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The Journey of Corporate Social Responsibility in India

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ABSTRACT

Corporate social responsibility is a management concept whereby companies integrate social and environmental concerns in their business operations and interactions with their stakeholders. Even though the term CSR may be relatively new to India, but India has the world's richest tradition of Corporate Social Responsibility (CSR). India has a deep-rooted culture of sharing and caring. This concept dates back to Mauryan history, wherein philosophers such as Kautilya stressed on ethical practices and principles while operating business and has travelled a chromatic journey and has now come down to become a statutory mandate for certain companies. This paper traces the journey of Corporate Social Responsibility from ancient medieval times to the Companies Act, 2013 along with the current status of CSR and the need for mandatory statutory provisions.

Keywords: "Corporate Social Responsibility", "CSR", "Companies Act, 2013", "Section 135", "Evolution of CSR"

I. INTRODUCTION

There is no single universally accepted definition of CSR.

Each definition of CSR that currently exists fortifies the impact that businesses have on society and the societal expectations of such businesses. The roots of CSR lie in philanthropic activities such as donations, charity, relief work, awareness programmes of corporations.

Globally, the concept of CSR has evolved and now embodies all associated concepts such as

- triple bottom line,
- corporate citizenship,
- philanthropy,
- strategic philanthropy,
- shared value,

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- corporate sustainability and
- business responsibility.

This is plain in some definitions presented hereunder:

- “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”²

- “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.”³

- Corporate social responsibility is a management concept whereby companies integrate social and environmental concerns in their business operations and interactions with their stakeholders. CSR is generally understood as being the way through which a company achieves a balance of economic, environmental and social imperatives (Triple-Bottom-Line Approach), while at the same time addressing the expectations of shareholders and stakeholders.⁴

- “a business philosophy which stresses the need for firms to behave as good corporate citizens, not merely obeying the law but conducting their production and marketing activities in a manner which avoids causing environmental pollution or exhausting finite world resources.”⁵

- “Corporate social responsibility (CSR) is a self-regulating business model that helps a company be socially accountable — to itself, its stakeholders, and the public. By practicing corporate social responsibility, also called corporate citizenship, companies can be conscious of the kind of impact they are having on all aspects of society including economic, social, and environmental.”⁶

From the above definitions given by various organizations, it is evident that:

- The CSR approach is holistic and integrated with the core business strategy for addressing social and environmental impacts of businesses.

² http://ec.europa.eu/enterprise/policies/sustainablebusiness/corporate-social-responsibility/index_en.htm

³ <http://www.wbcsd.org/work-program/businessrole/previous-work/corporate-social-responsibility.aspx>

⁴ [http://www.unido.org/what-we-do/trade/csr/whatis-csr.html#pp1\[g1\]/0](http://www.unido.org/what-we-do/trade/csr/whatis-csr.html#pp1[g1]/0)

⁵ Collins Dictionary of Business, 3rd ed. © 2002, 2005 C Pass, B Lowes, A Pendleton, L Chadwick, D O'Reilly and M Afferson

⁶ <https://www.investopedia.com/terms/c/corp-social-responsibility.asp>

- 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.

Even though the term CSR may be relatively new to India, but India has the world's richest tradition of Corporate Social Responsibility (CSR). India has a deep-rooted culture of sharing and caring. This concept dates back to Mauryan history, wherein philosophers such as Kautilya stressed on ethical practices and principles while operating business.

CSR has been practiced in ancient times informally. It is done in the form of charity to the poor, deprived and disadvantaged. Indian scriptures have at several places mentioned the importance of sharing one's earnings with the weaker section of society.

Religion, too, played a key role in promoting and shaping the concept of CSR. For example, Merchants belonging to Hindu religion gave alms, monies, donations, got temples, wells, and night shelters made for the poorer class. Hindus followed Dharmada⁷ wherein the manufacturer/seller would charge a specific amount from the customer, which was later used for charity purposes. The amount was known Dharmada. In the similar manner, Sikhs followed the concept of Daashaant⁸ which was also supported by Guru Granth Sahib. Islamic Culture had a law of Zakaat⁹, which stated that a portion of one's earning must be shared with the poor in form of donations by way of tax.

Religious traditions of *daan*, *seva*, *Dharmada*, *Daashaant*, and *zakaat* operated in India for many centuries moulding the relationship between the privileged and the deprived and dispossessed. The majority of philanthropy in India has always been to places of worship and other religious institutions. The earliest industrialists such as Tata, Birla of the 19th Century launched the practices of corporate giving via trusts, and endowed institutions controlled by members of business families.

Statutorily, India is the first country to officially make it mandatory to incorporate CSR activities in Companies vide section 135¹⁰ of the companies act, 2013.

⁷ money withdrawn for religious work; Donation amount

⁸ He does not give anything in charity or generosity, and he does not serve the Saints; his wealth does not do him any good at all – Guru Granth Sahib

⁹ Muḥammad ibn al-Ḥasan Ṭūsī (2010), Concise Description of Islamic Law and Legal Opinions, pp. 131–135

¹⁰ **135. Corporate Social Responsibility-1.** Every company having 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 during any financial year shall constitute a Corporate Social Responsibility Committee of the Board consisting of three or more directors, out of which at least one director shall be an independent director.
2. The Board's report under sub-section (3) of section 134 shall disclose the composition of the Corporate Social

The concept of Corporate Social Responsibility had to travel a long way to reach where it is today. This concept has been through centuries of evolution to reach such a strong position which it has today.

Evolution of CSR can be best explained in the following phases:

II. PHASE I – TILL 1800S

The term “Corporate Social Responsibility” came into common use in 1990s and until then term “philanthropy” and “charity” were more prevalent. Hence, it can be said that the first phase of CSR was driven by noble deeds of philanthropists and charity. It was influenced by family values, traditions, culture and religion along with industrialization.

It was believed that charities of the following kinds are meritorious and their benefits continue for seven generations of a person¹¹:

1. The giving of cow, which was equated with giving of wealth,
2. The giving of land, which was equated with giving of income, or a source of income, and
3. The giving of knowledge, which meant eternal prosperity.

The benefits of charity were explained in Manusmriti too, which is one of the most ancient sources of law. According to Manu¹², one who gives sesame seeds in charity is blessed with cherished progeny. Similarly, one who gives lamp or any other form of light will be blessed with good eyesight and one who donates gold will be blessed with a long life. It was also believed that teaching is the best charity.

“O man! Procure wealth with one hundred hands and distribute it with one thousand hands.

Responsibility Committee.

3. The Corporate Social Responsibility Committee shall, —

- a. formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII;
- b. recommend the amount of expenditure to be incurred on the activities referred to in clause (a); and
- c. monitor the Corporate Social Responsibility Policy of the company from time to time.

4. The Board of every company referred to in sub-section (1) shall, —

- a. after taking into account the recommendations made by the Corporate Social Responsibility Committee, approve the Corporate Social Responsibility Policy for the company and disclose contents of such Policy in its report and also place it on the company's website, if any, in such manner as may be prescribed; and
- b. ensure that the activities as are included in Corporate Social Responsibility Policy of the company are undertaken by the company.

5. The Board of every company referred to in sub-section (1), shall ensure that the company spends, 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

¹¹ Bhavishyapura, 151/18

¹² Manusmriti, 4/229-234

Thus you attain perfection of the work done and to be done."¹³

They also identify CSR concepts in Arthshastra¹⁴ from the 4th century BC(E). That guidance on kings stresses the importance of a lack of self-interest, and that joy lies for rulers in the welfare and satisfaction of subjects. According to this idea, perhaps taken most seriously by Bhutan with its Gross National Happiness, stakeholder happiness and satisfaction is key to success, a concept that many CSR professionals still struggle to sell.

