Corporate Social Responsibility : Current Issue

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Introduction –


"CSR is nothing but maximizing the value of your company over a long period in the long form, social & Environmental issues become financial issues." India is the 1st country in the world who make CSR mandatory. Making amendment to the Company Act, 2013 in April 2014 Business can invest their profits in areas such as education poverty, gender equality & hunger.

The amendment in the schedule VII of the companies Act- those companies with net worth Rs. 4.96 billion or more or annual turnover Rs. 9.92 billion or more or net profit Rs. 50 million or more during fanatical year shall contribute 2% of average net profits of three years towards CSR. CSR involve Conducting business ethical way & in the interest of wider community. Responding positively to societal priorities & expectations. Balancing Shareholders interest against the interest of wider community. To fulfill long run self interest of the organization Built Better Public image, avoid misuse of resources, minimize environmental damage, To make economic & social welfare of community. The Corporate Sector also realized that as it is a social organ and uses social resources, it is responsible to the society.

CSR : Examples in India –

Tata Group –

The Tata Group in India carries various CSR projects, - Community improvement & poverty all aviation programs, women empowerment activities income generation, rural community development & other social welfare programs. In the field of education, Tata group provides scholarships. Also helps to health care programs like child education, awareness of AIDS, Environment protection, providing sport scholarships infrastructure development such as hospitals, research Centers, sports academy etc.

Ultratech Cement –

India’s biggest cement company involved in social work a cross 407 villages in India Its CSR Activities are mainly concentrated on health care & family welfare programs, education infrastructure environment, social welfare & sustainable livelihood. The company arranged medial camps, immunization programs, sanitation programs, school enrollment, plantation drives, water conservation programs, organic farming programs etc.

Mahindra & Mahindra –

Indian automobile manufacturer mahindra & mahindra established, mahindra Education Trust 1954, mahindra foundation in 1969. For promoting education. CSR programs involves scholarships & grants, livelihood training health care for remote areas, water censer vat ion, disaster relief programs. It runs programs such as “ Nangi kali” on girl education.

ITC Group-

ITC related with hotels, FMCG, agriculture, It & packing sectors etc. The company has generate sustainable livelihood opportunities for six million people through its CSR activities. Their e- couple program, connect rural farmers through internet for fracturing agriculture products. Covers 40,000 villages & over 4 million farmers. social empowerment programs through micro enterprises or loans have created sustainable livelihoods for over 40,000 rural women.

Methodology – The Study uses mainly secondary data. Secondary data is collected from CSR Reports Published by Ministry of Corporate Affairs and various Books. The data used for the study is from the period of 2014-15 to 2016-17. Simple statistical tools such as percentage, average, graphs are used to analysis and interpret the data.
Diagram -1 showing Pyramid of CSR

Dimensions of CSR –
1. Business Ethics, Values, principles
2. Accountability & transparency.
3. Commitments to socio – eco. development.
4. Environments to concerns
5. Human rights
6. Workers rights & welfare
7. Market relations
8. Corporate governance

3P’s of CSR

Diagram -2 showing 3 P’s of CSR

CSR involves-

Economic responsibilities of corporations-
1. Financial profit, economic growth & asset creation.
2. Economic impact such as outsourcing, knowledge innovation.
3. Monetary support for political parties.
4. Stock exchange activities inducting insider trading, economic regulations & tax incentives.
5. Intellectual property rights, patents, trademarks, anti-trust & competition.

Social Responsibility of corporations-
1. Labour rights – Slave, forced child labor, non-discrimination, equal opportunities, minimum wages, health & safety.
2. Right to work – Protection against Unjustified, dismissals vocational training / guidance
4. Right to privacy – Drug testing, personal information, surveillance etc.

Environmental responsibility of corporations-
2. Soil & water contamination.
3. Treatment & reduction of waste water.
4. Eco- Efficiency
5. Recycling & Reuse of materials.
6. Protection of forest resources.

Diagram - 3 showing CSR Expenditure by the type of Company

The total CSR spending by the top 500 companies in India since mandatory CSR in 2014 likely to cross Rs. 500 billion by March 2019.
average Rs. 120 billion funding annually for education, health care rural deployment areas Said bhomik shah (CEO) NGOBOX & CSROBOX.

In addition, the top 500 complies, which contrite to over 90% of total CSR spend, are estimated to spend over Rs. 110 billion on social initiatives in financial year 2019 Education is most favored area of CSR Investment in the coming years.

**Business Advantage of CSR**-
CSR promotes vision of business, accountability to a wide range of stakeholders, also environment protection and well being of employee community and Civil Society both now & in the future.

