

# A STUDY ON CORPORATE SOCIAL RESPONSIBILITY IN INDIA

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**Abstract:** Corporate Social Responsibility refers to all such duties and obligations of business directed towards welfare of the society. Society and Business are interdependent. Business depends on society for its inputs and also for marketing of products. All the activities of the business should not harm the society rather they have to protect and contribute to the welfare of the society. Today CSR is mandatory for Indian companies. Indian government has made amendment to companies Act 2013 in the year 2014 which made every company to contribute 2% of their net profit made three immediate preceding years in every financial year. It is landmark that India is the first nation to made CSR as mandatory for companies. In this paper an effort has been made to study about history of Corporate Social Responsibility in India, Applicability of Corporate Social Responsibility in India, Top ten companies' CSR fund in India from the year 2017-18 to the year 2020-21. It is based on secondary data collected from Text books, Journals, Articles and websites.

**Keywords:** CSR, CSR Fund, Companies Act 2013, Indian Companies, Indian Government.

## Introduction

Business depends on society for inputs like money, men, skills and also for market where products have to be sold to the customers. The business also depends on society for existence, sustenance and encouragement. Being so much dependent on society, business also has definite responsibility towards different segments of society. Besides making profit, business has to satisfy employees, consumers, government, community, shareholders and others.

In our daily life, we perform a number of activities. It is because we live in a family as well as in a society and the members of our family as well as the society expects us to perform the various activities. They do several things for us and expect something from us which we must perform. The expectations of the family and society become our obligations which we need to fulfill. For example, taking care of our parents, children and other members of family, maintaining our surroundings clean and others. There are also obligations towards ourselves which we need to fulfill. For example taking food in time, going to sleep early at night and others which keeps us fit and takes care of our health. Any responsibility we have particularly towards members of the family and society is called our social responsibility. This is true in case of business also. We all know every business operates within a society. It uses the resources of the society and depends on the society for its functioning. So all the activities of the business should be such that they do not harm but they will contribute to the interests of the society. Society and business are interdependent. Business has an obligation towards the society, because better environment for business would be conducive for the success of the business organization.

## Objectives

Objectives of this paper are,

- To Study about Corporate Social Responsibility in India
- To Study the Applicability of Corporate Social Responsibility in India
- To Analyze the top ten companies Corporate Social Responsibility fund in India

## Methodology

This paper is related to study of Corporate Social Responsibility in India. It is based on secondary data which is collected from journals, text books and websites.

## Meaning

Corporate Social Responsibility is also known as Social Responsibility of a business. It is a concept whereby business organizations consider the interest of the society besides considering the interests of customers, suppliers, employees, shareholders, communities and other stakeholders as well as the Government. A business organization should strike a balance between the various stakeholders of an organization.

Corporate Social Responsibility refers to practices and policies undertaken by corporations with a view to have some responsibility to the society in which it exists. The idea of Corporate Social Responsibility of corporations is to pursue pro-social objectives instead of maximizing profits. It is the social responsibility of business corporations to ensure that their business should benefit the society and its environment. It is a self regulating principle that induces the company to be socially responsible and accountable to the company itself, to its stakeholders and the general public as a whole.

## History of Corporate Responsibility in India

The history of Corporate Social Responsibility in India is divided into four Phases.