The academics identify others (somewhat unconvincingly in my view), but once again, Gandhi is present in the discussion, describing large business as:

"Trusts of the wealth of the common peoples and thus emphasized that the wealth should serve the larger social purpose."

CSR has found its existence since Vedic times. Various teachings, values and the culture which are portrayed through classical epics such as Bhagwad Gita, Ramayana, Mahabharata along with Vedas, artha shastras etc focus on the existence of concept of ethics, morality and charity in Indian value system. Some eminent school of thoughts from ancient India having elements of CSR are as follows:

The Vedas

There are four Vedas:

- Rig-Veda,
- Yajur-Veda,
- Sama-Veda, and
- Atharva -Veda.

The prime component of these Vedas is the understanding of concept of universe. An attempt to help achieve ones goals and objective – i.e. union of self (atman) and world (Brahma)

Vedas contain the complete knowledge of and about the God, the Soul (Atma), and the physical universe (Prakriti). Rig-Veda explains the cosmic order (rit) saying the entire universe is governed by physical as well as moral laws and that no transgression of these laws is allowed. Swami Dayananda has classified the knowledge contained in Vedas (Rig-Veda 10-90-9) into four classes:

1. Transcendental knowledge (Gyan). Transcendental knowledge is the knowledge of ultimate

¹³ Artharva Veda (3-24-5)

¹⁴ 4th century BC(E)

realities i.e. God, Soul and Matter. Precise knowledge of God and obedience of his instructions and knowledge of matter, which means knowing the qualities and uses of material objects form the part of transcendental knowledge.

2. Action (Karma). It is set of those actions and rituals, which lead to the attainment of spiritual and social welfare.

3. Worship (Upasana). This relates to all measures adopted for realisation of God.

4. Science (Vigyan). It is the body of knowledge.

The principal role of money (Artha) is to serve the needs of the society. Mahavir (2001), a renowned Vedic scholar, has come out with 22 types of money, as explained in the Vedas, depending upon how it has been earned. Giving several examples of Vedic hymns he stresses that Vedas preach us to earn more and more following the values (Dharma). Some examples are:

- God give us lot of wealth.¹⁵
- Lord! Fill our hands with lot of riches.¹⁶
- Lord! Shower all the riches on us.¹⁷
- O knowledgeable Agene! Show us the right path to earn great wealth and riches.¹⁸

There are three ways to use the money – spending money on self, donation and commotion of money. The best use of the money is donation for the welfare of others. Many hymns explain that whatever is given to the society, it returns several times. For example, atmospheric pollution to cosmos may get back as acid rain while clean atmosphere through Vedic Yagna, plantation etc. provides clean air and good health.

Upanishads

Upanishads forms the hard core soul of the individual, laying a path to connect individual self to the supreme power, the God, and rise over and above the desire and liking from the materialistic pleasure.

Bhagavad Gita

Krishna gathas, the rhymes and preaching's Are the fundamental pillars establishing a sound base for spirituality and ethics, pronounced through a dialogue between Lord Krishna and the

¹⁵ Yajur-Veda 10-20

¹⁶ Yajur-Veda 5-19

¹⁷ Yajur-Veda 34-38

¹⁸ Yajur-Veda 7-43

warrior Arjuna who is at a great crisis of his life? The karma yoga, Bhakti yoga and the notion of three Gunas (sattwa, Rajas, Tamas) have eminent implications in the context of ethical leadership, decision making and management, the area of concern where the concepts of CSR Corporate Governance and ethics are expected to be practiced.

Lord Krishna says¹⁹ that all sorrows from the society would be removed if socially conscious members of a community feel satisfaction in enjoying the “Remnants” of their work performed in “Yagna spirit” (Selfless welfare of others).

III. PHASE II – 1800-1900

During the 1800s, merchants participated in giving to the community both as individuals and through guilds. A good reputation in the community was rewarded with access to credit, ensuring concrete benefits to philanthropist merchants and their enterprises²⁰. Merchant charity, as it was called, was often based on religious convictions as a kind of offering to honour a given deity²¹.

These merchants helped the society in getting over phases of famine and epidemics by providing food from their godowns and money and opening their granaries for the poor and hungry and thus securing an integral position in the society.

In examining the mid-to-late 1800s, it is apparent that emerging businesses were especially concerned with employees and how to make them more productive workers. Then, and now, it is sometimes difficult to differentiate what organizations are doing for business reasons, i.e. making the workers more productive, and what the organizations are doing for social reasons, i.e. helping to fulfil their needs and make them better and more contributing members of society.

In the pre-industrialization period, which lasted till 1850, wealthy merchants shared a part of their wealth with the wider society by way of setting up temples for a religious cause. Moreover, With the arrival of colonial rule in India from the 1850s onwards, the approach towards CSR changed. The industrial families of the 19th century such as Tata, Godrej, Bajaj, Modi, Birla, Singhanian were strongly inclined towards economic as well as social considerations and set up charitable foundations, educational and healthcare institutions, and trusts for community development. However, it has been observed that their efforts towards social as well as industrial development were not only driven by selfless and religious motives

¹⁹ 3-13

²⁰ Haynes 1987

²¹ Sundar 2013

but also influenced by caste groups and political objectives.

The approach towards CSR changed with the arrival of colonial rule in 1850.

Till 1850, the wealthy businessmen shared their riches with the society by either setting up temples and other places of worship and religious institutions.

With the onset of the industrialization of India around 1850, a new class of business people emerged, who tended to be much more oriented toward business practices in the West than the merchants²². Leading families, such as the Bajaj, Birla, Godrej, Modi, Naidu, Singhanian, and Tata played a dual role in helping to industrialize India and in actively participating in its social and political development²³. In terms of social development, they established foundations to support a wide variety of educational, health, and cultural institutions. Nowrojee Wadia set up the first foundation in India, even before those of Carnegie and others in the United States, to advance projects that would promote the common good²⁴.

The legendary industrialist Jamsethji Tata illustrates this shift, going beyond merchant charity with its religious focus to develop a more modern approach to philanthropy with its concern with the common good. He began the Tata Group as a trading company in 1868, and added two cotton mills, one each in 1869 and 1874. He later turned to iron, steel, electric power generation, hotels, and other businesses²⁵. He held the view that business people were trustees of wealth on behalf of society in a way that echoes the thoughts of Carnegie's "The Gospel of Wealth". He was an active philanthropist who believed he had a duty to use his wealth on behalf of the Indian people, and he built hospitals, research institutes, and funded university chairs. In terms of labour benefits, he introduced a pension fund at the Empress Mills in 1887 and accident insurance in 1895²⁶. Finally, he created a fascinating financial structure by transferring ownership of the companies to charitable trusts²⁷, which in essence created a precursor to the Benefit Corporation.²⁸

The case of the YMCAs (Young Men's Christian Associations) as a good example of early social responsibility initiatives. Begun in London in 1844, the YMCA movement quickly spread to the United States. The YMCAs were supported not only by individuals, but by companies as well. Just before World War I, there appeared growth of company giving for

²² Sundar 2013

²³ Mohan 2001

²⁴ Sundar 2013

²⁵ Gras 1949

²⁶ Lala 2004

²⁷ Gras 1949, 151

²⁸ Mickels 2009

community-related welfare and social programs became closely associated with the YMCAs, especially linked to the railroad companies.²⁹

These early stages of industrialization witnessed newly rich business families setting up trusts and institutions such as schools, colleges, hospitals, orphanages, widows' homes, art galleries and museums. At the same time, older forms of charity, such as the building and maintenance of temples, pilgrim rest houses and water tanks continued.³⁰ There were elements of both charity and philanthropy in business giving³¹. The more enlightened Gujarati and Parsi business communities of Bombay, led by Jamsetji Jejeebhoy, Jamsetji Tata, Sir Dinshaw Petit and Premchand Roychand, spearheaded the new Westernized trends of philanthropy. For example, while Andrew Carnegie, the American millionaire, was establishing 2,000 public libraries in North America and Scotland, Jamsetji Tata established in 1892 the J.N. Tata Endowment to offer scholarships to deserving Indian students for their education at universities overseas³². At the time of writing, about 150 students receive the prestigious Tata scholarships every year.

