

**INTERNATIONAL JOURNAL OF LAW
MANAGEMENT & HUMANITIES**

[ISSN 2581-5369]

Volume 4 | Issue 5

2021

© 2021 *International Journal of Law Management & Humanities*

Follow this and additional works at: <https://www.ijlmh.com/>

Under the aegis of VidhiAagaz – Inking Your Brain (<https://www.vidhiaagaz.com/>)

This Article is brought to you for “free” and “open access” by the International Journal of Law Management & Humanities at VidhiAagaz. It has been accepted for inclusion in International Journal of Law Management & Humanities after due review.

In case of **any suggestion or complaint**, please contact Gyan@vidhiaagaz.com.

To submit your Manuscript for Publication at **International Journal of Law Management & Humanities**, kindly email your Manuscript at submission@ijlmh.com.

An Analysis of Corporate Social Responsibility under the Companies Act

MEHAK MAHAPATRA¹

ABSTRACT

The concept of CSR has been prevalent in India even before the implementation of CSR policy in the Companies act 2013. The name in itself might be considered new but the idea could be traced back to as old as the history of the Mauryas wherein, great philosopher Kautilya pronounced the importance of implementing ethical practices and various principles in the working of a business. The term CSR in general was not being used but the concept of the same has been made use of since then or even before that. India has experienced and gone through a transformation of economic liberalization in the past few decades and is still one of the fastest developing countries. Meanwhile, the private and public industrial sectors have been successful in creating a good amount of wealth, even then there still exists a wide population of the country that is unknown to receiving and making use of basic amenities as the growth has not occurred proportionately. CSR i.e, corporate social responsibility, could be understood as the responsibility that the company bestows upon itself in order to help in the upliftment and betterment of society and the environment. These responsibilities are limited to the society but also extends to the betterment and well being of the employees. In this particular paper, the author shall lay down the various nuances seen in the existence of corporate social responsibility in India. The meaning of CSR, the major provisions that deal with the same, the activities which could be undertaken through means of CSR, the whole evolution of CSR in India and lastly a set of recommendations that might help in more effective CSR implementation has been written down. further, for a better understanding, the present scenarios of Reliance Industries in respect of CSR has been discussed.

Keywords: CSR, section 135, Evolution of CSR, schedule VII, Reliance Industries.

I. INTRODUCTION

India has experienced and gone through a transformation of economic liberalization within the past twenty-five to thirty years and could be considered to be in the counts of growing economies of the world.² Over the years, the private and public industrial sectors have been

¹ Author is a student at Symbiosis Law School Hyderabad, India.

² Onyeka K. Osuji, *Corporate Social Responsibility, Juridification and Globalisation: Inventive Interventionism*

successful in creating a good amount of wealth, but even then there exists a huge population of the country which is not able to receive and use basic amenities as the growth has not occurred proportionately.³ For the betterment and welfare of the people, the government pulled the corporate sector under the issue to aid by contributing to activities pertaining to social development and upliftment of people by using a small part of the economic successes of companies. On the 1st of April, 2014, India implemented Section 135⁴ i.e., (CSR) corporate special responsibility guidelines under the Companies Act 2013, replacing Companies Act, 1956 and gaining recognition as the first country to do so. This section 135 of the act was inferred to be very controversial and was debated prior to the enforcement of the law itself as it mandates the enforcement of CSR on firms as per their size and also incorporated the governance of the same pertaining to the amount that should be spent, where it should be spent and also recording and implementation of it.⁵

Concisely, corporate social responsibility could be comprehended as a concept that, as per the nature and size of the business, adapts into different forms.⁶ It might be crucial to note here that the implementation of CSR in companies is not limited to the welfare and upliftment of society but also aids the company or the brand to enhance, grow and create a good reputation in the society.⁷ All companies where the turnover of the said company is above the given threshold, are mandated to include and encourage CSR depending upon the available resources and their economic situation. Therefore, it could be inferred that, as social responsibility is limited to the duties of an individual for the betterment of the society and environment, CSR lays down the duties and responsibilities of the company or an organization for the betterment of the society and environment.

