

**CORPORATE SOCIAL RESPONSIBILITY IN INDIA
BEYOND THE LEGAL MANDATE**



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Supervised by

Dr. S.C. Singh

Professor of Law

National Law University, Assam

Submitted by

Neelima Gaur

SF0220016

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SUPERVISOR CERTIFICATE

It is to certify that Ms. NEELIMA GAUR is pursuing Master of Laws (LL.M.) from National Law University, Assam and has completed his/her dissertation titled “CORPORATE SOCIAL RESPONSIBILITY IN INDIA: BEYOND THE LEGAL MANDATE” under my supervision. The research work is found to be original and suitable for submission.

A rectangular box containing a handwritten signature in blue ink. The signature appears to be 'Subhash' followed by a flourish.

Dr. Subhash Chandra Singh
PROFESSOR OF LAW
National Law University, Assam

Date: 15.7.2021

DECLARATION

I, NEELIMA GAUR, pursuing Master of Laws (LL.M.) from National Law University, Assam, do hereby declare that the present dissertation titled “CORPORATE SOCIAL RESPONSIBILITY IN INDIA: BEYOND THE LEGAL MANDATE” is an original research work and has not been submitted, either in part or full anywhere else for any purpose, academic or otherwise, to the best of my knowledge.

A handwritten signature in black ink on a light yellow background. The signature appears to read 'Neelima Gaur'.

NEELIMA GAUR

SF0220016

Date: 15.7.2021

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PREFACE

The importance of Corporate Social Responsibility has emerged significantly in the last decade. CSR is an entry point for understanding several firm-related and societal issues and responding to them in a firm's business strategy. However, there is also an emerging approach towards protecting the environment and stakeholder's interest. Emerging countries like India have also witnessed a number of firms actively engaged in CSR activities, and the Ministry of Corporate Affairs has come up with voluntary guidelines for firms to follow. Companies in India have quite been proactive in taking up CSR initiatives and integrating them in their business processes.

India has its own challenges as an emerging nation. On the one hand, it has the world's second largest population and predicted to have one of the world's youngest and thereby the largest working population by 2026; yet on the other hand, it ranks 131 among 186 countries in the Human Development Index (HDI). This means that India has a great volume of people, who have a low life expectancy, education, and per capita income. Recent estimates also suggest the need for empowerment of India's women and human resources. That is to say, human resource development and empowerment is imperative in this context. Moreover, the environmental regulations in India lag similar regulations in OECD countries by almost a decade. Hence, not just socio-economic parameters, but India also need to upgrade its environmental indicators to transition into a developed economy.

Thus, the CSR mandate has been a positive move, with more organizations committing to CSR and more funds being mobilized. However, there are certain limitations which restrict the smooth implementation of CSR programs and hinder the attainment of motive behind the CSR mandate. The objective of this research is to highlight the importance of CSR to encourage the businesses to go beyond the mere compliance and to make effective efforts to identify the potential challenges in complying with CSR policy. The businesses must realize that it is their own benefit to comply with CSR law both in letter and in spirit. The whole research work can be justified through the following quote:

“What Corporations do to society is far more important than what corporations can do to society”
– Peter Druker

TABLE OF STATUES

ACTS/RULES:

2013- The Companies Act

2021- The Companies (Corporate Social Responsibility Policy) Amendment Rules

INTERNATIONAL PRINCIPLES/GUIDELINES:

1. National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business 2011
2. United Nations Global Compact
3. The UN Guiding Principles on Business and Human Rights
4. OECD Guidelines: Multinational Enterprises
5. Institute of Social and Ethical Accountability: Accountability's AA 1000 Series of Standards
6. Social Accountability International (SAI): SA 8000 Standard
7. ISO 26000: Social Responsibility
8. Global Compact Self-Assessment Tool

ABBREVIATIONS

	AIIMS	All India Institute of Medical Sciences
	BPCL	Bharat Petroleum Corporation Limited
	BPL	Below Poverty Line
	CDP	Carbon Disclosure Project
	CFP	Corporate Financial Performance
	CGST	Central Goods and Services Tax
	CDLI	Carbon Disclosure Leadership Index
	CO2	Carbon Dioxide
	CSP	Corporate Social Performance
	CSR	Corporate Social Responsibility
	CWME	Composite Water Management Index
	ESG	Environmental, Social, and Governance
	ESOPs	Employees Stock Option Purchase
	FY	Financial Year
	FSSAI	Food Safety and Standards Authority
	GHG	Green House Gases
	HDI	Human Development Index
	HPCL	Hindustan Petroleum Corporation Limited
	HUL	Hindustan Uni-Lever
	IITs	Indian Institute of Technology