Toward the end of the nineteenth century, the merchants diversified their giving so as to encompass broader humanitarian needs, consisting of poverty alleviation efforts, disaster relief, reforestation, and the building of schools and temples.³³

In this era there were businessmen like Bhamra Shah who have offered his all the treasure to the king Maharana Pratap to fight with the aggressive forces of the Akbar. There are many instances when in need of the hours the businessmen have opened their money chest for the welfare of the people. In the 18th century, the European rule has started and the socio-economic culture was very much affected by the western culture. The Christianity started making the inroad which resulted change in the profile and needs of the common man. Slowly, the business of Indians was replaced by the Europeans and Indian Businessmen had to face hardship, resulting closing down of many a businesses during late eighteenth and early Nineteenth century. But there were few businessmen who had vision continued to expand their businesses and engaged in philanthropic activities. The Indian corporate philanthropic activities can be traced to Virji Vora who was one of the powerful businessmen of 17th century in India. Bombay businessmen earned enormous wealth during 1850s in cotton trade. A part of this earning was utilised by the traders for the improvement of the city and constructing the public

²⁹ Heald, 1970: 13–14

³⁰ Sundar 2000

³¹ Sundar 2000

³² Lala 2004

³³ Haynes 1987; Mohan 2001

facilities like Hospitals, Libraries and Institution of higher studies.³⁴

IV. PHASE III – 1900-1947

This period was heavily influenced by the World Wars and Mahatma Gandhi.

Prior to the 1900s, corporate contributions were perceived by many in a negative light, being seen as giving away stockholders' assets without their approval. Also, corporate contributions were legally restricted to causes that benefited the company. During this period, the beneficiaries were primarily related to World War I, to include the YMCA/YWCA, United Way Campaign, Boy Scouts, Salvation Army, and Community/War Chests. In the increasingly 'corporate period,' (1930 to the present), according to Eberstadt, the corporations began to be seen as institutions, like the government, that had social obligations to fulfil.³⁵ As business grew in the 1940s, and World War II, Eberstadt argued that companies thought they were being socially responsible by standing up as an anti-Communist institution.

If we consider the writings on social responsibility that were influential in the pre-1950s consideration of the topic, it should be noted that references to a concern for social responsibility appeared, for example, during the 1930s and 1940s in the United States. Works from this period³⁶ showed that as early as 1946 business executives (they were called businessmen in those days) were polled by Fortune magazine asking them about their social responsibilities. The results of this survey suggest what was developing in the minds of business people in the 1940s.

During the pre-independence era Mahatma Gandhi urged rich industrialists to share their wealth and benefit the poor and marginalised in society. His concept of trusteeship helped socio-economic growth. According to Gandhi, companies and industries were the 'temples of modern India'. He influenced industrialists to set up trusts for colleges, and research and training institutions. These trusts were also involved in social reform, like rural development, education and empowerment of women.

In the Pre-independence era, the pioneers or propagators of industrialization also supported the concept of CSR. during the independence movement, there was increased stress on Indian Industrialists to demonstrate their dedication towards the progress of the society. This was when Mahatma Gandhi introduced the notion of "trusteeship", according to which the industry leaders had to manage their wealth so as to benefit the common man. "*I desire to end capitalism*

³⁴ Singh S., 2010

³⁵ Eberstadt, 1973: 22

³⁶ Chester Barnard's *The Functions of the Executive* (1938), J. M. Clark's *Social Control of Business* (1939), and Theodore Krepes's *Measurement of the Social Performance of Business* (1940)

almost, if not quite, as much as the most advanced socialist. But our methods differ. My theory of trusteeship is no make-shift, certainly no camouflage. I am confident that it will survive all other theories." This was Gandhi's words which highlights his argument towards his concept of "trusteeship". Gandhi's influence put pressure on various Industrialists to act towards building the nation and its socio-economic development.¹⁴¹ According to Gandhi, Indian companies were supposed to be the "temples of modern India". Under his influence businesses established trusts for schools and colleges and also helped in setting up training and scientific institutions. The operations of the trusts were largely in line with Gandhi's reforms which sought to abolish untouchability, encourage empowerment of women and rural development. Gandhi felt that the capitalist(s) [should] be treated as trustees of the assets vested with them-provided they conduct themselves in a socially responsible way. This demanded that they manage the assets in the best possible way, take a part of the profit to sustain themselves and dedicate the remaining profit for the uplift of the society. Here 'asset' has a broader connotation: it can also include knowledge or skill.³⁷

"Gandhi's influence prompted various Indian companies to play active roles in nation building and promoting socio-economic development during the twentieth century by committing themselves to his reform programs, which included abolition of untouchability," the caste system, development of rural areas, and promotion of indigenous cottage industry.³⁸ CSR practices until this time were heavily influenced by the ethical model of CSR, the origins of which "lie in the pioneering efforts 19th century corporate philanthropists such as the Cadbury brothers in England and the Tata family in India."

V. PHASE IV – 1947-1980

After the independence (1947) the philanthropic based approach of social welfare continued to prevail along with the government interest in setting up the business with the sole purpose of benefit to the society. After adopting the liberal business policies,³⁹ the scenario of community welfare took a turn for betterment due to global competition and enhanced labour competency required for the world class product. Indian business families have always been in forefront for the welfare of the people. Businesses have always given due attention to the welfare activities such as Education, Health Care, Stay Places (Dharmshalas) and donating money for the religious functions. Whenever we think of the Public Welfare in modern India, the name of two business house Tata and Birla come to everybody's' mind. Their contribution to the

³⁷ Dr. T. Karunakaran, Corporate Social Responsibility, (2008)

³⁸ Ritu Kumar, The 2001 State of Corporate Social Responsibility in India (2001)

³⁹ Economic Reforms of 1991

welfare of the Indian people is tremendous and so many other businessmen have followed their footsteps to do activities which have changed the life of large population of India in certain geographical area.

In post-independence the remarkable work was carried out by Acharya Vinobha Bhave.⁴⁰ He was very much influenced by the Mahatma Gandhi and lived a very pious life. For the well-being of the landless labour, he has started a land reform movement known as Bhudaan (Land Donation) Movement. In this movement he got donation of land from the land owner which was distributed to the poor or landless. He extended this thought and started Graam Daan (Village Donation) and was able to change life of numerous persons. In the year 1950, R D Birla has established a modern hospital with advanced treatment facilities, with majority of bed for free treatments to the needy, in the city of Mumbai. The Residence Birla Park was donated to Government for creating a science and industrial museum.⁴¹ Tata group is still continuing their traditions of the philanthropy started by Jamsetji and pioneer in CSR activity in India. All the big business houses in India are engaged in CSR activities and doing a great work to support the poorest of the poor to make not only a prosperous India but an equitable India.