II. WHAT IS CORPORATE SOCIAL RESPONSIBILITY?

CSR, even though it has been incorporated into the legislation, is still a concept which is evolving day by day.⁸ The same has been debated and discussed for a long time, but there existed no particular definition. As per McWilliams and Siegel, CSR can be defined as the “actions that appear to further some social good, beyond the interests of the firm and that which

for a Paradox, 11 INT'L J. L. CONTEXT 265 (2015).

³ Seema G. Sharma, *Corporate Social Responsibility in India: An Overview*, 43 INT'L LAW. 1515 (2009).

⁴ The Companies Act, No. 18 of 2013, INDIA CODE (1993), § 135.

⁵ Andreas Thrasyvoulou, *Corporate Social Responsibility: Here to Stay*, 4 LEGAL Issues J. 69 (2016).

⁶ *Id.*

⁷ *Supra* note 2, at 2.

⁸ Arjya B. Majumdar, *India's Journey with Corporate Social Responsibility - What Next*, 33 J.L. & COM. 165 (2015).

is required by law.”⁹ It was described by Barnett as “a discretionary allocation of corporate resources toward improving social welfare that serves as a means of enhancing relationships with key stakeholders.”¹⁰

CSR as defined by the World Bank is “the commitment of businesses to contribute to sustainable economic development by working with employees, their families, the local community and society at large to improve their lives in ways that are good for business and for development.”¹¹

A similar definition was also laid down by The World Business Council for Sustainable Development, which elucidated CSR as “Corporate Social Responsibility is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large.”¹²

So CSR i.e, corporate social responsibility, could be understood as the responsibility that the company bestows upon itself in order to help in the upliftment and betterment of society and the environment. These responsibilities are limited to the society but also extends to the betterment and well being of the employees. It is important to note here, that depending upon the economic and financial situation and the available resources, the company sets aside a profit to incorporate the same into CSR.

Implementation of CSR, could be acknowledged as a good technique for the company to self-regulate that would indirectly aid the company in being more socially responsible pertaining to the company itself, towards the society and also towards its stakeholders. So, hypothetically, when a company in course of working and fulfilling its day to day functions, also gives attention to the betterment of the society and environment, then the company would be said to have implemented CSR. The company is said to be held accountable for the actions and consequences of such actions that have an impact on the society at large.¹³ Therefore, it is the responsibility of the said company to take accountability of the same and help better the society

⁹ McWilliams, Abigail, and Donald Siegel, *Corporate Social Responsibility: A Theory of the Firm Perspective*, 26 THE ACADEMY OF MANAGEMENT REVIEW 117 (2001).

¹⁰ Barnett, Michael L., *Stakeholder Influence Capacity and the Variability of Financial Returns to Corporate Social Responsibility*, 32 THE ACADEMY OF MANAGEMENT REVIEW 794 (2007).

¹¹ *Supra* note 8, at 3.

¹² Dipeka Poddaarr, *Impact of human resource development on Corporate Social Responsibility*, READER'S BLOG (Sep. 30, 2021, 12:55 AM), <https://timesofindia.indiatimes.com/readersblog/researchbydipeka/impact-of-human-resource-development-on-corporate-social-responsibility-33331/>.

¹³ Perry Ackon, *A Legal Review of Corporate Social Responsibility*, 83 J.L. POL'y & GLOBALIZATION 1 (2019).

and try to stabilize or decrease the harm done by it.¹⁴ To understand it better, CSR could be comprehended as a synonym to corporate citizenship. Implementation of the same may include spending some amount on society which does not lead to any immediate monetary profit but helps encourage upliftment and positive change in the society and environment. This initiative taken by companies comes under CSR and could help in economic growth.

