

Corporate Social Responsibility & Sustainability in India: A Brief Study

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Abstract—*Ethically in commercial world making profits is sole objective, but in a modern era where awareness among general public at its peak, the Right To Information act (RTI), Consumer protection Act, transparency in working of manufacturing & service sector by recognised regulatory bodies goes in a favour of common democratic people. Expands the horizon for organizations not just concentrate on profits but also indulge in social events, helps solving all sorts of economic, social, & cultural issues exists in the society(acknowledged, unacknowledged). The style of management is all together changed for the betterment of society, millennial adopted new trends in the field of management such as Globalization, usage of Technology, Sustainability & Corporate Social Responsibility, Study of Psychology, & Business Ecosystem. All these trends smartly followed by the managers to perform their tasks effectively. Whereas top level management keen to excel in Corporate Social Responsibility (CSR) front, which helps creating their Brand Image & boosts Goodwill, hence increases the value of firm. CSR can also be known as Triple Bottom line which includes Social, Environmental (or ecological), & Financial framework. As per the Law, schedule vii of Company Act 2013 narrates that it is mandatory for top companies fall under particular standards set by the act in context to their Net Worth, Turnover, & Net Profits, have to indulge themselves in Corporate Social Responsibility (CSR) & Sustainability towards society, such as contribution in the fields like Education, Environment, & Health Care & many more.*

In India, the corporations such as Aditya Birla Group, Tata Group, & Indian oil Corporations since their inception has been indulged in serving the community, there are many more esteemed corporate identities who also have been contributed significantly towards well being of society, Mahindra & Mahindra Ltd. ranked first in 2014 top companies surpassing Tata Steel Ltd. in CSR contribution. We are going to analyze the performance of top 100 corporate companies & their contribution in Economy & its overall impact on society & on Stakeholders. Also shed some light towards the steps taken by the government to encourage the entrepreneurs to do more & make CSR as a culture which is to be followed by as many, one way or another.

Keywords: *Triple Bottom Line, Millennial, Net Worth, Stakeholders.*

Definition:

Corporate Social Responsibility, often abbreviated “CSR” is a corporation’s initiative to assess & take responsibility for the company’s effects on environment & social wellbeing. The term

generally applies to efforts that go beyond what may be required by regulators or environmental groups.

CSR may also be referred as “Corporate Citizenship” & can involve incurring short term costs that do not provide an immediate financial benefit to the company, but instead promote positive social & environmental change.

Investopedia.com

Introduction

The welfare of the society is not solely depends upon the Public Policies constructed by government, the corporate also need to participate in solving societal issues such as Education, Environment, Health Care & many more.

Earlier in India CSR used to be imposition, mandatory task to perform by the corporations. Especially by Multi-National Corporations with no social, cultural, & emotional attachments, who only invested in India to make profits & utilize its cheap resources. Much initiative has been taken by millennial coping up with the contemporary corporate environment of modern society & possess positive intentions to do good deed. In order to succeed & make change the organisations need to consider CSR tasks as one of their primary aspect along with their mainstream business, while performing CSR acts they are certain about their objectives that what they actually want to achieve (clear objective), & investments they are putting in terms of capital, human resource, & time, also being transparent about the outcomes in measuring the performance publically. If there is development in society & in its standard of living, one way or other there will be a definite advantage to the businesses & organizations in terms of increase in their brand value, goodwill, hence increases the wealth & wins over the trust of consumers. In recent times CSR is not just a set of activities which businesses needed to perform but in modern times like 21st century it has become an opportunity for entrepreneurs.

As per Companies Act 2013, of schedule vii with effect from 2014, this act comes up with the standards & guidelines for the corporate organizations, which is mandatory to follow by all those companies who falls in that category. Rule states the company whose net worth is rupees 500 crore or more &

whose turnover is rupees 1000 crore or more & net profit earned by that company is rupees 5 crore or more has to spend at least 2% of last 3 years net profits & indulge themselves in performing towards corporate social responsibility activities.

