus the environment.

Organization in India have been quite sensible in taking up CSR initiatives and integrating them in their business processes. It has become progressively projected in the Indian corporate setting because organization have recognized that besides growing their businesses. It is also important to shape responsible and supportable portable relationships with the community at large. Companies now have specific department and teams that develop specific policies, specific and goals for their CSR programmes and set separate budget to support itmes. CSR is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their family as well as of the local community and society at large.

SUGGESTED AREAS FOR CSR ACTIVITIES :-

On 18th Dec. 2012 the Lok sabha passed the new companies bill which require corporate to spend 2% of their net profit on CSR activities, thus probably making India the first country in the world in which CSR will become a mandatory requirement once the bill become an act. This compulsion applies to companies that have a net worth of Rs. 5 billion or more or a turnover of Rs 10 billion or more

or a net profit of Rs. 50 million or more in the previous three years. Based on the list in the bill some suggested areas and ideas of social work from which companies can choose to undertake CSR activities. The CSR activity chosen by the company can either be a one time initiative or a continuing effort for a specified time period depending upon the company objectives and availability of funds.

1. Education :-

Illiteracy eradication, adult literacy, educating street/ slum children, girl child education, school, college, vocational course, technical courses, assisting the needy with scholarships/ funding.

2. Health care and Nutrition :-

Sanitation drives, setting up of dispensary primary healthcare centre, X Ray facilities, pathology lab, hospital, ambulance, blood bank, medicines donation of eyes, donation of organs, health check up camps, emergency relief, reduction of incidents of leprosy/malaria/TB/ HIV-AIDS.

3. Physical fitness :-

Physical exercise, yoga

4. Facilitating the physically challenged :-

Through creation of employment opportunities, vocational training.

5. Sport :-

Encouraging and setting up facilities for indoor or outdoor sports, including traditional Indian games like wrestling (kushti), kabbadi etc.

6. Development of performing arts :-

Sponsoring of drawing, painting, embroidery, craft, dance drama, singing and performance of classical music instruments.

7. Rights :-

Encouraging initiatives upholding the rights of children/ women /men / employees /consumers/ animals providing legal assistance to victims of certain abuses.

8. Rural Development :-

Development initiatives for the poorest sections, supporting self help groups, social entrepreneurship, development, assisting marginalized communities and people below poverty line to develop and improve earnings.

9. NGO's :-

Identify and support a particular NGO and ask them to undertake a specified activity,

10. Environmental concerns :-

Specific activities to prevent or highlight water pollution, air emissions, waste, global warming, energy (not renewable and renewable), habitat plantation/ forests.

11. Living species :-

Fish, birds, insects, reptiles and animals the areas of coverage and focus could be prevention on of cruelty to animals, medication/ treatment facilities ensuring bio- diversity preservation of endangered species including wild life preservation and many others.

12. Urban Development :-

Hygiene in slums, helping street children to develop.

13. Heritage Conservation :-

Taking responsibility for mounments, builders, or activities like weaving pottery, carvings, painting singing, folklore, dances others

14. Consumer right awareness :-

Educating consumers about their rights and side effects related to the use of product/services. A selected list of CSR innovations from some of India's leading companies.

Sr.No	Issue	Company	Action
1	Community development	Hindalco	Asian CSR Award for its integrated Rural Poverty Alleviation programmer
2	Corporate giving	Indian Oil Corporation	Dedicating 0.75% of net profit to community development initiatives.
3	Health	Larsen and Toubro	One of the first corporate to lunch and HIV AIDS programme
4	Gender Equality	NTPC	One of the few organization to have a policy for the grant of paternity leave
5	Labour standards	ITC	First company in India to be certify to the SA 8000 social accountability standard for its chiral facility
6	Human Capital	Infosys	Pioneering evaluation of human capital using an education index for its employees.
7	Environmental Management	BHEL	All BHEL unit are certified to the ISO 1400 environmental management System
8	Enery Conservation	Reliance	Energy conservation measures are saving the company 1150 million rupee per annum
9	Water Conservation	Hindustan Sanitary ware	Reduced flushing WC's is estimate to save 2 billion liters of water
10	Disclosure	Tata Iron and steel	First Indian company to publish a sustainability report in line with global reporting Initiative guidelines.

According to companies Bill 2012 spending 2% the net profit for corporate social responsibility (CSR) as envisaged in bill is likely to be perceived as a Burden by companies that still live by Milton friendman theory in 1963 (Only social responsibility to use its resources theory) since they believe that once they pay taxes to the Government, it is the responsibility of the state to take care of society. These companies are likely to find innovative ways of camouflaging some of their existing employee welfare activities under the garb of CSR or by just donating the amount to a NGO in the name of CSR. It is well

known that the leading chambers of commerce & Industry representing Indian companies were opposed to mandatory CSR vis-a-vis voluntary CSR, because of the fear of its misuse by governments departments and harassment by government officials. However most companies need to now view mandatory CSR as a boon, as it gives them an opportunity to closely interact and engage with society and undertake a CSR activity of their choice for the benefit of public, if they have not done the same so far. This is the right approach because various companies have used CSR not only for the well being of society but also to build linkages with the community they operate in through voluntary. Participation of their employees and create positive image of the company in the society.. These companies have been effectively presenting their CSR activities every in their annual report to the share holders on their websites and through other publications of the organization.

CSR activities in the various areas can also be taken up on a massive scale, nation wide by all organization as they have a far reaching impact. One practical approach that can be adopted is that in each district, depending upon the requirement, certain CSR project may be developed as success models and the same can be replicated by other organizations at other locations. This has the potential to be a good public private partnership endeavor and the ministry of corporate affairs should be pro active in taking the initiative so that mandatory CSR is perceived as a Boon and not a Buren by companies There are a number at companies which have been very successfully operating their businesses with CSR activities.

CONCLUSION :-

The concept of CSR is now changing from traditional way to modern road map according to the changing needs of the society. In the ever changing markets Globalization and liberalization are the buzz words. In the age of globalized word, the concept of CSR can't be ignored by the corporate firms, by keeping in mind the changing market scenario business firm have to change their work culture as per the market demands. They also have to take into consideration that the perceptions of the society towards companies are also changing. They are not looking at corporate merely the entity providing goods and services companies should not consider the CSR activities as charity rather it tis there duty as they are also part and parcel of the society and their action have influence on society in some way.

UPA Govt. on 18th Dec. 2012 the Lok Sabha passed a new companies bill which require companies to spend 2% of their net profit and some suggested areas for CSR. It is very important because those organization which have not involved in CSR project need to now first of all identify which socially relevant activity they desire to work for and the next step would be to prepare a provision in budget for CSR work. The company can choose supporting project which can benefit to people/ animal/ environment. This has the potential to be good public private partnership (PPP) and after some days mandatory CSR is not a burden but also boon for organization. Goods CSR activities adds greatly to their public image and status as an organization.

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