The arrival of companies act 2013 brought in a number of new provisions that altered the corporate world for India. CSR was one of such provisions. Therefore, while discussing the provisions of the company act, it is crucial to understand CSR as well, that has been incorporated under section 135 of the The Companies Act, 2013. The Ministry of Corporate Affairs, notified the same. The provisions are not just limited to the concept of CSR but also laid down rules and regulations pertaining to CSR under Corporate Social Responsibility Policy i.e, Company Rules, 2014 which as mentioned earlier came into existence on the 1st of April, 2014. As per the provisions of the act, companies in accordance with their size, are needed to invest a particular amount of their profit for ensuring the execution of their responsibilities under CSR.

As per the provisions laid down under section 135(1) of the act¹⁵, if within any ongoing financial year, a company falls under the following categories, it will pass the eligibility criteria and should take up the responsibilities under CSR. The company upon such eligibility shall constitute a CSR committee wherein the committee is made up of a minimum of three directors.¹⁶ Further, in the said committee, it is pertinent that at least one director among them should be an independent director.¹⁷

- If the company has a net worth of five hundred crore rupees or more; or
- If the company has a turnover of one thousand crore rupees or more; or
- If the company has a net profit of five crore rupees or more.

It has been made mandatory by the government, that after crossing a particular net worth/ turnover/ net profit, the company shall spend 2% of its average net profits made in the last three consecutive financial years on the betterment and welfare of the society in accordance with Schedule VII of the act.¹⁸

¹⁴ *Supra* note 2, at 2.

¹⁵ The Companies Act, No. 18 of 2013, INDIA CODE (1993), § 135, cl. 1.

¹⁶ Kiran Chitale & Harshawardhan Chindhade, *Corporate Social Responsibility: An Overview in the Indian Context*, 12 INT'L. IN-House Counsel J. 1 (2019).

¹⁷ *Id.*

¹⁸ *Id.*

In addition to that, the company rules also known as the CSR policy, which came into existence in 2014 lays down a comprehensive overview upon the provisions of CSR, that provides that the provisions of corporate social responsibility cover the following aspects but the same is not limited to the various products and services that have been incorporated under schedule VII of the act.

This new clause of section 135¹⁹ i.e, corporate social responsibility, added to the act could be comprehended as a viable attempt to attain equitable development as well as move towards encouraging more transparency.

III. MAJOR PROVISIONS OF SECTION 135

During the proposition of CSR, the chairman of the CSR committee, laid down a brief illustration of the term CSR saying “CSR is the process by which an organization thinks about and evolves its relationships with stakeholders for the common good, and demonstrates its commitment in this regard by adoption of appropriate business processes and strategies. Thus CSR is not charity or mere donations. CSR is a way of conducting business, by which corporate entities visibly contribute to the social good. Socially responsible companies do not limit themselves to using resources to engage in activities that increase only their profits. They use CSR to integrate economic, environmental and social objectives with the company's operations and growth.”²⁰

As per the provisions laid down in the Act, corporate social responsibility shall apply on a company that has made a net worth of five hundred crore rupees or more; or if the company has a turnover of one thousand crore rupees or more; or if the company has a net profit of five crore rupees or more in the last three financial years. As mentioned above, CSR policy came into existence in 2014, thereby the provisions were to be followed by the company from the 2014 financial year i.e, 2014-2015. If and when the company has crossed the threshold of being eligible for applying CSR, as per the regulations under section 135(1)²¹, the said company shall be needed to constitute a “Corporate social responsibility committee of the board” wherein there must be a minimum of three directors with one of them being an independent director. This would help the company accomplish the CSR goals of helping with the betterment of society and also incur profits for the company.

¹⁹ The Companies Act, No. 18 of 2013, INDIA CODE (1993), § 135.

²⁰ Megha Kapoor, *India: Corporate Social Responsibility: Mandating Companies To Contribute Towards Society*, MONDAQ (Sep. 30, 2021, 1:07 AM). <https://www.mondaq.com/india/corporate-and-company-law/305620/corporate-social-responsibility-mandating-companies-to-contribute-towards-society>.

²¹ The Companies Act, No. 18 of 2013, INDIA CODE (1993), § 135, cl. 1.