Post-independence India followed the "mixed economy model", which incorporated aspects of capitalism and socialism, and under which both the public and private sectors coexist successfully.⁴² The mixed economy model was expected to be the solution to the economic and social challenges that the country faced immediately following independence, when a majority of the population was living in abject poverty. The government's efforts were directed toward providing socially just economic growth, which led to the emergence of public sector undertakings and extensive legislation on labour and environmental standards. Jawaharlal Nehru propounded the "Statist" model of CSR in post-independent India, under which sustainability practices and policies of SoEs⁴³ were featured prominently. In this context, CSR was mainly characterized by legal regulation of business activities and/or promotion of PSUs. Under this model, elements of corporate responsibility, especially those relating to community and worker relationships, were enshrined in labor law and management principles." SoEs in India continue to follow this philosophy today.

⁴⁰ Vinayak Narahari "Vinoba" Bhave (pronunciation (help·info); 11 September 1895 – 15 November 1982) was an Indian advocate of nonviolence and human rights. Often called Acharya (Sanskrit for teacher), he is best known for the Bhoodan Movement. He is considered as a National Teacher of India and the spiritual successor of Mohandas Gandhi.

⁴¹ Stated in 1959.

⁴² A mixed economy is variously defined as an economic system blending elements of market economies with elements of planned economies, free markets with state interventionism, or private enterprise with public enterprise.

⁴³ State Owned Enterprises

The fourth phase of CSR had its relation to the element of "mixed economy", emergence of Public Sector Undertakings (PSUs) and laws relating labour and environmental standards. During this period the private sector was forced to take a backseat. The public sector was seen as the prime mover of development. Because of the stringent legal rules and regulations surrounding the activities of the private sector, the period was described as an "era of command and control".⁴⁴ The policy of industrial licensing, high taxes and restrictions on the private sector led to corporate malpractices. This led to enactment of legislation regarding corporate governance, labour and environmental issues. PSUs were set up by the state to ensure suitable distribution of resources (wealth, food etc.) to the needy. However, the public sector was effective only to a certain limited extent. This led to shift of expectation from the public to the private sector and their active involvement in the socio-economic development of the country became absolutely necessary. In 1965 Indian academicians, politicians and businessmen⁴⁵ set up a national workshop on CSR aimed at reconciliation. They emphasized upon transparency, social accountability and regular stakeholder dialogues. In spite of such attempts the CSR failed to catch steam.

The policy of industrial licensing, high taxes and restrictions on the private sector resulted in corporate malpractices. This led to enactment of legislation regarding corporate governance, labour and environmental issues. Still the PSUs were not very successful. Therefore, there was a natural shift of expectation from the public to the private sector and their active involvement in the socio-economic growth. According to the resulting agenda, businesses were to play their parts as respectable corporate citizens, and the call went out for regular stakeholder dialogues, social accountability and transparency. Despite these progressive acknowledgements, this approach to CSR did not materialize at that time.⁴⁶

India's post-independence economic strategy was both inward-looking and highly interventionist, which resulted in sluggish growth. The country underwent a major currency crisis in 1990-91, and was in a precarious position due to its rising "current account deficits and greater reliance on commercial external financing. The financial crisis forced India to deregulate and liberalize its economy in order to achieve domestic stability and to become competitive in the global market. The wave of globalization had swept the world, and India was getting ready to ride it. As a result of internal economic reforms and the globalization of the world economy, India experienced a striking economic boom, with a

⁴⁴ Arora, 2004

⁴⁵ Mohan, 2001

⁴⁶ Ibid

growth rate of eight percent or more. India's post-liberalization phase has seen a shift from the philanthropy-based model of CSR to a more liberal, companies are solely responsible to their owners ... (model) to the current stakeholder-participation based model."⁴⁷ However, the country's rapid economic growth did not lead to a reduction in philanthropic donations on the contrary, the increased profitability also increased business willingness as well as ability to give, along with a surge in public and government expectations of businesses.⁴⁸

Additionally, the rise of globalization has brought with it a growing consensus that with increasing economic rights, business also has a growing range of social obligations.⁴⁹ Hence, "Indian companies and stakeholders began abandoning traditional philanthropic engagement and, to some extent, integrated CSR into a coherent and sustainable business strategy, partly adopting the multi-stakeholder approach."⁵⁰

This view is often associated with R. Edward Freeman,⁵¹ whose seminal analysis of the stakeholder approach to strategic management in 1984 brought stakeholding into the mainstream of management literature. According to Freeman, "a stakeholder in an organization is any group or individual who can affect or is affected by the achievement of the organization's objectives."⁵²

For a long time after India established its independence in 1947, Indian policy-makers stuck to a path of centralized economic planning accompanied by extensive regulatory control over the economy. The strategy was based on an 'inward-looking import substitution model of development.

In the period immediately after Independence, the role of the Indian State expanded greatly and the corporate sector took a backseat in development efforts. After some time, the failures of the State to end poverty and support economic growth led to dissatisfaction. The liberalisation of the Indian economy in 1991 ushered in a new globalised economic environment, with rapid growth in overall wealth and also in inequality.

⁴⁷ Sudip Mahapatra and Kumar Visalaksh, Emerging Trends In Corporate Social Responsibility: Perspectives And Experiences From Post-Liberalized India, available at http://www.csrweltweit.de/uploads/tx_jpdnloads/Sudip-Emerging_Trends_in_Corporate_Social_Responsibility1.pdf last accessed on 25th December 2011

⁴⁸ Arora and Puranik, 2004

⁴⁹ Sundar p. 201

⁵⁰ Arora and Puranik, 2004

⁵¹ R. Edward Freeman (born December 18, 1951) is an American philosopher and professor of business administration at the Darden School of the University of Virginia, particularly known for his work on stakeholder theory (1984) and on business ethics.

⁵² R. Edward Freeman (1984) *Strategic Management: A Stakeholder Approach.*, p. 46

While efforts during this period were made primarily to promote the PSUs that were to play a critical role in nation building, the private sector experienced a set-back in the "regime of high taxes, quota, and license system," that resulted in gross corporate malpractice. Furthermore, the high expectations from the PSUs came crashing down when they achieved only limited success in tackling developmental challenges. Consequently, the need for the private sector to step forward and contribute to socioeconomic development was felt strongly.

VI. PHASE V – 1981-2013

In the fifth phase, Indian companies started abandoning their traditional engagement with CSR and integrated it into a sustainable business strategy. In the 1990s the first initiation towards globalization and economic liberalization were undertaken. Controls and licensing system were partly done away with which gave a boost to the economy the signs of which are very evident today. Increased growth momentum of the economy helped Indian companies grow rapidly and this made them more willing.⁵³ Globalization has transformed India into an important destination in terms of production and manufacturing bases of TNCs⁵⁴ are concerned. As Western markets are becoming more and more concerned about labour and environmental standards in the developing countries, Indian companies which export and produce goods for the developed world need to pay a close attention to compliance with the international standards.

In the fifth phase from 1980 onwards, Indian companies integrated CSR into a sustainable business strategy. With globalization and economic liberalization in 1990s, and partial withdrawal of controls and licensing systems there was a boom in the economic growth of the country. This led to the increased momentum in industrial growth, making it possible for the companies to contribute more towards social responsibility. What started as charity is now understood and accepted as responsibility.

As first proposed by United Nations' Secretary General, Kofi Annan in his address to the World Economic Forum on 31 January, 1999, Global Compact and its operational phase was launched at the UN Headquarters in New York on 26 July, 2000.⁵⁵ Kofi Annan invited business leaders to join an international initiative – the Global Compact – that would bring companies together

⁵³ Gajare, R.S. (2014), D.B. Patil & D.D. Bhakkad, *Redefining Management Practices and Marketing in Modern Age Dhule, India: Atharva Publications* (p. 152-154).