Securities Exchange board of India (SEBI) notified on August 13, 2012, that companies should be accountable to the larger society for all the tasks & events & endeavours initiated by them. SEBI also mandated the inclusion of responsibility report along with their financial reports for the top 100 listed entities based on market capitalization at Bombay Stock Exchange (BSE) & National Stock Exchange (NSE) & it is compulsory to make that information available on website. For those who do not belong to the top 100 listing this reporting regulation does not impose on them but SEBI encourages them to follow this transparent reporting regulation even though it is not mandatory.

Evolution of CSR in India:

Evolution means change over the period of time in the field of CSR, India among many countries has the ancient trend to follow CSR which brings altogether positive impact on communities, cultures, societies & environment in which corporate operates.

Four phases of CSR in India: India is one among those countries who follows the tradition of CSR for so long, history of CSR in India is classified into four phases; these phases are basically the times at which there were different situations & issues faced by our society. The corporate along with the public & government acts accordingly for people welfare. Each phase brings contemporary changes as compare with the previous depends upon the changes in external environment of our economy, for example Political, Socio-Cultural, Technological, & Economical changes.

First phase:

In the first phase there were no industries, it was the period called pre-industrialization period which lasted till 1850, it was the phase of charity & philanthropy (love for humanity, sense of caring). The wealthy merchants contributed a part of their fortune with wider society by constructing holy places for religious cause. Moreover they also provide food for the poor from their godowns helps them securing integral position in the society. After mid 19th century the industrial families like Tata, Godrej, Modi, Birla, Singhanian came into existence & they were more inclined towards economical & social consideration.

Second phase:

It was the phase of independence movement, due to which industrialists were stressed to prove their dedication for society that was when Mahatma Gandhi comes up with the notion of "Trusteeship" which means that industrialists should manage their wealth to benefit common people. Issues like

untouchability, encourage empowerment of women & development in rural area.

Third phase:

This phase was between the time period of 1960-1980 so called "The Era of Command & Control" due to the emergence of Mixed Economy & Public Sector Undertakings (PSUs) & introducing laws relating labour & environmental standards. This system made private sector to take back seat by imposing licensing regulations & high taxes. Public sector had become the important player for the development, in spite of emphasising over transparency & social accountability during this phase the CSR was unable to catch any steam.

Fourth phase:

In the fourth phase (1980-2013) economic reforms had been introduced by Dr. Manmohan Singh in which he introduced terminologies like Globalization, Liberalization, & Privatization, hence the private sector was back on for their contributions. Globalization policy opens doors for foreign trade, & the government changes in their regulations & had become more liberal towards private sector, abolish licensing & decrease taxation. Manufacturing with motives to exports the manufacturers need to closely compliance with the international standards of developed nations, also helped improving our standards. (wikipedia, 2016)

Top companies & their contribution in CSR:

Top enterprises like Tata Group, Aditya Birla Group Indian Oil Corporations, Mahindra & Mahindra Ltd, & many others since their inception has been doing some tremendous work for the benefit of common people, these companies help overall development in the economy, provide employment opportunities, raise the standards of living, creates awareness among customers, giving donations & make charities for regional development. Corporates also joint hands with Non-Government Organizations (NGOs) to address wider social problems use their expertise & take appropriate measures.

A comparative survey of 2013 & 2014 done by Economics Times along with Futurescape & IIM Udaipur it was found out that only 18% companies who met the compulsory 2% spending regulation set in company act 2013 in schedule vii, & in the list of top 10 no service company is to be found. In that study it reveals that companies engaged themselves with communities in a most predictable way, such as the area covered by them are "Education, Environment, and Healthcare". They need to dig little deeper & starts thinking outside the box & initiate the campaigns like women's empowerment & support any sports but cricket like hockey our national sports, so the others can learn from them.