IFCCI	Indo-French Chamber of Commerce and Industry
IOCL	Indian Oil Corporation Limited
ITIs	Industrial Training Institute
ITC	Input Tax Credit
JCMB	Jan Chetna Manch Bokaro
KPI	Key Performance Indicators
MCA	Ministry of Corporate Affairs
MNCs	Multi-National Corporations
MSK	Mission Sunhera Kal
NGOs	Non-Government Organization
NCI	National Cancer Institute
NITs	National Institute of Technology
NITI	National Institution for Transforming India
OECD	Organization for Economic Cooperation and Development
ONGC	Oil and Natural Gas Corporation
PSUs	Public Sector Units
PPM	Parts Per Million
SEBI	Stock Exchange Board of India
SDG	Sustainable Development Goals
STP	Sewage Treatment Plants
TBL	Triple Bottom Line

	TQM	Total Quality Management
	UNDP	United Nations Development Programme
	UN	United Nations
	UNGC	United Nations Global Compact
	UNICEF	United Nations International Children's Emergency Fund
	WOW	Well-being Out of Waste

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CHAPTER 1

INTRODUCTION

1.1. INTRODUCTION

“Whenever you are in doubt...recall the face of the poorest and the weakest man whom you may have seen and ask yourself if the step you contemplate is going to be of any use to him? Will he gain anything by it? Will it restore him to control over his own life and destiny? That Test alone can make your plans and programmes meaningful.”

-Mahatma Gandhi

Corporates have long been regarded as the engines of economic stability and progress, delivering vital services and goods that directly benefit the community's health. In the past where profit gaining was the only motive behind the corporates, the concept like social and environmental responsibility was unknown. However, when a company grows and evolves, it should not just act as an economic engine, but also as a steward of societal issues such as environmental concerns, human and labor rights, and so on. Globalization and the goal for equitable development have created new problems and opportunities in the twenty-first century. Because business is regarded as an important and legitimate part of society, it should generate money by ethical ways. They serve a vital and functional role in the maintenance and expansion of healthy ecosystems, the promotion of social inclusion and equity, and the preservation of ethical practices and good governance. Companies that implement good CSR have a reputation for being socially responsible and gain long-term growth in their operations.

The World Bank, the United Nations Development Programme (UNDP), the Organization for Economic Co-operation and Development (OECD), the European Commission, and multinational corporations (MNCs) have all actively promoted CSR. Even now, CSR remains primarily charitable, but it has evolved from state-building to societal development with global implications. The Indian Companies Act of 2013 established the CSR in India, and it describes the mandate in greater detail and transparency. The CSR activities are listed in Schedule 7 of the Act, indicating that the focus of CSR policy is on "community welfare". The Draft rule, on the other hand, emphasizes the link between the company and its stakeholders while also incorporating CSR

efforts into business goals, implying that CSR must go beyond philanthropy. It would be fascinating to investigate how CSR has evolved in India and how it is implemented on the ground.