- **First Phase-Pre Independence Period:** In this period rich business families donate part of their wealth as charity i.e. they shared their wealth by setting up temples or religious institutions. In times of famine, they used their stored grains to help poor and hungry people. But there was colonial rule in 1850. It has changed the Corporate Social Responsibility approach from charitable consideration to socio economic considerations. In pre independence period industrialization pioneers also supported the concept of CSR in India. Industrial families like TATAs, Birlas, Bajaj, Goderaaj and others Supported CSR concept by setting up educational and health care institutions, Charitable foundations and other trusts for the benefit of the society.
- **Second Phase-Independence Period:** In this period Corporate Social Responsibility shifted towards overall development and growth of civilization. In this period Mahatma Gandhi introduced the notion of “Trusteeship”. According to this notion the businessmen were to maintain their wealth for the benefit of the common man. Gandhi regarded the Indian companies and industries as “Temples of Modern India”. He motivated industrialists to build trust for colleges, research and training institutes. These trusts worked for rural development, women empowerment and education.
- **Third Phase-Mixed Economy period:** In the first phase from 1960-1980, there was emergence of public sector undertakings to ensure proper distribution of wealth. But the Public sector was not very successful. So there was of expectation from the public sector to private sector. Due to the limited effectiveness of public sector in Corporate Social Responsibility activities, private sector entered and played a significant role in the field of Corporate Social Responsibility.
- **Fourth Phase-Adopting sustainable business strategies:** In the fourth phase from 1980 onwards Indian companies integrated Corporate Social Responsibility in to a sustainable business strategy. In 1990s Emergence of Liberalization Privatization and Globalization led to the industrial growth which makes the companies to contribute more towards Corporate Social Responsibility. In the first phase what started as charity converted in to responsibility in the fourth phase. i.e. in this phase there was an encouragement to companies to contribute towards the expansion of Corporate Social Responsibility.

### Applicability of CSR in India

Today CSR is compulsory for companies in India and it is more than just charity and donations. India is the first country to make CSR mandatory for companies. Indian Government has made amendment to the Companies Act 2013 in April 2014, which made it compulsory for companies of a certain size to spend on CSR activities, 2% of their net profit made during the three immediate preceding financial years in every financial year. It is a land mark that India is the first nation to have CSR as part of company as per law.

CSR has been amended in the Companies (Amendment) Act 2019. As per this Act, if a company is not able to spend its funds fully on CSR activities in a particular year, it has to carry the amount forward and spend it in the next year along with the CSR fund of that year. The latest amendment as per this Act is that all the companies have to transfer CSR funds on to a fund prescribed under Schedule VII of the Companies Act at the end of a financial year. Then the amount is utilized within three years from the date of transfer. If the amount is not utilized within three years from the date of transfer, then the amount is deposited into one of the specified funds. If unutilized amount is not deposited in to the specified funds, then monetary penalty and imprisonment is prescribed by the law. The monetary penalty range from Rs. 50,000 to Rs.25 lakhs and the defaulting officer may also liable to a fine up to Rs. 50,000 or imprisonment for up to 3 years or both. But objections rose from industry with respect of imprisonment for violation of CSR provisions. Therefore Government has reviewed the CSR provisions. Since 2014 when the CSR provisions were compulsory for companies in India, the amount spent by companies on CSR activities has increased drastically. In 2018 companies overall amount on CSR activities was 47% higher as compared to what they had spent in 2014-15. Listed companies spent 100 billion in numerous programmes like skill development, educational programmes, environment conservation, healthcare, social welfare and others.

### Applicability of CSR to Companies

CSR is applicable to the following companies

- Companies with net worth of Rs.500 crore or more or
- Companies with a turnover of Rs.1000 crore or more or
- Companies with a net profit of Rs. 5 crore or more

**Top ten Companies' CSR fund in India**  
**Table1:Top ten Companies' CSR fund in India from the year 2017-18 to the year 2020-21**  
**Rupees (in crore)**

Sr. No.	Companies	2017-18	2018-19	2019-20	2020-21
1	Reliance Industries Limited	745.04	849.32	908.71	922.00
2	TATA Consultancy Services	400.00	434.00	602.00	674.00
3	Infosys Limited	312.60	342.94	359.94	352.32
4	ITC Limited	290.98	306.95	326.49	365.43
5	TATA Steel Limited	231.62	314.94	192.99	221.98
6	Wipro Limited	186.60	185.30	181.80	251.19
7	Hindustan Unilever Limited	116.09	126.45	143.74	165.08
8	LARSEN & TUBO Limited	101.00	121.68	145.29	145.56
9	HCL technologies Limited	91.37	126.50	176.29	194.00
10	National Thermal Power Corporation Limited	220.75	285.46	304.92	278.57

Source: nseinfobase.com

Table-1 indicates top ten companies' CSR fund in India from the year 2017-18 to the year 20- 21. All ten companies have spent on different CSR activities of the society. From the table it is clear that CSR fund of all the top ten companies go on increasing from the year 2017-18 to the year 2020-21. The highest contribution of CSR is the Reliance industries Limited and followed by other remaining nine companies. From the figures in the table for four continuous years we can also understand that all top ten companies have contributed to the economic development of India through the concept of spending on CSR activities in the country.