⁵⁴ D.B. Patil & D.D. Bhakkad, *Redefining Management Innovations in CSR Management Education 13 Practices and Marketing in Modern Age Dhule, India: Atharva Publications* (p. 152-154).

⁵⁵ THE UN GLOBAL COMPACT AND THE OECD GUIDELINES FOR MULTINATIONAL ENTERPRISES: COMPLEMENTARITIES AND DISTINCTIVE CONTRIBUTIONS

with UN agencies, labour and civil society to support nine universal principles in the areas of human rights, labour and environment. The Global Compact seeks to advance responsible corporate citizenship so that business could be part of the solutions to the challenges of globalisation. Today hundreds of companies from all regions of the world, International labour and civil society organizations are engaged in the Global Compact.⁵⁶

The Global Compact is a voluntary corporate citizenship initiative. It offers facilitation and engagement through several mechanisms: Policy Dialogues, Learning, Local Networks and Partnership Projects. The Global Compact is not a regulatory instrument but a network – it does not “police”, enforce or measure the behaviour or actions of companies. Rather, it relies on public accountability, transparency and the enlightened self-interest of companies, labour and civil society to initiate and share substantive action in pursuing the principles upon which the Global Compact is based. These principles are:

1. Human rights⁵⁷:

- business should support and respect the protection of internationally proclaimed human rights; and
- make sure they are not complicit in human rights abuses.

2. Labour⁵⁸:

- business should uphold the Freedom Association and the effective recognition of the right to collective bargaining;
- the elimination of all forms of force and compulsory labour;
- the effective abolition of child labour; and
- eliminate discrimination in respect of employment and occupation.

3. Environment⁵⁹:

- business should support a precautionary approach to environmental challenge;
- undertake initiatives to promote greater environmental responsibility; and
- encourage the development and diffusion of environmentally friendly techniques.

4. Anti-corruption⁶⁰:

⁵⁶ UN, 2003

⁵⁷ Chapter II General Policies, Principles 1 & 2

⁵⁸ Chapter IV – Employment and Industrial Relations, Principles 3, 4, 5 & 6

⁵⁹ Chapter V – Environment – Principles 7, 8 & 9

⁶⁰ Chapter VI – Combating Bribery – Principle 10

- businesses should work against all forms of corruption, including extortion and bribery.

By then in India, except a few, most of the businesses including MNCs were engaging themselves in very limited manner with the objective of improving the public image of the business. Only some companies are having a structured approach towards CSR and embedded into corporate strategy. Many companies distribute their CSR fund to many initiatives to have a wide spectrum but with minimal or no impact.⁶¹ A survey was carried out in 2003 involving 506 major companies and it was observed that for majority of the companies, the public image is the primary rationale behind the CSR initiatives. More than 80% of the companies, in the name of the CSR, are donating money to charities and doing some employees related activities.⁶² On the basis of the survey of top 500 companies in India, it was observed that only 25% of the companies have CSR program only for the employees while rest were also focusing for the vicinity and society. Most of the companies are concentrating on donation to charitable organisation or NGO and sponsoring events while doing only nominal activities related to actual CSR.⁶³ Tatjana Chahoud in his research report “Shaping Corporate Social Responsibility (CSR) in India” under India’s Economic Developments said, “The Indian CSR agenda is constantly dominated by community development activities, particularly in the areas of health and education”.⁶⁴ “The most significant push for improvements in environmental performance or in supply chain has happened because of pressure -- either from regulations or from the public. It is also important to bear in mind that regulations always follow problems, thus offering ample time for voluntary correction by companies. But because problems are never solved voluntarily by companies, governments are forced to set regulations. Mandatory laws are not only legal norms that every company is supposed to meet; they are also a tool for redressal for citizens, which voluntary standards are not.”⁶⁵ The Government of India started taking steps in policy formation for the CSR engagements and in the year 1994, when a circular containing guideline was issued by the Department of Public Enterprises, Government of India titled “Social Obligations of Central Public Enterprises”. They were further amended and comprehensive guidelines were issued by Ministry of Heavy Industries and Public Enterprises, Government of India in the year 2010 and 2013. The current guidelines, “Guidelines on Corporate Social Responsibility and Sustainability for Central Public Sector Enterprises” were issued in the year 2013 which integrated the Corporate Social Responsibility with Sustainable

⁶¹ Gautam & Singh, 2010

⁶² Bhushan, 2005

⁶³ Gautam & Singh, 2010

⁶⁴ 2006, p. 667

⁶⁵ Bhushan, 2005

Development. Realising the responsibility and to correct the inequality, Ministry of Corporate Affairs, Government of India published Corporate Social Responsibility, Voluntary Guidelines (NVGs) 2009, which was later revised, updated and published as National Voluntary Guidelines on Social, Environmental & Economic Responsibility of Business in 2011.⁶⁶

However, CSR Principles had been violated in the past which made the need to introduce Statutory provisions regarding CSR all the more necessary. Some of the instances of violation of CSR Principles are as follows:

- **Bhopal Gas Tragedy**⁻⁶⁷ the Bhopal disaster also known as Bhopal Gas Tragedy was one of the world's worst industrial catastrophes. It occurred on the night of December 2–3, 1984 at the Union Carbide India Limited (UCIL) pesticide plant in Bhopal, Madhya Pradesh, India. A leak of methyl isocyanate gas and other chemicals from the plant resulted in the exposure of hundreds of thousands of people. Estimates vary on the death toll. The official immediate death toll was 2,259 and the government of Madhya Pradesh has confirmed a total of 3,787 deaths related to the gas release. Others estimate 3,000 died within weeks and another 8,000 have since died from gas-related diseases. A government affidavit in 2006 stated the leak caused 558,125 injuries including 38,478 temporary partial and approximately 3,900 severely and permanently disabling injuries.

UCIL was the Indian subsidiary of Union Carbide Corporation (UCC). In 2001 the US-based gigantic Dow Chemical purchased Union Carbide, thereby acquiring its assets and liabilities. However it has been steadfastly refusing to clean up the site, provide safe drinking water or compensate the victims, or even disclose the composition of the gas leak, Dow Chemical, like UCIL earlier, claims that it has no liability of the past. The Dow Chemical Company, with annual sales of \$28 billion, says in its web site: it is “committed to the principles of Sustainable Development and its approximately 50,000 employees seek to balance economic, environmental and social responsibilities.”

- **Cadbury**⁶⁸- A Cadbury stockiest in Mumbai detected worms in Cadbury’s Dairy Milk chocolate. Then the Commissioner of Food and Drug Administration of Maharashtra examined the sealed Dairy Milk packs and found worms in them. He immediately ordered the seizure of all Cadbury’s Dairy Milk chocolates from the company’s factory in Talegaon near Pune. This attracted lots of criticism from consumer activists on lack of appropriate laws on storage. They also demanded immediate government action against Cadbury. Another factor brought to light

⁶⁶ http://www.nfcgindia.org/pdf/National_Voluntary_Guidelines.pdf

⁶⁷ on the night of 2–3 December 1984

⁶⁸ October 2003

was that the chocolates were delivered by three wheelers, which did not have refrigeration facility for appropriate transit maintenance of the product.

- **Unilever Global Company**⁶⁹- The Unilever Company has dumped 300 metric tons of mercury at Kodaikanal located at South India. As a contrast to the above activity the Unilever website states, “We are committed to conducting our operations with integrity and with respect for the interests of our stakeholders... We are also committed to making continuous improvements in the management of our environmental impacts and to working towards our longer term goal of developing a sustainable business.”