1. **The Shrinking role of government**-
   Government relied on legislation and regulation to deliver social & environmental objectives in the business sector.

2. **Demands for greater disclosure**-
   Corporate disclosure from stakeholders inducing customers, suppliers, employees, communities, investors etc.

3. **Increased Customer interest**-
   Ethical conduct of companies growth influence on the purchasing decisions of customers.

4. **Growing investor pressure**-
   Investors assess companies performance & make decision based on criteria that include ethical concerns.

5. **Competitive Labour markets**-
   To hire & retain shelled employees companies have to improve working conditions

**CSR Activities**-
Focus on healthcare, family welfare programs, education infrastructure, environment, social welfare & sustainable livelihood. Hold annual tree planting event. set up recycling bins throughout facilities. minimize amount of paper waste.CSR self regulating mechanism where business monitor ensure to law, ethical standard & international norms.CSR deliberate inclusion of public interest into corporate decision making.

**CSR trends in India** –
Annexure referred to in reply to Rajya Sabha

Table 1-Development sector wise CSR Expenditure for 2014-15 to 2016-17 (CSR Expd.in Crores)

<table>
<thead>
<tr>
<th>Sectors</th>
<th>2014-15</th>
<th>2015-16</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health/poverty &amp; malnutrition/sanitation</td>
<td>2246</td>
<td>3117</td>
</tr>
<tr>
<td>Education</td>
<td>2728</td>
<td>3073</td>
</tr>
<tr>
<td>Rural deployment</td>
<td>1017</td>
<td>1051</td>
</tr>
<tr>
<td>Environment/Conservation of resources</td>
<td>1213</td>
<td>923</td>
</tr>
<tr>
<td>Swachh Bharat Kosh</td>
<td>121</td>
<td>355</td>
</tr>
<tr>
<td>Any other fund</td>
<td>36</td>
<td>262</td>
</tr>
<tr>
<td>Woman empowerment/oldage homes/Reducing inequalities</td>
<td>326</td>
<td>213</td>
</tr>
<tr>
<td>Prime minister’s National Relief fund</td>
<td>192</td>
<td>136</td>
</tr>
<tr>
<td>Encouraging Sports</td>
<td>160</td>
<td>95</td>
</tr>
<tr>
<td>Heritage art &amp; culture</td>
<td>157</td>
<td>90</td>
</tr>
<tr>
<td>Slum area development</td>
<td>123</td>
<td>9</td>
</tr>
<tr>
<td>Clean Ganga Fund</td>
<td>19</td>
<td>3</td>
</tr>
<tr>
<td>Other sectors (Technology Incubator &amp; benefit to armed forces etc.)</td>
<td>465</td>
<td>497</td>
</tr>
<tr>
<td>Total Amount</td>
<td>8803</td>
<td>9822</td>
</tr>
</tbody>
</table>

**Diagram**:
- **Top 10 States CSR Fund Receivers (FY 14-15 & FY 16-17)**
- **CSR trends in India**

**Number of Companies for which data Complied**

<table>
<thead>
<tr>
<th>Category</th>
<th>2016-17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Education &amp; Skills</td>
<td>7334</td>
</tr>
<tr>
<td>Poverty, Alleviation, Healthcare</td>
<td>2973</td>
</tr>
<tr>
<td>Rural Development</td>
<td>2131</td>
</tr>
<tr>
<td>Environment Sustainability</td>
<td>1091</td>
</tr>
<tr>
<td>Protection of Heritage &amp; art</td>
<td>795</td>
</tr>
<tr>
<td>Rural sports &amp; Paralympic</td>
<td>190</td>
</tr>
<tr>
<td>Women Empowerment</td>
<td>181</td>
</tr>
<tr>
<td>Technology incubation</td>
<td>146</td>
</tr>
<tr>
<td>Benefits to Armed forces Veteran</td>
<td>45</td>
</tr>
<tr>
<td>Others (Projects, Admin, Disc)</td>
<td>32</td>
</tr>
<tr>
<td>Total</td>
<td>862</td>
</tr>
</tbody>
</table>
Financial year 2015-16 witnessed 28% growth in CSR spending in comparison to the previous year. Listed companies in India spent Rs. 83.45 billion for various programs such as educational programs, social welfare, health care, environment conservation. Reliance Industries spent most followed by the government owned National Thermal Power Corporation (NTPC) & Oil and Natural Gas (ONGC).

2017 CSR spends with new government programs such as Swachh Bharat (clean India) & Digital India, in addition to education & healthcare etc.