In addition to that, as laid down under section 134(3) of the act²², the said composition needs to be revealed within the board's report. The same is not just limited to Indian companies but also extends to foreign companies that might have a branch within the territories of India.²³

The incorporation of this clause in the act helps promote spending of two per cent of the company's average net profit (last three financial years) towards the wellbeing and development of the society as CSR activities. Here, net profits as mentioned under the ministry's draft rules could be comprehended as the profits that have been incurred prior to the payment of taxes in accordance with the company's accounts which does not include any profit that might have arisen from the branches existing beyond the territorial limits of India.

Further, the average net profit as mentioned earlier must be deliberated in accordance with the provisions mentioned under section 135 of the act²⁴. The Net worth, turnover or net profit, which is considered to check if the company is eligible for incorporating CSR policy, which specifically as per the scenario of 3(1) of the CSR is a foreign company, shall be calculated on the basis of the regulations laid down under section 381(1)(a)²⁵ and section 198²⁶ of the act.²⁷

IV. SCHEDULE VII OF THE COMPANIES ACT, 2013

With the incorporation of a new clause of CSR in the act, the ministry council of India further brought some changes in schedule VII of the act listing down viable activities that could be performed under CSR policy by a company. Various activities including everyday amenities, social issues and problems pertaining to the environment have been laid down under this schedule. As per the CSR provisions, the company has the option to provide towards the development of basic health amenities, elimination of poverty and providing sanitation and safe drinking water. Some other activities where the company can contribute towards are "Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, daycare centres and such other facilities for senior citizens, protection of flora and fauna, animal welfare, agroforestry, Protection of national heritage, art and culture" etcetera.²⁸

Companies eligible for CSR policy can contribute towards any one or more of the activities and subjects laid down under the provisions of Schedule VII while making sure the same are

²² The Companies Act, No. 18 of 2013, INDIA CODE (1993), § 134, cl. 3.

²³ Mikhail Reider-Gordon, *Understanding Foreign States' Mandatory Corporate Social Responsibility Reporting*, 39 LITIG. 61 (2013).

²⁴ The Companies Act, No. 18 of 2013, INDIA CODE (1993), § 135.

²⁵ The Companies Act, No. 18 of 2013, INDIA CODE (1993), § 381, cl. 1.

²⁶ The Companies Act, No. 18 of 2013, INDIA CODE (1993), § 198.

²⁷ *Supra* note 22, at 6.

²⁸ The Companies Act, No. 18 of 2013, INDIA CODE (1993), sch. VII.

in accordance with the CSR policy of the company.

V. PENALTY FOR NON-COMPLIANCE OF CSR

If due to some circumstances, the industry is unable to or is defaulting on abiding by the laws pertaining to CSR, more precisely section 135(5)²⁹ and section 135(6)³⁰, the liability shall fall upon such industry or company wherein it shall have to pay twice of the original amount or one crore rupees, whatever amount shall be found less, to the funds as mentioned under schedule VII as a penalty. The money can also be forwarded to the unspent CSR accounts. Further, it is also pertinent to note that, each and every officer of that particular company, will be held accountable and will have to transfer 1/10th of the needed amount to the funds as mentioned under schedule VII or to the unspent CSR account or 200000, whatever amount is found to be less, as a penalty.

Directions might be given by the central government to the company or companies as it deems fit in order to make sure that the provisions laid down under the act pertaining to CSR are being complied positively and the orders given are followed by the said company or companies. In scenarios wherein the sum which is needed to be spent by a particular company, as of section 135(5)³¹, isn't going beyond fifty lakh rupees, the need for the incorporation of CSR committee in the company as prescribed under sub section (1), need not be applied and the said responsibility shall fall upon the board of directors of that company to fulfill the functions of the committee as mentioned in the provisions of CSR.

VI. EVOLUTION OF CSR IN INDIA

The concept of CSR has been prevalent in India even before the implementation of CSR policy in the Companies act 2013. The name in itself might be considered new but the idea could be traced back to as old as the history of the Mauryas wherein, great philosopher Kautilya pronounced the importance of implementing ethical practices and various principles in the working of a business.³² Not explicitly, but the concept of CSR has been incorporated informally in the past in various modes including the development of society by helping the downtrodden and poor with charity.³³ CSR and the prominence of the same wherein one spends a small part of its earning for the betterment of the deprived part of the society has been

²⁹ The Companies Act, No. 18 of 2013, INDIA CODE (1993), § 135, cl. 5.