Following are the top 10 ranked companies performing CSR in India:

Rank	Company (2014)	Rank	Company (2013)
1	Mahindra & Mahindra	1	Tata Steel
2	Tata Power Co	2	Tata Chemicals
3	Tata Steel	3	Mahindra & Mahindra
4	Larsen & Toubro	4	Maruti Suzuki India
5	Tata Chemicals	5	Tata Motors
6	Tata Motors	6	Siemens
7	GAIL (India)	7	Larsen & Toubro
8	BPCL	8	Coca-Cola India
9	Infosys	9	SAIL
10	Jubilant Life	10	Infosys

(India's top companies for CSR & sustainability, 2014)

As per top 10 ranked companies mention above the Mahindra & Mahindra jumped up by two numbers from 2013& become the top company in the year 2014, Tata enterprise has their four companies in the top ten list of 2014 out of which Tata Power Company ranked 2nd who is nowhere to be found in the year 2013, Larsen & Toubro also jump up by three number & ranked 4th, Infosys had remained consistent but up by a number & ranked 9th in the division, lastly Coca-Cola India is out from top 10 position.

Here are top 10 companies with their investment in CSR:

	Company	Investment in CSR
1	Mahindra & Mahindra	Trained 13,000 youth in Pune, Chennai, Patna, Chandigarh, & Srinagar. Planted 7.9 Million trees including four million trees in tribal belt of Araku Valley. Constructed 4,340 toilets in 1,171 locations across 11 states & 104 districts especially for girls in government schools as a part of Swachh Bharat Swachh Vidyalaya. Expenditure on CSR was Rs 83.24 crore – 2% of PAT.
2	Tata Power Co	Total spending in financial year 2015 was Rs 31.1 crore against the 2% PAT requirement of 29.8 crore.
3	Tata Steel	Total spending on CSR activities in 2014-15 was Rs 171.46 crore which was 2.04% of average net profit for last 3 years.
4	Larsen & Toubro	Total spending Rs 76.54 crore on CSR which was 1.44% of average last 3 years net profit.
5	Tata Chemicals	Rupees 12.76 crore which is 2.93% of one year profits after tax.

6	Tata Motors	Rupees 18.62 crore on CSR in 2014-15.
7	GAIL (India)	Rs 71.89 crore which was 1.21% of net profit of last 3 years against 118.67 crore.
8	BPCL	CSR allocated Rs 76 crore, spent Rs 33.95 crore.
9	Infosys	Spent 2% of its average net profit of last 3 year on CSR.
10	Jubilant Life	Fulfil 2% requirement.

(Utkarsh Majmudar, 2015)

Top 30 companies with their key CSR areas are as follows:

Top companies	Key CSR Areas
Mahindra & Mahindra	Focus on girl child, youth & farmers
Tata Power	Education, Environment, community development, health, safety, security, resources & energy conservation, women empowerment, skills development & livelihood generation,
Tata Steel	Education, healthcare, facilitation of empowerment & sustainable livelihood opportunities, preservation of ethnicity & culture of indigenous communities & sports.
Larsen & Toubro	Water & sanitation, education, healthcare & skill building.
Tata Chemicals	Sustainable community development & preserving the ecosystem.
Tata Motors	Education & employability (skill development)
GAIL	Health, sanitation, education, skill development, livelihood, & environment.
Bharat Petroleum	Quality education (strengthening primary, secondary education & empowering teachers), water conservation, skill development, health/hygiene & rural development.
Infosys	Removing malnutrition, improving healthcare infrastructure, supporting primary education, rehabilitating abandoned women & children, & preserving Indian art & culture.
Jubilant life Sciences	Elementary education, improving health indices, employability & promoting social entrepreneurship.
Reliance industry ltd	Rural transformation, healthcare, education, environment, protection of national heritage, art & culture, disaster response
ACC ltd	Community development, education, medical assistance, national health initiatives, national disaster, conservation of heritage, greening areas, water management, & kiln to bag house.
Shree Cements Ltd	Education, health, mining & grinding.

