Corporate Social Responsibility in India

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India is having long tradition of social responsibility by business houses. The Companies Act, 2013 which makes CSR as mandatory affair has taken positively by the Indian corporates and companies in the public and private sector both Indian and multinational started contributing as per the act. The Infosys foundation, Azim Premji foundation and reliance foundation are good examples social initiatives by the companies. The Tata group, Birla group and Bajaj group are known as major contributors since last century and institutions like IIT and BITS are result of their social vision. Researcher present some CSR cases from India.

Key words: CSR, India, Companies Act, Social

1. Introduction

CSR is defined as “the responsibility of enterprises for their impacts on society”. To completely meet their social responsibility, enterprises “should have in place a process to integrate social, environmental, ethical human rights and consumer concerns into their business operations and core strategy in close collaboration with their stakeholders”

CSR is also defined 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.”

The CSR approach is holistic and integrated with the core business strategy for addressing social and environmental impacts of businesses. CSR needs to address the well-being of all stakeholders and not just the company’s shareholders. Philanthropic activities are only a part of CSR, which otherwise constitutes a much larger set of activities entailing strategic business benefits.

2. Literature Review

Archie B. Carroll and Kareem M. Shabana in their paper ‘The Business Case for Corporate Social Responsibility: A Review of Concepts, Research and Practice’ states that, the business case for CSR refers to the arguments that provide rational justification for CSR initiatives from a primarily corporate financial perspective. Business-case arguments contend that firms which engage in CSR activities will be rewarded by the market in economic and financial terms. A narrow view of the business case justifies CSR initiatives when they produce direct and clear links to firm financial performance.

Rakesh Bharti Mittal in ‘CII Handbook on Corporate Social Responsibility in India’, in his preface expresses that, A robust and thriving development sector is central to India’s quest for equitable, inclusive and sustainable growth. India’s development sector has evolved substantially over the last few decades and is now witnessing unprecedented interest and investments across the value chain. With the passage of the Companies Act, 2013 the mandate for corporate social responsibility (CSR) has been formally introduced to the dashboard of the Boards of Indian companies. The industry has responded positively to the reform measure undertaken by the government with a wide interest across the public and private sector, Indian and multinational companies.

Paul Hohnen and Jason Potts in their book ‘Corporate Social Responsibility An Implementation Guide for Business’ states that, One of humankind’s greatest challenges this century will be to ensure sustainable, just and balanced development. The needs of current and future generations cannot be met unless there is respect for natural systems and international standards protecting core social and environmental values. In this context, it is increasingly recognized that the role of the business sector is critical. As a part of society, it is in business’ interest to contribute to addressing common problems. Strategically speaking, business can only flourish when the communities and ecosystems in which they operate are healthy.

Sunyoung Lee in a Case Study for the Oxford-Achilles Working Group on Corporate Social Responsibility titled ‘Corporate Social Responsibility in India quotes then Indian PM Dr.Mannohan Singh ‘Corporate social responsibility must not be defined by tax planning strategies alone. Rather, it should be defined within the framework of a corporate philosophy which factors the needs of the community and the regions in which a corporate entity functions. This is part of our cultural heritage’

3. CSR in India

The father of India Mahatma Gandhi, the national leader who brought the cause of India’s independence from British colonial rule, was a person who in several respects was ahead of his time. His view of the ownership of capital was one of trusteeship, motivated by the belief that essentially society was providing capitalists with an opportunity to manage resources that should really be seen as a form of trusteeship on behalf of society in general. Today, the world is
coming round full circle in emphasizing this concept through an articulation of the principle of social responsibility of business and industry and this trend is no different in India either.

India has bright history of business involvement in social causes for national development. In India, CSR is known from ancient time as social duty or charity. The business, which leads towards excess wealth, social and environmental issues have deep roots in the history of business. India has had a long tradition of corporate philanthropy and industrial welfare has been put to practice since late 1800s. Historically, the philanthropy of business people in India has resembled western philanthropy in being rooted in religious belief.

4. CSR Focus Area of Some Major Corporates in India

The focus areas of corporates deal with very long list of services ensuring community service and development with efforts for inclusive development.

The major companies and their focus areas are as follows –

Bajaj Auto, a leading automotive company has its CSR focus on development of weaker sections of society by establishing trust, company undertakes long-term projects in rural areas with emphasis on community development

Castrol India, works on strengthens link between business & social investments and has worked for rehabilitation of earthquake affected victims in Gujarat. Company also conducted Castrol drive for safety initiative. Mahindra & Mahindra automobile leader believes in sharing wealth and promote primary education. Infosys has focus are which supports and encourage underprivileged sections. Infosys Foundation provide medical facilities to remote rural areas, organizing novel watershed programs; empowering farmers; greening wastelands and irrigating dry lands indirect through “e-choupaal” organizing farmers into water user groups that plan and build water-harvesting structures primary education livestock development social forestry integrated watershed development The ITC is first to be certified SA 8000 standard.

