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**CSR POLICIES UNDERTAKEN BY CORPORATE INDIA**

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*Corporate Social Responsibility (CSR) is the responsibility of corporate entity towards the society in consideration of the support given and sacrifice made by society. Traditionally, market position of various companies has been a function of financial performance and maximization of profit and increase shareholder's value. But wealth maximization should not just bring in economic prosperity but should also bring in social development of all sections of the society, unless social development is in place, business of such companies will never flourish and sustain in a long term scenario.*

*This paper is an attempt to gain an understanding of CSR, and CSR policies undertaken by Indian Private and Public Sector Undertakings respectively. It also discusses the impact of Clause 135 in the Companies Act 2013 on the CSR activities.*

**Keywords:** *Corporate Social Responsibility, Policies, Corporate groups, Clause 135.*

## **INTRODUCTION**

Traditionally, market position of various companies has been a function of financial performance and maximization of profit and increase shareholder's value. But wealth maximization should not just bring in economic prosperity but should also bring in social development of all sections of the society, unless social development is in place, business of such companies will never flourish and sustain in a long term scenario.

## **CSR: THE CONCEPT**

The concept of Corporate Social Responsibility (CSR) has been developing since 1970's. There is no single universally accepted definition of CSR, though there are some definitions given by certain authorities. In the decade of 1990's Peter Drucker and many authors combined Corporate Social Responsibility (CSR) as an integral part of corporate strategies. The World Business Council for Sustainable Development has defined the concept of 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". The ISO 26000 working group defines CSR as "Corporate Social Responsibility is the responsibility of an organization for the impact of its decision and activities on society and the environment through transparent and ethical behavior that is consistent with sustainable development and the welfare of the society, takes into account the expectations of stakeholders is in compliance with applicable law and consistent with international norms of behavior and its integrated throughout the organization". From the above discussion, the CSR has been articulated in a number ways. In essence it is about building sustainable business, which needs healthy economies, markets and communities. It is about safeguarding the Triple Bottom Line: people, profit and planet which are the main pillars and the very purpose of doing any business activity. CSR is a medium of integration of cordial relationship between the business and the society.

### **CSR INITIATIVES UNDERTAKEN BY SOME INDIAN CORPORATE GROUPS**

In India, leading corporate groups are involved in corporate social responsibilities (CSR) in areas like education, health, livelihood creation, skill development and empowerment of weaker sections of society; some of these are as follows.

#### **Infosys Technologies Limited**

Infosys is regarded as one of the most ethically managed companies in India. The five major themes of CSR at Infosys include education, healthcare, art and culture, rural upliftment and inclusive growth. In 1996 the company created Infosys Foundation as a non-profit trust to which it contributes up to 1 percent of profit after tax every year.

In the recent years Infosys has taken up various community development programmes. In Parishudh Programme the Infosys Foundation built over 10,000 toilets in various villages at a cost of Rs. 10 crores. 200 villages and 80,000 families have benefited from this programme.

Through campus connect programmes was initiated to improve employability of engineering students, about 1, 53,000 students and 7,200 faculty members have trained under this programme.

In 2008 Infosys launched a SPARK programme for raising the aspirations of fifth to seventh class students to pursue science and mathematics. In 2011-12 the SPARK Programme provides training to 3, 97,819 students and faculty members.

**TATA Group**

Tata Sons limited is a philanthropic trust endowed by Sir Dorbji Tata and Sir Ratan Tata. Tata sons give away on average between 8% to 14% of its net profits every year for social cause. The formation of TATA Council of Community Initiatives (TCCI) in 1994 has given new direction for the CSR initiatives of the group.

TATA Steel has setup a modern township at Jamshedpur. They have also established multispecialty

Hospital in Jamshedpur containing 850 beds.

Every TATA Group Company has actively involved in various social initiatives TATA salt is utilizing 10 paise per packet of 1 Kg Salt Sold for educational purpose. TATA Motors have planted 80,000 trees in Jamshedpur Township and 2.4 million trees around Jamshedpur city. According to the Nielsen Survey, Tata Motors Limited were regarded as most admired companies for their CSR initiatives.

**Mahindra & Mahindra Limited**

In 1953 the K.C. Mahindra Education Trust was established with the purpose of promoting education to the students. The trust has provided more than Rs. 25 crores in the form of grants & scholarships. In 2005 the Mahindra group celebrated its 60th Anniversary by pledging 1% of its annual profit after tax to social, activities every year. The Nanhis Kali Project is managed by KCMET which supports education of underprivileged girl child. During 2011-12, 74383 girls across nine states of India were provided academic support. In 2005 Employee Social Option Programmes was launched. In 2007 Mahindra Group launched Hariyali Project to plant one million trees across India.