³⁰ The Companies Act, No. 18 of 2013, INDIA CODE (1993), § 135, cl. 6.

³¹ The Companies Act, No. 18 of 2013, INDIA CODE (1993), § 135, cl. 5.

³² Kiran Chitale & Harshawardhan Chindhade, *Corporate Social Responsibility: An Overview in the Indian Context*, 12 INT'L. IN-House Counsel J. 1 (2019).

³³ *Id.*

discussed in a number of places. Thereby India is known to have a “deep-rooted culture of sharing and caring.”³⁴

It is also important to note here that the concept of CSR was highly encouraged by various religions. “Zakaat” a term used in Islam, mandates a part of an individual’s earning should be donated to the poor³⁵. Alms were given, temples and night shelter were provided by the merchants of particularly hindu religions, to the downtrodden and backward classes. In addition to that, “Dharmada” was pursued by Hindus wherein a particular amount of money known as dharmada was asked to be paid to the seller or manufacturer which was further donated or used towards charity³⁶. The same was also widely known as a charity amount. The same was also pursued by Sikh under the name “Daashaant”.³⁷

History and development of corporate social responsibility in India could be seen to go hand in hand with the historic growth of India. CSR has reached its current position through evolving into several phases for instance, “community engagement, socially responsible production, and socially responsible employee relations”³⁸. Nevertheless the said phases cannot be considered to be fixed and the attributes of each and every phase hold a possibility of overlapping over another phase. The history of corporate social responsibility in India can be broken down into four phases.³⁹

1. The first phase mainly involved “charity and philanthropy” as the two main components of corporate social responsibility.⁴⁰ A huge influence could be seen on the concept of CSR from culture, values and traditions forwarded by families and religion. Further, industrialization also played a big role in the same.⁴¹ During the time frame prior to 1850, also referred to as the “pre-industrialization period” rich merchants would share some particular amount of their earnings or money indirectly with the society as large by means of constructing temples which could be comprehended as a religious cause. In addition to that, the same providers i.e, the merchants also provided aid to the society by supplying food and donating money in occurrences of famine or epidemics and thus held a crucial and important role within the society. The advent of colonial rule in 1850 brought a huge change and altered the very

³⁴Vaishnavi Aiyer, *The Journey of Corporate Social Responsibility in India*, 3 IJLMH, 321 (2002).

³⁵Harish Choudhary, *Mandatory Corporate Social Responsibility: An Unwarranted Burden on Business*, 10 EUROPEAN COMPANY LAW, 156 (2013).

³⁶ *Id.*

³⁷ *Supra* note 36, at 8.

³⁸Glavas A, *Corporate Social Responsibility and Employee Engagement: Enabling Employees to Employ More of Their Whole Selves at Work* 7 Frontiers in psychology 796 (2016).

³⁹*Supra* note 36, at 8.

⁴⁰*Supra* note 36, at 8.

⁴¹*Supra* note 36, at 8.

approach pertaining to corporate social responsibility in India. CSR was also encouraged by the proponents of industrialisation in the time period before independence. Famous well known industrial families for example, TATA, Birla, Godrej and etcetera existing in the 19th century India were believed to have strong inclination in the direction for the upliftment of the social and economic conditions of the society. Nevertheless, even when the big companies were explicitly helping in the betterment of the society, the efforts directed were not being made with selfless intentions and were widely controlled by political groups and their agendas.