Table 2- Showing Geographic Distribution of CSR Fund

<table>
<thead>
<tr>
<th>State</th>
<th>Projected Spend FY17-18 &amp; 19</th>
<th>% of India’s CSR Fund</th>
</tr>
</thead>
<tbody>
<tr>
<td>Andhra Pradesh</td>
<td>205.8</td>
<td>2.30%</td>
</tr>
<tr>
<td>Arunachal Pradesh</td>
<td>20.3</td>
<td>0.24%</td>
</tr>
<tr>
<td>Assam</td>
<td>404.6</td>
<td>4.86%</td>
</tr>
<tr>
<td>Bihar</td>
<td>231.3</td>
<td>2.76%</td>
</tr>
<tr>
<td>Chhattisgarh</td>
<td>137.9</td>
<td>1.67%</td>
</tr>
<tr>
<td>Delhi</td>
<td>294.6</td>
<td>3.58%</td>
</tr>
<tr>
<td>Goa</td>
<td>256.7</td>
<td>3.12%</td>
</tr>
<tr>
<td>Gujarat</td>
<td>1157.2</td>
<td>13.90%</td>
</tr>
<tr>
<td>Haryana</td>
<td>251.1</td>
<td>3.00%</td>
</tr>
<tr>
<td>Himachal Pradesh</td>
<td>293.0</td>
<td>3.54%</td>
</tr>
<tr>
<td>Jammu &amp; Kashmir</td>
<td>279.1</td>
<td>3.36%</td>
</tr>
<tr>
<td>Jharkhand</td>
<td>250.0</td>
<td>3.00%</td>
</tr>
<tr>
<td>Karnataka</td>
<td>1057.3</td>
<td>12.83%</td>
</tr>
<tr>
<td>Kerala</td>
<td>157.4</td>
<td>1.90%</td>
</tr>
<tr>
<td>Madhya Pradesh</td>
<td>624.9</td>
<td>7.59%</td>
</tr>
<tr>
<td>Maharashtra</td>
<td>1773.8</td>
<td>21.37%</td>
</tr>
<tr>
<td>Manipur</td>
<td>158.7</td>
<td>1.91%</td>
</tr>
<tr>
<td>Meghalaya</td>
<td>153.0</td>
<td>1.85%</td>
</tr>
<tr>
<td>Mizoram</td>
<td>140.3</td>
<td>1.67%</td>
</tr>
<tr>
<td>Nagaland</td>
<td>127.2</td>
<td>1.54%</td>
</tr>
<tr>
<td>Odisha (Chalisa)</td>
<td>137.2</td>
<td>1.65%</td>
</tr>
<tr>
<td>Punjab</td>
<td>125.9</td>
<td>1.51%</td>
</tr>
<tr>
<td>Rajasthan</td>
<td>206.1</td>
<td>2.47%</td>
</tr>
<tr>
<td>Sikkim</td>
<td>185</td>
<td>2.23%</td>
</tr>
<tr>
<td>Tamil Nadu</td>
<td>1216.3</td>
<td>14.70%</td>
</tr>
<tr>
<td>Telangana</td>
<td>952.9</td>
<td>1.16%</td>
</tr>
<tr>
<td>Tripura</td>
<td>192</td>
<td>0.23%</td>
</tr>
<tr>
<td>Uttar Pradesh</td>
<td>613.3</td>
<td>0.75%</td>
</tr>
<tr>
<td>Uttrakhand</td>
<td>157.6</td>
<td>0.19%</td>
</tr>
<tr>
<td>West Bengal</td>
<td>1155.4</td>
<td>13.97%</td>
</tr>
<tr>
<td>Puducherry (Not specified)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Union Territories</td>
<td></td>
<td>1.83%</td>
</tr>
</tbody>
</table>

Maharashtra receives biggest chunk of total CSR fund spent in the country followed by Rajasthan, Karnataka, Gujarat together accounting for 1/3 of the country’s total CSR spends. Nagaland

Meghalaya, Mizoram & Tripura received lowest CSR Funding.

Conclusion-
CSR is the heart & soul of modern corporations. Important standard for corporate governance. CSR indispensable corporate accountability, profitability & environmental sustainability.

References-
1. NGOBOX & CSRBOX Reanalysis Consultants Pvt Ltd., Ahmedabad, Gujarat. www.ngobox.org
2. Ministry of Corporate Affairs : Report on CSR
3. KPMG, Indias analysis based on Indias CSR Reporting Survey, 2017
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