Maruti Suzuki India	Green manufacturing, energy conservation, water conservation, solid waste management, green products, cleaner technologies, green supply chain, occupational safety.
Hindustan Unilever Ltd	Water conservation, sustainable living, stakeholder interest.
Cummins India	Sustainability, healthcare, education.
Tata Consultancy Services Ltd	Education, health, & environment, skill development initiative
UltraTech Cement Ltd	Education, healthcare, sustainable livelihood, & employment.
Indian Oil Corporation Ltd	Enrich the quality of life of community; preserve ecological balance & heritage through strong environmental conscience.
Essar Oil; Ltd	Healthcare, education, livelihoods, women's empowerment.
JSW Steel Ltd	Sound security, sports, education, health, livelihood & empowerment – especially for women, art culture & heritage.
Steel Authority of India Ltd (SAIL)	Healthcare, education, water, model steel villages, solar power, calamity aid, vocational training, sports, preservation of art & culture.
Ambuja Cements Ltd	Environment, health, & safety.
HDFC Bank Ltd	Healthy ecosystem, strong communities.
Dabur India Ltd	Eradicating hunger, poverty, & malnutrition, healthcare, environmental sustainability, skills development & livelihood, gender equality, & rural development.
Cisco Systems India Pvt. Ltd	Education, infrastructure development.
Oil & Natural Gas Corporation Ltd	Environment protection, ecological conservation, protection of heritage sites.
Wipro Ltd. Rank	Education, employment, & poverty.
Yes Bank Ltd	Livelihood, water security, environment sustainability, safe & clean drinking water.

The above mention information regarding companies key CSR areas has been taken from their websites.

Companies ranked from 31 to 100 in CSR:

31	Welspun corp Ltd	67	Asian Paints Ltd
32	Bharat Electronics Ltd	68	Oil India Ltd
33	Vendata Ltd	69	RECL
34	Siemens Ltd	70	PLNG Ltd
35	Hindustan Construction Company Ltd	71	Kodak Mahindra bank Ltd
36	RCFL	72	Sun pharmaceutical industries Ltd
37	ITC Ltd	73	Adani power Ltd
38	Bajaj auto Ltd	74	Lupin Ltd
39	HPCL	75	DLF Ltd
40	HIL	76	Exide industries Ltd
41	HCL Tech Ltd	77	SSL
42	Jindal steel & power Ltd	78	Reliance communication Ltd
43	RLL	79	Indusind bank Ltd
44	Nestle India Ltd	80	INGVBL

45	BHEL	81	Bharti airtel Ltd
46	CFCL	82	ICICI bank Ltd
47	NTPC Ltd	83	Coal India Ltd
48	Titan company Ltd	84	IDFC Ltd
49	Idea cellular Ltd	85	Havells India Ltd
50	PGCIL	86	GMR infrastructure Ltd
51	JAL	87	Union bank of India
52	Tata global beverages Ltd	88	Cipla Ltd
53	National aluminium company Ltd	89	Container corporation of India Ltd
54	Genpact	90	Aditya birla nuvo Ltd
55	CIL	91	Bharti infratel Ltd
56	ABB India Ltd	92	NHPC Ltd
57	Godrej consumer product Ltd	93	Mangalore refinery & petrochemicals Ltd
58	Bosch Ltd	94	Ranbaxy laboratories Ltd
59	NLCL	95	Aadani enterprises Ltd
60	Axis bank Ltd	96	PNB
61	Hero motocorp Ltd	97	Cadila healthcare Ltd
62	Hindustan zincltd	98	Jain irrigation system Ltd
63	NMDC Ltd	99	Reliance power Ltd
64	MMFSL	100	Citibank
65	Tata communications Ltd		
66	Tech Mahindra Ltd		

(Utkarsh Majmudar, 2015)

As per the Schedule vii of company law act 2013 the companies who fits in the standards set by the law had to perform CSR activities, & had to spend 2% of their average net profit for the past three years. Securities & Exchange board of India (SEBI) mandates reporting of responsibility accounting for the top 100 listing companies, & information has to be posted on their company's website. SEBI also encourages other companies for reporting but it is not mandatory for them.

Corporate Social Responsibility is the endeavour needs to be performed by entrepreneurs, which helps solving the issues of society, improves infrastructure, generates employment opportunities hence raises the standard of living. Most importantly while solving social issues they create awareness among people, towards the areas considered taboo in our society such HIV/AIDS, homosexuality. Companies also focus their attention on areas like 'skills development & livelihood, women empowerment, save water, save paper, saving national art & heritage' & many more, help make significant change in society but we still have a long road to cover & we are indeed moving towards it in a most reasonable manner.

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