In order to tackle above situations a new initiative has taken by Government of India, that is CREP, or “The Corporate Responsibility for Environmental Protection” initiated by the Indian government recently this year in 2003.⁷⁰ A guideline for a set of non-mandatory norms for 17 polluting industrial sectors has been set but there is no real pressure for implementation or internalization. An ethical being which claims to respect the earth cannot have discontinuities in its practices. Ethical practices have to place in an integrity framework, and that implies at the very least a lack of multiple ways of ‘being.’ This can be no different for individuals as for companies. Contrast to the above news the Unilever website states “All Unilever companies must comply with local laws and adopt the same standards for occupational health and safety, consumer safety and environmental care.”

The above cases show that emerging markets might have loose laws which protect the interests of the local population. However, it is in the best interest of the corporations to take care of the welfare of the local community. The adverse publicity caused by the protests and media coverage brings out high degree of negative public response for the product safety of the company.

VII. PHASE VI – 2013 - PRESENT

With the introduction of Companies Act, 2013, the legislature aimed to increase the accountability of the companies in India. The Salient features of the Companies Bill, 2011⁷¹ with regards to CSR are as follows:

3.1 The following are the salient features of the Companies Bill, 2011: -

(ii) Concept of Corporate Social Responsibility is being introduced.

⁶⁹ 2001

⁷⁰<https://hspcb.gov.in/Charter%20on%20corporate%20responsibility%20for%20Env.%20Protection.pdf>

⁷¹ https://www.prsindia.org/uploads/media/Company/Companies_Bill_%20SC%20Report%202012.pdf

(b) Corporate Social Responsibility (CSR) Committee of the Board proposed in addition to other Committees of the Board viz Audit Committee, Nomination and Remuneration and Stakeholders Relationship Committee. These committees shall have IDs/non-executive directors to bring more independence in Board functioning and for protection of interests of minority shareholders.

(iv) Additional Disclosure Norms:

(a) New disclosures like development and implementation of risk management policy, Corporate Social Responsibility Policy, manner of formal evaluation of performance of Board of directors and individual directors included in the Board report in addition to disclosures proposed in such report in the Companies Bill, 2009.

Comments of the Ministry on CSR-

(b) Keeping in view the need for balancing of various interests involved, the provisions on CSR as provided in clause 135 of the Bill read with Schedule VII to it appear to be reasonable. It may be appreciated that with these provisions included in the Companies Act, India will be the first country to include provisions on CSR in its Company Law. The provisions may be reviewed after enactment of the legislation and watching the experience of companies covered under clause 135. The broad objective is to instill the spirit of CSR amongst corporate sector. The provisions, therefore, may be retained as proposed.

VIII. OBSERVATIONS / RECOMMENDATIONS-

13. The Committee are of the view that corporates in general are expected to contribute to the welfare of the society in which they operate and wherefrom they draw their resources to generate profits. Accordingly, the Committee recommend that Clause 135(5) of the Bill mandating Corporate Social Responsibility (CSR) be modified by substituting the words „shall make every endeavour to ensure“ with the words „shall ensure“. Further, the Committee recommend that the said clause shall also provide that CSR activities of the companies are directed in and around the area they operate.

Even in his Note of Dissent, Gurudas Dasgupta⁷², MP, noted that- “There has to be social accountability. In the background of increasing corporate delinquency all over the world, more so glaring in our country, there is no monitoring system to ensure private utilisation of funds

⁷² Gurudas Dasgupta was an Indian politician and a leader of the Communist Party of India. In the 1950s and 60s, he held several offices as a student leader. Later he was a member of Rajya Sabha for three terms from 1985 to 2000 and of Lok Sabha for two terms from 2004 to 2014.

and private corporate governance.... Common man seems to be overlooking the basic issue in question, private corporate governance, social responsibility and how to stop this delinquency.”

“2. Corporate Social Responsibility (CSR) - It is a well-perpetuated fallacy that corporate are run on the promoters‘ or shareholders‘ funds alone. The fact of the matter is that most of the capital required by corporate – both long-term and medium-term is provided by the banking/financial system, which is operated out of the public funds. Therefore, if corporate are mandated to undertake CSR, it is very fair and logical and a natural corollary of the nature of capital invested in them. It need not be over-stated that the corporate owes it to the people and the society to pay them back in terms of social services and by building social capital for common good. This cannot be the sole responsibility of governments.”⁷³

As far as Corporate Social Responsibility is concerned, the Companies Act, 2013 is a landmark legislation that made India the first country to mandate and quantify CSR expenditure. The inclusion of CSR is an attempt by the government to engage the businesses with the national development agenda. The details of on corporate social responsibility is mentioned in the Section 135 of the Companies Act, 2013.⁷⁴ The CSR activities in India should not be undertaken in the normal course of business and must be with respect to any of the activities mentioned in Schedule VII⁷⁵ of the act.

The corporations are required to setup a CSR committee which designs a CSR policy which is approved by the board and encompasses the CSR activities the corporations are willing to undertake. The act also has penal provisions for corporations and individuals for failure to abide by the norms. The details of the same are highlighted in the act.

Section 135⁷⁶

(1) Every company having 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 during any financial year shall constitute a Corporate Social Responsibility Committee of the Board

⁷³ At pg 104

⁷⁴ The Act came into force from April 1, 2014

⁷⁵ Activities which may be included by companies in their Corporate Social Responsibility Policies Activities relating to:—(i) eradicating extreme hunger and poverty; (ii) promotion of education; (iii) promoting gender equality and empowering women; (iv) reducing child mortality and improving maternal health; (v) combating human immunodeficiency virus, acquired immune deficiency syndrome, malaria and other diseases; (vi) ensuring environmental sustainability; (vii) employment enhancing vocational skills; (viii) social business projects; (ix) contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government or the State Governments for socio-economic development and relief and funds for the welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women; and (x) such other matters as may be prescribed.

⁷⁶ <http://www.mca.gov.in/SearchableActs/Section135.htm>

consisting of three or more directors, out of which at least one director shall be an independent director.

(2) The Board's report under sub-section (3) of section 134⁷⁷ shall disclose the composition of the Corporate Social Responsibility Committee.

(3) The Corporate Social Responsibility Committee shall, —

(a) formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII;

(b) recommend the amount of expenditure to be incurred on the activities referred to in clause (a); and

(c) monitor the Corporate Social Responsibility (CSR) Policy of the company from time to time.

(4) The Board of every company referred to in sub-section (1) shall, —

(a) after taking into account the recommendations made by the Corporate Social Responsibility Committee, approve the Corporate Social Responsibility (CSR) Policy for the company and disclose contents of such Policy in its report and also place it on the company's website, if any, in such manner as may be prescribed; and

(b) ensure that the activities as are included in Corporate Social Responsibility Policy of the company are undertaken by the company.