**CSR Activities of Top Ten companies in India:** Following are the CSR activities of top ten companies in India

**Reliance Industries Limited:** It has spent its fund on CSR activities like

- Education, Employability
- Environment sustainability
- Promoting national and rural sports, Paralympics sports and Olympic Sports
- Rural development

**TATA Consultancy Services:** Its areas of CSR activities are

- Preventive Healthcare, water and Sanitation
- Education, Employability and Livelihood Enhancements
- Gender, Equality and Women Empowerment, Senior Citizens care
- Heritage conservation, Promoting Art, Craft and Culture, Public Libraries
- Technology Incubation
- Contribution to Central Government Fund

**Infosys Limited:** Its has spent the following CSR activities

- Preventive Healthcare, water and Sanitation
- Education, Employability and Livelihood Enhancements
- Environment sustainability
- Heritage conservation, Promoting Art, Craft and Culture, Public Libraries
- Rural development
- Contribution to Central Government Fund
- Armed Forces Veteran Welfare

**ITC Limited:** It has spent on the activities like

- Preventive Healthcare, water and Sanitation
- Education, Employability and Livelihood Enhancements
- Gender, Equality and Women Empowerment, Senior Citizens care
- Environment sustainability
- Heritage conservation, Promoting Art, Craft and Culture, Public Libraries
- Rural development
- Contribution to Central Government Fund

**TATA Steel limited:** Its CSR activities are

- Preventive Healthcare, water and Sanitation
- Education, Employability and Livelihood Enhancements
- Environment sustainability
- Heritage conservation, Promoting Art, Craft and Culture, Public Libraries
- Rural development

- Contribution to Central Government Fund
- Promoting national and rural sports, Paralympics sports, Olympic Sports

**Wipro Limited:** It has spent on the activities like

- Preventive Healthcare, water and Sanitation
- Education, Employability and Livelihood Enhancements
- Environment sustainability
- Heritage conservation, Promoting Art, Craft and Culture, Public Libraries
- Rural development
- Contribution to Central Government Fund

**Hindustan Unilever Limited:** It has spent its fund on CSR activities like

- Eradication of Hunger, Poverty and Malnutrition
- Preventive Healthcare, water and Sanitation
- Education, Employability and Livelihood Enhancements
- Environment sustainability
- Rural development

**Larsen and Turbo Limited:** Its CSR activities are

- Eradication of Hunger, Poverty and Malnutrition
- Preventive Healthcare, water and Sanitation
- Education, Employability and Livelihood Enhancements
- Environment sustainability
- Rural development

**HCL Technologies Limited:** Its areas of CSR activities are

- Eradication of Hunger, Poverty and Malnutrition
- Preventive Healthcare, water and Sanitation
- Education, Employability and Livelihood Enhancements
- Gender, Equality and Women Empowerment, Senior Citizens care
- Environment sustainability
- Rural development
- Contribution to Central Government Fund

**NTPC Limited:** It has spent on the following CSR activities

- Eradication of Hunger, Poverty and Malnutrition
- Preventive Healthcare, water and Sanitation
- Education, Employability and Livelihood Enhancements
- Gender, Equality and Women Empowerment, Senior Citizens care
- Environment sustainability
- Rural development
- Contribution to Central Government Fund
- Promoting national and rural sports, Paralympics sports, Olympic Sports

### Conclusion

CSR is practicing as a voluntary activity all over the world. As a voluntary activity companies work for the society without expecting anything in return. The CSR in the global perspective is not new but in India government has made CSR mandatory for Indian companies. All Companies and Corporations exist in the society, work in the society, make use the resources available in the society and also depend on the society for marketing its products and services. Therefore all business entities should perform CSR activities as a part of their business. If both Corporations and government work together, they can bring tremendous changes in the welfare of the society. In this paper we can understand from the figures in the table that ten companies CSR fund increasing from the year 2017-18 to the year 2020-

21. It shows the importance of CSR activities for the growth and good will of a company. It is also clear that the CSR activities of all ten companies are common which most important activities of the society.

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