2. In the second phase, the famous industrialists were motivated to spend and display the love and commitment they had for the wellbeing and upliftment of the society. The same was happening during the struggle for independence. The father of the nation was requesting the important industrialists of that time to come ahead and contribute a small amount of their wealth towards the development and welfare of the downtrodden and poor. The theory of “trusteeship” was given here.⁴² He further stated “I desire to end capitalism 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.”⁴³ With making use of this theory in real life, India saw a huge growth in its social as well as economic state. These companies were termed by Gandhi as the “temple of modern India”. The influence of Gandhi led the companies to construct a number of trusts for the building of schools, colleges and various institutes. The same also helped in enhancing various social developments including women empowerment.

3. The third phase could be comprehended to be a mixture of elements pertaining to “mixed economy”, advent of “Public Sector Undertakings” (hereinafter referred to as PSUs) and various rules and regulations pertaining to labour law and environmental norms. This period is said to have happened somewhere between the 1960s and 1980s, within which, various private sectors were made to stand back as the public sector were perceived as the paramount helper for the development of society and economy.⁴⁴ As the laws pertaining to the activities and affairs conducted by private sectors were known to be very rigid, the particular timespan was referred to as the “era of command and control”⁴⁵. Many corporate malpractices took place because of policies related to licencing in industries, increase in taxes and many strict restraints put on private sectors. Which further led to implementation of rules and

⁴² Kalpana Sharma, *Corporate Social Responsibility (CSR): An Overview of the Indian Perspective*, 3 INDIAN J.L. & PUB. POL'y 1 (2016).

⁴³ *Id.*

⁴⁴ *Id.*

⁴⁵ *Id.*

regulations pertaining to issues involving labour laws, environment and corporate governance. Establishment of a number of PSUs for distribution of resources took place in order to enable and make sure the downtrodden received food, money, clean drinking water and etcetera. But it was concurred that these sectors were not fully effective and had their own limitations. Which invited the need to move and shift the expectations made from the public sectors to be fulfilled by the private sectors. It was very evident that the involvement of private sectors in the same was very crucial for the social and economical growth of the country. A national workshop on corporate social responsibility was organized by Indian intellectuals and businessmen seeking reconciliation in the year 1965. The main focus of this workshop was laid upon transparency and disclosure, importance of social responsibility and holding them accountable for the same, and stakeholder dialogues.⁴⁶ Despite attempts like these, corporate social responsibility was not able to be implemented.

4. With the beginning of 1980, the fourth phase started and the same is still subsisting. In this phase, corporate social responsibility was incorporated into business as a part of sustainable strategies by many Indian industries and the then known traditional methods pertaining to corporate social responsibility were being phased out slowly. There was a visible increase in the economy and development of the country due to the advent of globalization and liberalization of economy during the timespan of 1990, and also the few withdrawals partly made pertaining to the system of license control. Which further was the cause of increment in the development of industries and allowed the companies to help through means of CSR more comparatively.⁴⁷ The growth seen back then in the growth of the economy is still evident in the present scenario. With the advent of more socially and environmentally concerned western markets, India as well in order to meet the standard of international markets is complying and becoming more diligent pertaining to CSR. Thereby what back in the past emerged as a way of charity, presently is acknowledged by companies and industries as their responsibility.

There have been a number of amendments made regarding CSR and the latest amendment made to CSR was issued on the 22nd of January 2021 i.e, “The CSR Amendment Rules, 2021” by the Ministry of Corporate Affairs, and came into effect on the 23rd of January 2021. This amendment made a couple of major alterations pertaining to the corporate social responsibility regime. Some of the changes include amendments in the definition clause, CSR implementation clause, the expenditure clause, displaying the CSR activities on websites and

⁴⁶*Supra* note 36, at 8.