(5) The Board of every company referred to in sub-section (1), shall ensure that the company spends, in every financial year, at least two per cent. of the average net profits of the company

⁷⁷ (3) There shall be attached to statements laid before a company in general meeting, a report by its Board of Directors, which shall include—(a) the extract of the annual return as provided under sub-section (3) of section 92; (b) number of meetings of the Board; (c) Directors' Responsibility Statement; (d) a statement on declaration given by independent directors under sub-section (6) of section 149; (e) in case of a company covered under sub-section (1) of section 178, company's policy on directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under sub-section (3) of section 178; (f) explanations or comments by the Board on every qualification, reservation or adverse remark or disclaimer made— (i) by the auditor in his report; and (ii) by the company secretary in practice in his secretarial audit report; (g) particulars of loans, guarantees or investments under section 186; (h) particulars of contracts or arrangements with related parties referred to in sub-section (1) of section 188 in the prescribed form; (i) the state of the company's affairs; (j) the amounts, if any, which it proposes to carry to any reserves; (k) the amount, if any, which it recommends should be paid by way of dividend; (l) material changes and commitments, if any, affecting the financial position of the company which have occurred between the end of the financial year of the company to which the financial statements relate and the date of the report; (m) the conservation of energy, technology absorption, foreign exchange earnings and outgo, in such manner as may be prescribed; (n) a statement indicating development and implementation of a risk management policy for the company including identification therein of elements of risk, if any, which in the opinion of the Board may threaten the existence of the company; (o) the details about the policy developed and implemented by the company on corporate social responsibility initiatives taken during the year; (p) in case of a listed company and every other public company having such paid-up share capital as may be prescribed, a statement indicating the manner in which formal annual evaluation has been made by the Board of its own performance and that of its committees and individual directors; (q) such other matters as may be prescribed.

made during the three immediately preceding financial years, in pursuance of its Corporate Social Responsibility Policy:

Provided that the company shall give preference to the local area and areas around it where it operates, for spending the amount earmarked for csr activities:

Provided further that if the company fails to spend such amount, the Board shall, in its report made under clause (o) of sub-section (3) of section 134, specify the reasons for not spending the amount.

IX. CURRENT TRENDS

The Indian companies in the last two years have invested majorly in education & skill development, healthcare & sanitation, rural development projects and environment after being mandated to allocate a portion of their profits towards community development.

In a written reply to Rajya Sabha, Corporate Affairs Minister Arun Jaitley⁷⁸ on 1st March 2016 said a total of 460 listed firms have so far disclosed spending Rs 6,337.36 crore in 2014-15. This included 51 PSUs that spent Rs 2,386.60 crore. Of the 460 companies, 266 firms spent less than 2 per cent of the average profit.⁷⁹

CURRENT STATUS OF CSR IN INDIA

Corporate social responsibility (CSR) has been, and continues to be, a very live issue for discussion since August 30, 2013, when the Companies Act 2013 specified, in Section 135.

The discussion became more immediate from February 27, 2014 when the Ministry of Corporate Affairs notified the Companies (Corporate Social Responsibility Policy) Rules, 2014.⁸⁰ As a possible interim response to the discussion, the Ministry of Corporate Affairs issued a “General Circular” on June 18, 2014, clarifying that “The statutory provision and provisions of CSR Rules, 2014, is to ensure that while activities undertaken in pursuance of the CSR policy must be relatable to Schedule VII of the Companies Act 2013, the entries in the said Schedule VII must be interpreted liberally so as to capture the essence of the subjects enumerated in the said Schedule. The items enlisted in the amended Schedule VII of the Act, are broad-based and are intended to cover a wide range of activities as illustratively mentioned in the Annexure” (Italics added, bold in the original)⁸¹.

⁷⁸ Arun Jaitley was an Indian politician and attorney. A member of the Bharatiya Janata Party, Jaitley served as the Minister of Finance and Corporate Affairs of the Government of India from 2014 to 2019.

⁷⁹ <https://www.deccanchronicle.com/business/in-other-news/010316/460-companies-spent-rs-6-337-crore-for-csr-in-fy-15-arun-jaitley.html>

⁸⁰ come into force with effect from April 01, 2014

⁸¹ http://www.mca.gov.in/Ministry/pdf/General_Circular_21_2014.pdf, accessed on March 24, 2020

Some more cases of CSR Initiatives in India are –

1) Reliance Industries Ltd.-

Reliance Industries Ltd. launched a countrywide initiative known as “Project Drishti”, to restore the eye-sights of visually challenged Indians from the economically weaker sections of the society.⁸² Reliance Foundation (RF) focuses on five core pillars of rural transformation, education, health, urban renewal and arts, culture & heritage. RF has a comprehensive approach towards development with an overall aim to create and support meaningful and innovative activities that address some of India's most pressing developmental challenges.

2) Hero MotoCorp-

Hero MotoCorp takes considerable pride in its stakeholder relationships, especially ones developed at the grassroots. Project Arogya - Four Mobile Medical Vans in Delhi, Dharuhera in Haryana, Neemrana in Rajasthan and Halol in Gujarat and 1 Mobile Eye Check-up Van in Delhi are benefitting more than a 1.5 lakh people by providing medical assistance, basic treatment as well as medication. Another initiative focused at eye care is a Satellite Vision center which was set up with a support from AIIMS, Delhi at village Malpura near our Dharuhera unit. The center is accessible to over 30 villages in the vicinity. In far off areas, we continue to conduct eye care camps and cataract surgeries. More than 3,000 people benefitted from the same. The Company believes it has managed to bring an economically and socially backward region in Dharuhera, Haryana, into the national economic mainstream.⁸³

3) Infosys Technology Limited-

Infosys promoted, in 1996, the Infosys Foundation as a not-for-profit trust, called Aarohan, to which it contributes up to 1% PAT every year. Additionally, the Education and Research Department (E&R) at Infosys also works with employee volunteers on community development projects.⁸⁴

4) ITC Limited-

ITC partnered the Indian farmer for close to a century. It is now engaged in elevating this partnership to a new paradigm by leveraging information technology through its trailblazing ‘e-Choupal’ initiative. ITC set up village internet kiosks - e-Choupals - which made real-time, up-to-date, relevant information on weather, price discovery, agri knowhow and best practices, etc readily available. The kiosks are managed by trained local farmers who help the local agricultural community to access the information in their local language. ITC is significantly

⁸² https://www.ril.com/AnnualReport/reliance_foundation_drishti.html#.Xn28SXduLRM

⁸³ <https://www.heromotocorp.com/community-development/>

⁸⁴ <https://www.infosys.com/infosys-foundation.html>

widening its farmer partnerships to embrace a host of value-adding activities viz. creating livelihoods by helping poor tribes make their wastelands productive, investing in rainwater harvesting to bring irrigation to parched dry lands, empowering rural women by helping them evolve into entrepreneurs, and providing infrastructural support to make schools an exciting platform for village children.⁸⁵

5) 'LABS' of Dr. Reddy's Labs-

Dr. Reddy's lab started 'LABS' (Livelihood Advancement Business School) in the year 1999. It trains the underprivileged youngsters, even street children for livelihood earnings in the job areas i.e. technology, healthcare, hospitality, finance and marketing issues. It involves four types of volunteers viz Student volunteer mentors, Faculty volunteer mentors, Network mentors and Resource mentors.⁸⁶

Set up in the year 1999, the Livelihood Advancement Business School (LABS) program of Dr. Reddy's Foundation (DRF) constantly looks out to create sustainable livelihoods for the underprivileged youth. In all these years LABS has come a long way and has made a significant mark in the construction of an employed community.

The year 2013-14 saw a consistent improvement in LABS Program. They reached out to 21,592 youth through 87 centers with an average placement rate of 70% and a monthly salary of 5000. 40% of the total youth trained were female and 66% were from SC/ST/BC category and other minorities. As part of their sustainability approach they were able to recover 19% of the direct training cost from aspirants (as fees) and employers (as recruitment fees). The number of empanelled employers increased from 120 to 220 in the year 2013-14. Online Platform (FOIS Foundation's Operations Information System) for day to day reporting at the centre level has become fully operational and all the centres have come under this online platform for effective monitoring of the program.

6) Vodafone India

Vodafone India has been one company that has tried to integrate sustainability into their business process. The use of mobile technology for socio-economic issues like education, health, banking and rural entrepreneurship has brought about a phenomenal change in the way the society functions. In a short span, it has transformed the lives of over 850 million people in India, thus contributing significantly to the nation's socio-economic development.