When writing about Corporate Social Responsibility (CSR), one must assume the responsibility of educating the reader on the subject. Therefore, this study begins by attempting to comprehend the growth of the notion of corporate social responsibility (CSR) and its present interpretations. The expanding role of private enterprise in India's economy and an improved efficiency of the government to raise the living standards of the citizens have mobilized the corporate social responsibility horizon in the past decades. Recently, the post covid pandemic has shined a spotlight on not just the role of government, but also of societies, companies, and individuals in creating better outcomes for all of us. The introduction of mandatory CSR provision in the Companies Act 2013 has witnessed the magnitude of philanthropy in terms of donation from Indian residents which has grown from around INR12500 crore in 2010 to INR55000 crore in 2018. The researcher attempted to illustrate the evolution of the notion of corporate social responsibility in India up to the CSR legislation and beyond in this article. The researcher also attempted to assess the effects of Section 135 of the Companies Act 2013 as well as the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 in terms of how these have stimulated and evolved the function of corporations in the CSR area. This study also aims to investigate the position in the Indian setting, by providing some historical context as well as contemporary practices followed by leading corporations. Throughout the investigation, the researcher attempted to highlight some recommendations and ideas for how CSR might be integrated into company's goals. Scheming the corporate social responsibility projects according to the globally accepted standards has lot of benefits as it ensures quality in procedures which thereby leads to transparency, accountability, and accuracy- this can be assured through improved CSR reporting. These principles include: Corporate Social Responsibility Voluntary Guidelines, 2009, National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of business, 2011 and the UN Global Compact. The introduction of the National Guidelines for responsible Business Conduct-2018 by Ministry of Corporate Affairs, and the Business Responsibility and Sustainability Reporting by SEBI evidences the fact that CSR policies and their implementation are aligning with the global framework to measure the impact of the social responsibility projects. In the end, the researcher has also tried to highlight weaknesses in implementing CSR strategies and has tried to suggest possible strategies to strengthen the implementing framework.

Corporations may act in two ways:

1. Corporations functioning in the global economy support human rights by providing jobs, establishing safe and healthy working environments that support appropriate living standards, making sustainable products, and exhibiting respect for the rule of law by operating within legal boundaries.; or
2. Corporations participating in the global economy also violate human rights by not offering equal opportunity to all, creating unhealthy working conditions, polluting the environment, engaging in bribery, and removing indigenous tribes from their land. Therefore, CSR Policy of a corporation tries to avoid these human rights violations strictly by imposing stringent business ethics or the 'Code of Ethics'.

To summarize, this paper tries to explain as to how CSR programs and activities benefit the businesses and why should they contribute a part of their profits to the social, economic, or environmental cause and how the concept of CSR has revolutionized beyond the legal mandate. In today's corporate world, the Vedic principle of "Sarva Loka Hitam," or "the well-being of all stakeholders," has regained prominence. The concept has grown over time and is now employed as a strategy and a commercial opportunity to gain the goodwill and trust of stakeholders. And trust, they say what drives business excellence.

It is hoped that this research paper proves to be helpful for the readers and the corporates to understand the importance of CSR and how to implement successful CSR practices to bring about a sustainable change.

1.2. STATEMENT OF PROBLEM

Philanthropy wasn't something that made for Boardroom conversation. But with liberalization and globalization, new business leaders openly embraced the idea of giving back and since then this philanthropy took the form of corporate social responsibility or the CSR. And the scope of CSR was further accelerated by the Companies Act 2013 incorporating the mandatory CSR provision under Section 135 for certain class of companies. Since the legal mandate, the quality and quantity of CSR Disclosure is increasing but there are huge gaps in attaining the main objectives of Section 135 of the Act. For example, while the degree of disclosure has increased by 15% since the baseline

year, it remains at 33%. Companies have failed to disclose information about how surplus from CSR programmes is handled. According to a survey by rating agency Crisil, companies spend only 2% of their profit in fiscal year 2018, or INR10000 crores, on CSR operations. Furthermore, there are significant disparities between the vast sums of money spent on CSR programmes and their real impact. There is a need to increase the quality and impact of all expenditures on the ground, as well as to provide improved methods of measuring their impact. The Companies (Amendment) Act 2019 and the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021, have included effective provisions to address these issues, such as implementing fines for failing to spend the prescribed amount on CSR activities and making impact mandatory. In addition to this we need to identify the loopholes which harm the ability to comply with CSR law in both letter and spirit which needs to be addressed.

1.3. RESEARCH OBJECTIVES

The following are the aims of this paper:

- To investigate the notion of CSR and examine its relevance to corporate success.
- To study the history of CSR in India and its evolution after the legal mandate.
- To study the CSR approach and practices of top companies.
- To examine the international framework of CSR.
- To understand the weaknesses in implementation of CSR policies and to suggest possible solutions.

1.4. SCOPE/LIMITATION

This study focuses on the analytical impact of Section 135 of the Companies Act 2013 since its enactment. The researcher attempted to clarify the notion of CSR and why businesses should align their aims and operations along the lines of Environmental, Social, and Governance (ESG) issues and contribute to CSR activities not only in the letter of the law but also in the intent of the law. This paper also highlights the legal international framework which incorporate global CSR practices and standards which the corporates are expected to follow. It also highlights the practices

of top companies and their approach towards CSR strategies. Last but not the least, the researcher has made sincere efforts to point the weakness in CSR implementation framework.

