



ROLE & CHALLENGES OF CORPORATE SOCIAL RESPONSIBILITY IN INDIA

PROF. DR. D.D. PAWAR

Dept. of Commerce, S.M.B.S.T. College,
Sangamner.

Abstract :-

Corporate social responsibility (CSR) refers to strategies corporations or firms conduct their business in a way that is ethical, society friendly and beneficial to community in terms of development. Corporate social responsibility also known as corporate conscience, corporate citizenship, responsible business. CSR policy functions as a self regulatory mechanism whereby a business monitors and ensures its active compliance with spirit of law, ethical standard and international norms. Corporate Social Responsibility plays vital role in winning the customer's confidence that will help growing the business. Many organizations activity conduct campaigns to create awareness among corporate, civic bodies and government bodies about the importance of corporate social responsibility with a new law making it obligatory for India to conduct Corporate Social Responsibility (CSR) activities, this could seen become a benchmark for others to emulate, from this paper try to define about CSR and evaluate of CSR in India. Changes in the CSR scenario after the introduction of the companies Act 2013, changes in CSR scenario means the changes in spending amount of CSR and the targeted spending, and the challenges, the steps that the Indian government took in 2013 it provide maximum benefit to society and as well as company also. The paper discuss the role of corporate social responsibility, challenges faced by Indian firms and suggest remedial measures of implementation of CSR.

Keywords :-

Corporate Social Responsibility, Economic Development, Companies Act, 2013, Challenges Ethics.

I) Introduction :-

Corporate Social Responsibility or CSR in popularly known as system of gauging an organizations bearing on society and weighing their responsibilities. Corporate social responsibility also known as corporate conscience, corporate citizenship, responsible business. CSR policy functions as a self regulatory mechanism whereby a business monitors and ensures its active compliance with spirit of law, ethical standard and international norms. The term "Corporate Social

Responsibility” came into common use in the late 1960’s and early 1970s after many multinational corporations formed the term stakeholders, meaning those on whom organization activities have an impact. The concept of CSR rests on the ideology of give and take. Companies take resources in the form of raw materials, human resources etc. from the society. By performing the task of CSR activities, the companies are giving something back to the society (Companies Act, 2013) Corporate sector have a key role in the socio-economic development of any country. Corporate have played a dominant role in addressing issues of education, health, environment and livelihoods through the in corporate social Responsibilities. The present day CSR is a concept whereby business organizations consider the interest of the society by taking responsibility for the impact of their activities on customers, suppliers, employees, shareholders, communities and other stakeholders as well as their environment. Corporate social responsibility refers to strategies corporations or firms conduct their business in a way that is ethical and society friendly.

II) Concept of Corporate social Responsibility: –

Corporate social responsibility (CSR) is the responsibility recognized by the companies for acting in socially responsible manner. There is no single universally accepted definition of corporate social responsibility, it has generally come to mean business decision making linked to ethical values, legal compliance, and respect for people, community and environment.

III) CSR in India :-

The New companies Act, 2013 has introduced a new section on Corporate Social Responsibility (CSR) According to the act any company having a net worth of rupees 500 Crore or more or a turnover of rupees 1,000 crore or more or as net profit of rupees 5 crore or more should mandatorily spend at least 2% of last 3 years average net profits on social responsibility activities as specified in scheduled VII of the companies Act, 2013 The rules come into effect from 1 April 2014.

As per central government guidelines all Central Public Sector enterprises would need to allocate a Percentage of profit for CSR and sustainable activities, the range of these financial allocations is a follows.

Less than Rs. 100 crore	-	3% - 5%
Between Rs. 100 – Rs. 500 crore	-	2% - 3%
Above Rs 500 crore	-	1% - 2%

It must be noted that CSR amount once allocated would not lapse.

IV) Nature of CSR

i) Focus on business firms :

Through both business and non-business organizations should be responsible towards society the focus is more on business to look after social interests.

ii) Deals with moral issues :

Companies have specific policies and programmes to look after interests of the employees and other stakeholders. These programmes are devised from the need to do what is right and just for the society as a whole.

iii) Commensurate with the objective of profit maximization :-

Social goals are discharged by economically sound organizations. A financially unviable enterprise cannot look after interests of the society. In fact, it may

pass the costs of social responsibility to consumers by increasing prices of goods and services.

iv) Pervasive activity :-

Social responsibility is not just the obligation of top level managers. Managers at all levels are involved in social responsibilities

v) Continuing activity :-

Social responsibility is not catering to the interests of society once or twice. It is important for organizations to continuously engage in social issues if they want survive in the long-run. The economic and social issues, in fact go hand in hand.

V) Role & Importance of CSR :-

1. Increase Employee Morale, Retention, Attendance and Performance –

A company's community involvement activities directly influence employees feelings about their job. The more an employee knows about the company's programs, the more likely he or she will be loyal and positive about the company.

2. Develop Employee Skills –

Many company programs in the community can help foster employee skills. Volunteering and other forms of employee involvement help developing a variety of competencies, including teamwork, planning and implementation, communication, project management, listening skills and customer focus.

3. Enhance Company Reputation :-

Active involvement in community activities builds a positive reputation with stakeholders in the company.

4. Attract Investors :-

Companies noted for their corporate citizenship may experience an advantage in attracting investors, business partners, and new employees and in establishing customer preference.