**Wipro Limited**

Wipro has partnered with Ajim Premji Foundation for social initiatives. Wipro Care was started in 2004 which focuses on the developmental needs of communities in its proximate locations. A social forestry programme was carried out through which more than 25000 trees were planted.

**CSR INITIATIVES UNDERTAKEN BY SOME TOP PERFORMING PSU'S****Indian Oil Corporation Ltd. (IOCL)**

The rural health care project was launched by IOCL in January 2012 named 'Indian Oil Sachal Swasthya Seva' under which rural petrol pump delivers a qualified doctor services and

medicines free of cost to the poor and under privileged rural Indians at their door step. The mobile medical units called 'Kisan Seva Kendras', travel to nearby villages to provide free primary healthcare and free medicines to the poor and needy population. The IOCL stationed 52 mobile medical units across three states - 27 in Telengana, 13 in Andhra Pradesh and 12 in Uttar Pradesh. The project implemented in collaboration with Wockhardt Foundation. More than 26 lakhs patients have been treated by these 52 mobile medical units till July 2014.

### **National Thermal Power Corporation (NTPC)**

The CSR wing of NTPC strongly believes that education is the foundation and building block for achieving national objectives towards building a more inclusive, equitable and sustainable society. It runs 48 schools, of which 23 schools are predominantly for nearby communities, which benefiting about 20000 students. It also provides infrastructural support to government schools for the underprivileged children studying there. It also provides scholarships, study material and uniforms to deserving students thus benefiting about 30000 students in 2011-12.

### **State Bank of India (SBI)**

In the financial year 2012-13 the SBI earmarked Rs. 117.07 crore– 1 percent of its profit for CSR activity. The Bank extended its help to Calamity stricken Assam, Sikkim, Uttarakhand, and Maharashtra through donations to the chief Ministers Relief Fund to the tune of Rs. 9 crore. In the last fiscal, the SBI has extended financial assistance for 300 ambulance vans to needy and service organizations. 42000 water purifiers and 140000 ceiling fans was provided to more than 50000 schools to provide clean water and conducive climate to school children. Under health care activities SBI has extended assistance to a tune of Rs.14 crore for support to hospitals in the form of medical equipments and others.

From the above initiatives, PSUs are key contributors to the socio-economic development of India. The PSUs were formed by the Indian Government with the aim to attain comprehensive growth, which include both social as well as economic development of the country. Profit making PSUs have played a vital role in supporting the socio-economic development of the country.

## **WILL THE NEW ACT INSPIRE CORPORATE INDIA?**

The introduction of clause 135 in the Companies Act 2013 has made CSR a mandatory exercise for certain companies. As per the Act, all companies including foreign firms with a minimum net worth of Rs. 500 crore, a turnover of Rs. 1000 crore and a net profit of at least Rs. 5 crore, will have to contribute at least 2 per cent of their net profit from the preceding three years towards the cause of CSR. This implies that around 8000 companies will fall within the ambit of the CSR provisions. This would translate into an estimated spend of Rs. 15000 crore annually.

In a country like India, development schemes often fail to percolate to the grass root level for reasons widely known –corruption, bureaucracy, and population. In such a scenario, corporate can't evade their responsibility towards society by simply paying taxes. They have to be equally participating in the entire development process when the money indirectly pumped into CSR initiatives and managed by individual companies, the impact is bound to be much higher. Clause 135 is far more effective than a normal taxation scheme.

The new rules will make those not -so -active in CSR practices to get their acts right, which will ultimately lead to a significant increase in CSR expenditure and involvement. CSR will be more effective if it is realized that CSR is not a statutory responsibility but something that we owe to the society. Every corporate is to primarily think about how the CSR benefits their image, their employees, their credibility and their performance. The new rules facilitate cooperation, collaboration and strategic implementation. The success of any CSR practice lies in its innovative value, uniqueness, scalability and sustainability of the solutions and services it provides. It has to have a direct impact on the environment and society. The new regulations will serve as a platform for corporate to move from a reactive to proactive approach towards creating stakeholder value.

## **CONCLUSION**

Over the years CSR has evolved as a significant aspect in the corporate world. Corporate houses in India are going beyond the tradition of focusing on just profitability and are fulfilling their social responsibility and contributing to stakeholders including investors, customers, employees and the community at large. Tax deduction for CSR expenditure would act as a motivator for carrying out CSR projects.

CSR will play an effective role in the socio-economic development of the country if it is carried out by the corporate with a feeling of responsibility towards society and nation.

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