The entire study is concise to limited availability of resources and time. Another limitation of this research project is that the researcher has compared the CSR data of the period 2014-2019 in Chapter 3 (The CSR Mandate) as there was insufficient data available for effective comparison. Therefore, the researcher could not include the latest comparison of the CSR implications.

1.5. LITERATURE REVIEW

The paper '*Corporate Social Responsibility for Charity or for Service Business*' (2008) by Bo Enquist, Bo Edvardsson & Smauel Petros Sebathu is the first article in the service literature which combines CSR and the service logic. The paper shows real business cases where CSR is an important part of value creation and value-in-use, from a stakeholder perspective. It illustrates a comparative study of four service firms, with particular emphasis on their different CSR activities and how these affect the mission of each company.

'Corporate Social Responsibility: A Philosophical Approach from an Ancient Indian Perspective' (2008) by Dr. Balakrishnan Muniapan & Mohan Dass Mohan. In this paper, an attempt has been made to explore the philosophy of CSR from an ancient Indian perspective. This paper is based on qualitative research methodology, revealing some ancient lessons on CSR which can provide guidance to corporate leaders today.

The paper '*Corporate Social Responsibility as a Conflict Between Shareholders*' (2010) by Amir Barnea & Amir Rubin investigates the relation between firm's CSR ratings and their ownership and capital structure. Assuming that higher CSR expenditure level, the author argues that insiders (managers and large blockholders) induce firms to over-invest in CSR when they bear little of the cost of doing so.

The article '*Corporate Social Responsibility in India*' (2011) authored by Seema Sharma attempts to examine the concept and practices of CSR in India based on the primary data collected from seventeen business houses in India. The author discusses CSR amongst select Indian enterprises and concludes with a critical evaluation of their CSR initiatives.

The paper *'Corporate Social Responsibility: A Strategic Advantage or a Strategic Necessity?'* (2012) by Joyce Falkenberg & Petter Brunsael seeks to explain the relationship between CSR and performance of the firm. It focuses on four outcomes of CSR initiatives: strategic disadvantage, strategic necessity, temporary strategic advantage, and the strategic advantage.

The book *'Corporate Governance and Social Responsibility'* (2012) authored by Dr. Arvind Jain and Nisha Jain, includes the various aspects of corporate governance and social responsibility i.e., CSR, operation efficiency, corporate governance etc. The book also describes the latest developments on the subject.

Corporate Social Responsibility: Issues and challenges in India (2016) authored by Chand Singh. In this paper the author highlights the issues and challenges that arise in implementing CSR strategies or programs.

The paper *'Understanding CSR- Its History and the Recent Developments'* (2017) by Neelam Jhawar & Shasta Gupta attempts to understand the evolution of the concept of Corporate Social Responsibility and its current interpretations. It seeks to explain as to how just being meant to refer to philanthropy, CSR has come a long way to include the impact of Companies' activities on the environment, economy, society and all the stakeholders.

Mandated Corporate Social Responsibility in India: Opportunities, Constraints, and the Road Ahead by Nayan Mitra, Debmalya Mukherjee & Ajai Gaur. This paper deals with the provisions of Clause 135 of the Companies Act 2013 and its implication on the Indian firms. To this end, this paper seeks to identify the opportunities created out of CSR mandate and the challenges in complying with the CSR law and implementing CSR programs.

The *'Impact of strategic management, corporate social responsibility on firm's performance in the post mandate period: Evidence from India'* (2021) authored by Nayan Mitra aims to identify the relationship of strategic management and CSR with firm's performance. This paper is one of the first research and documentations done among the large Indian firms in India immediately in the post mandate period and thus forms a base for understanding the CSR dynamics in the years to come.

Mandatory Corporate Social Responsibility: The India Experience, authored by Abhishek Mukherjee, Ron Bird & Geeta Duppati. In this paper. The author has tried to explain the implications of the CSR mandate- both on the business community and the society as a whole.

1.6. RESEARCH QUESTIONS

- What is the relationship between CSR and the firm's performance?
- What is the effect of the Section 135 of the Companies Act since 2013?
- Why there is a gap between CSR spending and actual impact created?
- What should be the CSR priority areas and why?
- How can companies align CSR within the business goals?
- How can CSR programs achieve social impact?