For example, Vodafone India announced a unique initiative to help lakhs of pilgrims

⁸⁵ <https://www.itcportal.com/sustainability/echoupal-ecosystem.aspx>

⁸⁶ https://drreddysfoundation.org/wp-content/uploads/2018/11/AR_2013_14.pdf

undertaking the annual padayatra from Dehu to Pandharpur. Starting from Saswad, Vodafone deployed two 'Vodafone Mobile Trucks' that travelled with the Warkaris all through their journey to Pandharpur to help them remain connected. The 'Vodafone Mobile Trucks' were equipped with mobile charging points, vouchers for recharge and free calling facilities to help the Warkaris stay in touch with their loved ones throughout the duration of their arduous trek.⁸⁷

Vodafone also launched a special VAS offering through which customers could listen to bhajans dedicated to Lord Vitthala, view a virtual aarati of the Lord at the revered Pandharpur temple, and know about the history behind the Pandharpur yatra and the traditions of the Warkaris, at a price of INR 1/min.

This is the true essence of CSR. Activities that bring goodwill while at the same time helping the company remain profitable.

7) Tata Steel⁸⁸

Tata Steel Ltd spent Rs. 170.76 crore towards corporate social responsibility (CSR) during financial year 2012-13 which is 3.37% of company's Profit After Tax (PAT) excluding spend on Environment Sustainability which is about Rs. 300 crores. The Tata Steel CSR initiatives touched nearly 2 million lives last years. The amount was spent under the broad categories such as infrastructure development to improvement to quality of the life of community, community development, health & medical support and support to charities and NGOs & Government for social cause.

The operational area of the Company is the state of Jharkhand and Odisha are plagued by poor social infrastructure for health services, education, road, electricity and other basic amenities. The range of interventions encompassed infrastructure support to rural and urban schools through scholarships and coaching classes as well as incentives like free mid-day meals to encourage attendance form part of its key thrust area for improving the quality of life.

8) ICICI Bank⁸⁹

In June 2013, ICICI Bank Limited organized 'Kisan Sampark Programme' in parts of Punjab and Haryana, as part of its financial inclusion plan that aims at providing banking services in unbanked villages. The Bank showcased a list of tailor-made products and services including jewel loans, tractor loans, farmer finance, Rural Business Credit and Kisan Kalpviraksh, among

⁸⁷ <https://indiacr.in/vodafones-caring-initiative-for-maharashtras-warkaris/>

⁸⁸ <https://indiacr.in/tata-steel-csr-touches-20-lakh-lives-in-jharkhand-and-odisha/>

⁸⁹ https://www.icicibank.com/managed-assets/docs/about-us/2013/press_release_kisan_sampark_programme.pdf

other basic banking facilities such as the savings account.

ICICI Bank have always recognized the potential of rural India and the importance of inclusive growth especially for the farming community. Through the mela, ICICI Bank took a step forward to make a difference to the lives of farmers and agri-communities residing in unbanked/ under-banked rural areas by reaching out to them and offering them the benefits of safe and secure banking.

ICICI Bank has 807 ATMs and 238 branches in the states of Punjab, Haryana and Chandigarh. These include various Gramin branches at small villages, which were devoid of any banking facility before ICICI Bank stepped in. The Bank also utilizes Direct Benefit Transfer scheme to transfer scholarship money to SC students at ITI Gohana, Sonapat, based on their results of matriculation examination.

9) Ambuja Cements

Gujarat Ambuja Cement was set up in 1986. It started its plants are Chandrapur, Maharashtra. The company has grown 10 times in the last 4 years. Now, it is currently the third largest cement company with capacity of 12.5mn tonnes. The revenue of the corporation is excess of 2500 crores.

The Corporate Social Responsibility of Ambuja Cement started with a simple initiative of providing basic infrastructure for villagers in a place called Kodinar and few surroundings in Gujarat, Western India. When this turned out to be a success, the company multiplied their CSR activities with enhanced eagerness and enthusiasm. Thus, this small initiative spread to 350 rural villages in 7 backward states in India. This helped in achieving a balanced growth which is highly essential in a country like India where the resources are partially distributed throughout the country. Another important move of Ambuja cement was unleashing of women power. Women are considered a very weaker and vulnerable sex in India. Providing job opportunities for women by Ambuja Cement has been a tremendous step towards development of women empowerment. The following are the company's initiatives:⁹⁰

1. Natural Resource Management: The main focus of the corporation is to manage natural resources such as designing an integrated water shed development programme.

2. Salinity Mitigation: Gujarat Coastal Salinity Programme in collaboration with TATA groups had been devised

⁹⁰ <http://www.ambujacementfoundation.org/programs/our-programs>

3. **Agricultural Development:** The Company has taken several steps to aid agriculture since it is the major occupation in India and there is scarcity in food crops.

4. **Health Care:** The Company focused on HIV AIDS awareness programmes. Medical camps were organised regularly by the corporation to treat the sick in the nearby localities. Inference: Such activities had enhanced the public image of the company in India and have become the most profitable cement manufacture in India and the lowest cost producer. Ambuja cements reveals to us how exactly CSR is used as an instrument or a strategy or a visionary plan which targets the bull's eye profit which is done with many other organizational goals. Ambuja cements have clearly disclosed the fact that it may not actually be enough for companies to serve consumers with their products but also to maintain cordial relationships with people, community and the natural environment which will alone help them to move higher beyond a point and grow over time for a sustained period. Therefore, this case study helps us to understand how a corporation to be successful in the long run must contribute towards the wellbeing of the society and environment.

X. CONCLUSION

Today, the basic objective of CSR is to maximize the company's overall impact on the society as well as on the stakeholders. An increasing number of companies are comprehensively integrating CSR policies, practices and programs throughout their business operations and processes. CSR is perceived not just another form of indirect expense but an important tool for protecting and enhancing the goodwill, defending attacks and increasing competitiveness. Companies have stated having specialized CSR teams that formulate strategies, policies and goals for their CSR programs and include in their budgets to fund them. These programs are determined by social philosophy and have clear objectives. Also, they are aligned with the mainstream business. These CSR programs are implemented by the employees crucial to the process. CSR programs range from community development to development in environment, education and healthcare etc.

For instance, corporations such as Bharat Petroleum Corporation Limited, Hindustan Unilever Limited and Maruti Suzuki India Limited have adopted a more comprehensive method of development. Building schools and houses and empowering the villagers, provision of improved medical and sanitation facilities, making them self-reliant by providing vocational training and knowledge of business operations are the facilities focused on by these corporations. On the other hand, corporations like GlaxoSmithKline Pharmaceuticals' focus on health-related aspects of the community through their CSR programs. They set up health camps

in remote tribal villages offering medical check-ups and treatment and also undertake health awareness programs.

Nowadays, corporates are joining hands with various NGOs and use their expertise in devising effective CSR programs to address wider societal problems. In India, the CSR multi-stakeholder approach is fragmented. Interaction between business and civil societies, especially trade unions, is still rare, usually taking place on an ad-hoc basis. The understanding of CSR in India is still not directly linked to the multi-stakeholder approach. This has also been reflected by the Indian Judiciary in the case of ACIT vs. Jindal Power Limited⁹¹ (ITAT Raipur) 2016 it was held that *(ii) The concept of business is not static. It has evolved over a period of time to include within its fold the concrete expression of care and concern for the society at large and the locality in which business is located in particular. Being a good corporate citizen brings goodwill of the local community as also with the regulatory agencies and society at large, thereby creating an atmosphere in which the business can succeed in a greater measure with the aid of such goodwill.*

⁹¹ IT APPEAL NO. 99 (BLPR) OF 2012