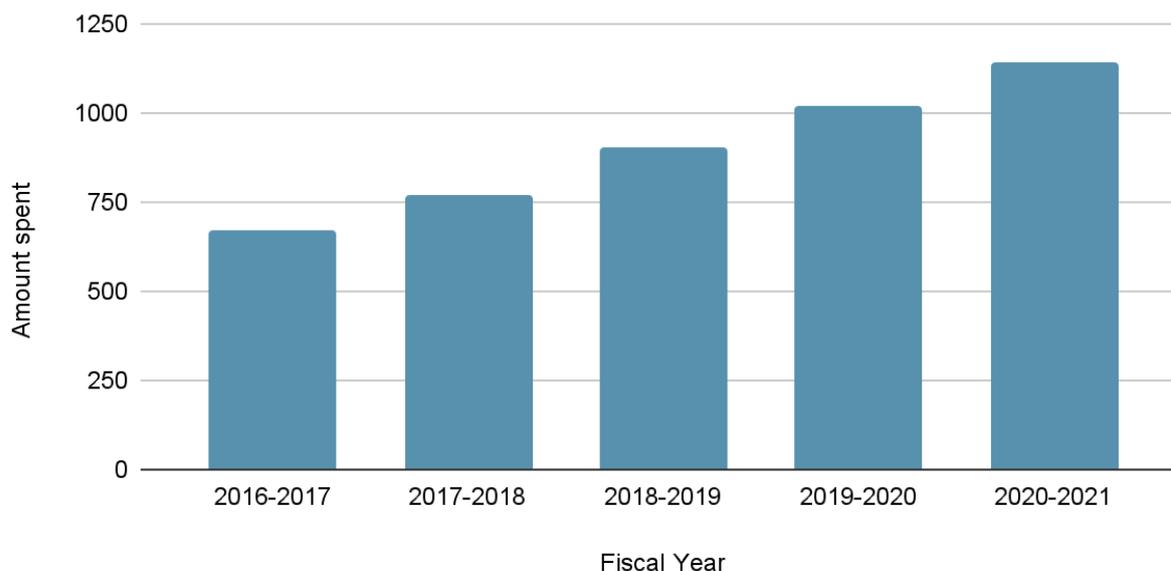
⁴⁷*Supra* note 36, at 8.

many more.

In order to have a better understanding regarding the present scenario, the amount spent by Reliance industries in the last 5 fiscal years on the activities under CSR has been laid down below.

Amount spent on CSR initiatives.

1 unit = 1 crore



Reliance Industries Limited, often referred to as “RIL”, is considered to be one of India’s biggest companies for almost 20 years now and is known for leading the highest net profit in the world of corporations each year. The company has helped and created a huge impact on the society by taking big steps towards CSR as provided under the Companies Act. A foundation was created by reliance industries named RF i.e “the Reliance Foundation” or RF. It focuses on the betterment of the society and the environment by means of following the CSR guidelines. As stated earlier, the society had a great impact with the help of RF and the activities performed by it.

As per the CSR regime, every company who crosses the threshold of the laid down guidelines of CSR, is needed to spend two per cent of the company’s average net profit of the last three financial years on CSR initiatives. RF spent an amount of 674 crores on activities under corporate social responsibility crossing the prescribed amount of 620 crore in the year 2016-

2017.⁴⁸ Similarly, in the financial year of 2017-2018⁴⁹, 771 crores were spent on CSR activities whereas the amount expected was 708 crores, and further in fiscal year 2018-2019⁵⁰, the foundation contributed 904 crores. In 2019-2020⁵¹, the net profit incurred by the Reliance industries was near 44,324 crores, and it spent around 1022 crores on the activities laid down under schedule VII for CSR activities, which when compared, was above the two percent criteria set down by the CSR regime which led to RIL to be the top spender under CSR in India. Finally, in the fiscal year of 2021⁵², RIL contributed about 1140 crores on CSR activities which at the outbreak of Covid 19, supported hundreds of people. The money spent by RIL has been spent towards transformation of rural areas, education by means of various schemes and scholarships, healthcare and many more.

Reliance is one of the many companies in India that contributes in the betterment of society and environment under CSR. Other leading companies, who actively help towards the same include Infosys, Tata Motors, MRF and etcetera.⁵³

VII. RECOMMENDATIONS

Some recommendations have been laid down in the following which the author believes if followed and implemented positively by all the respective stakeholders of companies in order to intensify and receive a good output through corporate social responsibility in their businesses and would also lead to development of the society.