5. CSR Provisions in the Companies Act, 2013

In India, the concept of CSR is governed by clause 135 of the Companies Act, 2013, which was passed by both Houses of the Parliament, and had received the assent of the President of India on 29 August 2013. The CSR provisions within the Act is applicable to companies with an annual turnover of 1,000 crore INR and more, or a net worth of 500 crore INR and more, or a net profit of five crore INR and more. The new rules, which will be applicable from the fiscal year 2014-15 onwards, also require companies to set-up a CSR committee consisting of their board members, including at least one independent director.

The Act encourages companies to spend at least 2% of their average net profit in the previous three years on CSR activities. The ministry’s draft rules, that have been put up for public comment, define net profit as the profit before tax as per the books of accounts, excluding profits arising from branches outside India.

The Act lists out a set of activities eligible under CSR. Companies may implement these activities taking into account the local conditions after seeking board approval. The indicative activities which can be undertaken by a company under CSR have been specified under Schedule VII of the Act.

The draft rules (as of September 2013) provide a number of clarifications and while these are awaiting public comment before notification, some the highlights are surplus arising out of CSR activities will have to be reinvested into CSR initiatives, and this will be over and above the 2% figure. The company can implement its CSR activities through directly on its own through its own non-profit foundation set-up or so as to facilitate this initiative.

Through independently registered non-profit organisations that have a record of at least three years in similar such related activities collaborating or pooling their resources with other companies. The act deals with CSR activities undertaken in India will be taken into consideration. The activities meant exclusively for employees and their families will not qualify.

6. CSR in Healthcare : Contribution of Infosys Foundation

Access to primary healthcare, awareness of basic hygiene, and treatment of underprivileged patients beg attention. The Infosys Foundation advances healthcare by augmenting existing healthcare infrastructure.

Since inception in 1996, the Infosys Foundation has constructed hospital wards and built rest houses at the National Institute of Mental Health and Neuro Sciences (NIMHANS) in Bangalore, India. The Foundation has also donated medicines and medical equipment to hospitals, in addition to organizing health camps in rural India.

The Infosys Foundation has donated more than INR 50 crore to expand the capacity of hospitals across India and is involved in several healthcare programs. Infosys Foundation contributed funds for the research work at the Center for Translational Medicine at the Institute of Bioinformatics and IIT Bombay for cancer research. Infosys Foundation contributed towards the corpus for Bangalore Kidney Foundation to be used for providing free dialysis to the poorest of the poor. Infosys Foundation helped cancer patients by sponsoring the Mobile Clinic for cancer detection in rural areas through HCG Foundation. Infosys Foundation constructed the Infosys super-specialty hospital on the campus of Sassoon Hospital in Pune, India. Built additional blocks at Swami Sivananda Centenary Charitable Hospital at Tirunelveli in the southern Indian state of Tamil Nadu and at Bangalore Diabetes Hospital. Constructed a pediatric hospital and donated a CT scan machine at Capitol Hospital in Bhubaneswar, capital of the Indian state of Orissa. Helped in the renovation of a minor OT at Ramakrishna Mission, Jammu.
Infosys Foundation provided medicines to aged and poor patients suffering from cancer, leprosy, defects of the heart kidney, mental illnesses, and other major disorders. Donated to organizations such as Chitta Sanjeevini Charitable Trust to help distribute mental illness medicines to the poorest of the poor in rural areas. Provided food for leprosy, tuberculosis, HIV-positive, and blind patients in Karnataka. Infosys Foundation constructed a dharmashala at Kidwai Memorial Institute of Oncology in Bangalore. They purchased a high-energy linear accelerator unit to treat cancer patients at Chennai Cancer Institute in Tamil Nadu. Foundation donated ambulances to medical centers and hospitals in Kanchipuram, Tamil Nadu, Gadag, B.R. Hills, and Dakshina Kannada in Karnataka; and Kalahandi, Chandrashekarpur, and Bhubaneswar in Orissa. Infosys Foundation donated high-tech surgical equipment to hospitals in Mysore, Bijapur, Bellary, Bangalore, and Hubli in Karnataka and air conditioning units to the burns ward at Victoria Hospital, Bangalore. Foundation Purchased incubators, air conditioning units, neonatal resuscitation equipment, and refrigerators for Bowring Hospital, Bangalore. Infosys Foundation constructed a hospital for Sankara Nethralaya to make high-quality ophthalmic services accessible to poor patients.

Infosys Foundation donated fluorescein angiography equipment to Shree Sharada Devi Eye Hospital, Pavagada, Karnataka. Infosys Foundation completed the construction of rest houses at the National Institute of Mental Health and Neuro Sciences (NIMHANS), Bangalore, and KIMS, Hubli. Infosys Foundation donated to the corpus of several hospitals for treating poor patients. They donated money to SPARSHA toward conducting screening camp for knee-related issues among retired school teachers.

7. Conclusion

Though India is having long tradition of philanthropic practice by business houses, there is little documentation exists. The provisions under companies act makes CSR mandatory for large companies has put many such companies for first time under CSR domain. However the Infosys foundation, Azim Premji foundation and many such have already set benchmark for CSR activities. They have warren buffett and bill gates as their role models. There is need of about 1000 top companies in India to come forward and spend for community development and community service and make India brighter and better and this will be defiantly achieved in near future. The companies entering first time into CSR ambit needs proper support for effective and fruitful utilization of their CSR fund.

8. References