5. Increase Customer Good will and Loyalty :-

As the price and quality of products and services become increasingly standardized throughout many industries, community involvement may help differentiate a company from its competitors and increase brand loyalty.

6. Improve Relationships with The Community :-

Many companies find that community involvement does not require sacrificing profits and, in fact can open new markets, reduce local regulatory obstacles, provide access to the local political process, generate positive media coverage and increase company or brand awareness within the community.

VI) CSR activities of some Indian companies :-

- ONGC and Indian Oil Corporation has been spending 0.75-1% of their net profits on CSR activities. ONGC's CSR projects focus on higher education, grant of scholarship and aid to deserving young pupils of less privileged sections of society, facilities for constructing schools etc.
- SAIL had taken successful actions in environment conservation, health and medical care, education, women upliftment providing drinking water.
- BHEL & Indian Airlines have been acclaimed for disaster management efforts. BHEL has also adopted 56 villages having nearly 80,000 inhabitants.
- Reliance industries initiated a project named as "Project-Drishti" to bring back the eyesight of visually challenged Indians from the economically weaker

sections of the society. The project has brightened up the lives of over 5000 people so far.

- Mahindra & Mahindra launched a unique kind of ESOPs – Employee Social Option in order to enable Mahindra employees to involve themselves in socially responsible activities of their choice.
- Bajaj Electricals Ltd. corporate social responsibility activities include Education, Rural Development & Environment.
- Infosys : As a leading software company Infosys is into the providing language and computer education. Company has special program for unprivileged children by which company teachers them various skills and change their outlook too. Company also donates carom, chess board, chocolates etc. to the needy ones.
- Wipro Cares : Focus area of Wipro cares is on taking educational and health care initiatives for migrated communities and environmental issues and disaster rehabilitation.
- ITC : ITC Limited (ITC) is among one of India's leading private sector companies having a assorted portfolio of business. ITC is working with the concept of 'Triple bottom line' that will contribute to the growth of economy environment and social development. Major focus area of the company is on raising agricultural productivity and helping the rural economy to be more socially to be more socially inclusive.
- Maruti Suzuki a automobile industry works upon global warming and global issues like climate change Company has been strongly investing on environmental friendly products and manufacturing best products for the society Maruti Suzuki is working upon conserving environment and preserving natural environment. Concept of reduce, reuse and recycle has been promoted by company in all the manufacturing units.

VII) Challenges :-

The effectiveness of CSR is actually a matter of grave concerns across the board. However, there is need to develop the determinant of its effectiveness and lineup it with company philosophy. There is an urgent need of research in the area of identifying the priority of communities and the CSR activities. The CSR activities must impact health, education, employment and other related life condition of communities. The times survey pointed few of the following challenges for Indian Corporate in CSR.

- Lack of community participation in CSR activities.
- Need to build local capacities.
- Issues of transparency.
- Non-availability of well organized non-governmental organizations.
- Visibility Factor.
- Narrow perception towards CSR initiatives.
- Non-availability of clear CSR guidelines.
- Lack of consensus on implementing CSR issues.

The CSR survey revealed, not surprisingly, those organizations targeted most of their activities close to home - providing services for people who live in villages, towns and districts near where the organization operates. Education,

health and the environment are the top priorities. More than likely, these priorities will continue.

VIII) Suggestions :-

- To Create awareness about CSR amongst the general public to make CSR initiative more effective.
- CSR as a subject should be made compulsory in school colleges and universities to sensitize students about social and development issues.
- To develop partnership between all stakeholders including private sector, employees, local communities, the Govt. and society.
- Extend CSR activities to small, medium and large corporate companies.
- Govt. should recognize and reward corporate house in effective implementing project for poor and underprivileged.
- Lay more focus on education, health, environment protection, livelihood, women empowerment, disaster management, ethical practices etc.
- Innovative models are to be popularize among corporate in these areas.
- CSR are taken up in urban areas and localities.

IX) Conclusion :-

Corporate have played a dominant role in addressing issues of education, health, environment and livelihoods through the in corporate social Responsibilities. Business houses in Indian are increasing in realizing their stake in the society and engaging in various social and environmental activities CSR have no boundaries and are not constrained by race or religion. The present social marketing concept of companies is constantly evolving and has given rise to a new concept – CSR. In recent CSR has become a fundamental business practice and had gained much attention from the management of large international companies. They understand that a strong CSR program in an essential element in achieving good business practices and effective leadership. A number of companies with good social and environmental records indicate that CSR activities can result in a better performance and can generate more profit and growth.

X) References :-

- 1) Mr. vishupriga A. IJARIE-ISSN (O) – 2395-4396.
- 2) www.theinternationaljournal .org>RJCBS. Volume 06 Number : 03 January 2017.
- 3) Vikas kumar chhaje IJMRR / March 2015 / volume 5 / Issue 3 / Article No. 9 / 211-214.
- 4) IOSR Journal of Business and Management e-ISSN : 2278 Volume 16, Issues 5. (May 2014)
- 5) Global Journal of Commerce and Management Perspective
- 6) [https://www,businessmangaementideas.com/notes/management notes](https://www.businessmangaementideas.com/notes/management notes).
- 7) Indian Company Act, 2013.