1. There still exists a limited to no amount of knowledge pertaining to the concept of corporate social responsibility against the general people of the society and awareness of the same needs to be spread across for making the initiatives taken under CSR to be more constructive. The same could be done by the stakeholders who can include the works of press and media to showcase the work and output of the same, done by companies with respect to CSR. This step might help in changing the general public's approach regarding the initiatives taken under corporate social responsibility by companies.

⁴⁸ Reliance Industrial Infrastructure Limited, *Annual Report 2016-17*, Report on Corporate Social Responsibility (28th Jul., 2017), <https://www.ril.com/ar2016-17/report-on-corporate-social-responsibility.html>.

⁴⁹ Reliance Industrial Infrastructure Limited, *Annual Report 2017-18*, Report on Corporate Social Responsibility (11th Jul., 2018), <https://www.ril.com/ar2017-18/report-on-csr.html>.

⁵⁰ Reliance Industrial Infrastructure Limited, *Annual Report 2018-19*, Report on Corporate Social Responsibility (12th Aug., 2019), <https://www.ril.com/ar2018-19/report-on-corporate-social-responsibility.html>.

⁵¹ PTI, *RIL spends Rs 1,140 cr on CSR initiatives in FY21*, THE ECONOMIC TIMES (Sep. 30, 2021, 2:03 AM), <https://economictimes.indiatimes.com/markets/companies/ril-spends-rs-1140-cr-under-csr-initiatives-in-fy21/articleshow/83214795.cms>.

⁵² *Id.*

⁵³ *Id.*

2. In many cases, there might be a lack of stable partnership among the stakeholders which include the private sector, company's employees, the government and local authorities and communities and the society as well. These partnerships could be considered to be not as constructive or operative effectively at the ground level regarding the corporate social responsibility domain. Which often leads to creation of walls between CSR initiatives and its effective implementation. Appropriate steps need to be taken addressing the problem regarding constructing constructive bridges connecting all the crucial stakeholders in order to ensure a more effective implementation of corporate social responsibility initiatives. This might help in achieving a long term and more sustainable outlook on the workings of CSR built upon efficient strategies of the company's stakeholders collectively.
3. There might be a possibility that as most of the CSR activities take place in the urban areas, there might be a lack of effect of the activities performed in the rural areas and is held back from reaching the poor and needy of such areas. While keeping a focus upon activities in the urban areas, it would be highly effective if rural areas are also taken into consideration by the companies. The companies can help through CSR with education, basic sanitation, labor and etcetera.
4. As the companies are following the activities as per the act, some initiative should be taken by the government to reward or reward the companies and industries which by means of CSR are positively helping the poor and downtrodden. This could be considered as a good incentive for more companies to implement CSR effectively.
5. Regarding the awareness of CSR, the concept could be added in school curriculums or be taught to students by means of seminars. This might help make children more aware and sensitize them towards the problems pertaining to the social and economic state of the country and how CSR as a tool could help hundreds of people in need of help.

VIII. CONCLUSION

Corporate social responsibility, which has been recently incorporated into the legislation, as stated above is not a new concept but has been evolving day by day. CSR, could be understood as the responsibility that the company bestows upon itself in order to help in the upliftment and betterment of society and the environment. These responsibilities are limited to the society but also extends to the betterment and well being of the employees. It is important to note here, that depending upon the economic and financial situation and the available resources, the company sets aside a profit to incorporate the same into CSR. Implementation of the same may

include spending some amount on society which does not lead to any immediate monetary profit but helps encourage upliftment and positive change in the society and environment. This initiative taken by companies comes under CSR and could help in economic growth. As per the provisions laid down under section 135(1) of the act, any company that falls under the categories mentioned, shall form a CSR committee and further shall contribute 2% of its average net profits made in the last three consecutive financial years on the betterment and welfare of the society in accordance with Schedule VII of the act. These provisions have been existing for a while but the implementation of the same is still not achieved fully. As the society is being more socially aware, application and positive implementation of CSR will not only help the environment, but also help the company itself. Therefore, for the overall growth of the society and economy of the country, the positive incorporation of the CSR regime is very important