1.7. RESEARCH METHODOLOGY

The author has used the doctrinal method of study. The author has studied various online articles and journals, books, newspapers, and reports published on government as well as private websites such as the KPMG report. To explain the concept and the findings, the author has taken help of bar charts and tables.

1.8. RESEARCH DESIGN

The complete research work is divided into 7 chapters divided into sub-chapters. The details of the chapters are given hereunder:

Chapter 1: This is the introductory part which envisages the complete structure of the research project. It contains the research questions, objectives, scope and limitations, and the methodology adopted to study the topic.

Chapter 2: This chapter is divided into three sub-parts. The first part throws light on the concept of Corporate Social Responsibility- the true meaning of its and its various features. The Second part deals with the CSR and Sustainability Development Goals (SDGs) and how these two goals can be aligned to each other and then integrated into business goals. The last part explains the

relationship between CSR and business goals i.e., it explains the relationship or motive behind undertaking CSR operations along with business activities, and hence this part seeks to find the answer to the first research question.

Chapter 3: This chapter is divided into three sub-headings-

First part highlights the history of CSR and its evolution. The second and third part lays down the legal provisions of the CSR mandate and its implications on the corporates. The researcher has compared and analyzed the data of five years i.e., 2014 to 2019. This chapter attempts to find answers to the second research question.

Chapter 4: This chapter gives a detailed overview of the international framework of CSR law.

Chapter 5: The ‘CSR Compliance’ seeks to study the challenges which revolves around the successful implementation of CSR law, policy rules and CSR programs. It tries to explain the answers to the research question i.e., why there is a gap between the CSR spending and the actual impact.

Chapter 6: This chapter incorporates the best practices of top five companies in the list of top 10 companies performing on the CSR index in the year 2020.

Chapter 7: The chapter is divided into three sub-chapter:

First sub-chapter deals with the CSR model in India which structures the priority areas for CSR implementation and why the company must invest in these areas. This chapter identifies the priority areas and explains why there is an urgent need for businesses to consider these areas while implementing their CSR policy. Hence, it answers the fourth research question.

The second part summarizes the ideas as to how the businesses can align their profit goals with CSR goals to tackle the challenges which often crop up while implementing the CSR programs and how they can achieve a significant impact on the society. This chapter deals with the fifth research question.

The third part deals with the provisions of the new amendment with respect to impact assessment and how this new provision is going to affect the organizations. It covers the many areas of impact assessment as well as the difficulties encountered in implementing the new amendment.

1.9. MODE OF CITATION

A uniform style of citation has been adopted throughout the dissertation. The Oscola uniform style of citation (4th edition) has been adopted.

CHAPTER 2

UNDERSTANDING CORPORATE SOCIAL RESPONSIBILITY

2.1. INTRODUCTION

a) Overview of Corporate Social Responsibility:

CSR is considered as a moral obligation for businesses to represent the interests of all stakeholders (including employees, shareholders, society, and environmental considerations) in all aspects of their operations. This moral commitment is perceived to extend beyond their legal liability to comply with legislation. CSR stipulates that organizations must weigh its profit-making motive and the needs of all stakeholders on an equal footing.

According to a widely cited definition from the World Business Council for Sustainable Development,

“CSR is the persistent dedication of business to behave with integrity and contribute to economic growth while enhancing the quality of life of the workforce and their families as well as the society at large”.

Practices of CSR can be traced back to the ancient Greece. A comparable approach to CSR in India has also been interpreted from Vedic texts, according to which early notions of CSR were based on religious beliefs, integrity, and assurances.¹ The Categorical Imperative theory of Immanuel Kant considers such values as the one forming the dominant part of Golden Rule. Impliedly, it is understood as those who do not follow such values are considered as unethical and insensitive towards social welfare. Since then, development has been characterized by wealth accumulation, industrial revolution, and maximizing profits based on the theory of comparative advantage (propounded by David Ricardo). In this business environment, the concept and belief in CSR were overlooked and overshadowed by the need to generate profits.

¹Balakrishnan Muniappan & Mohan Dass, “Corporate Social Responsibility: A philosophical approach from ancient Indian perspective” [2008] IJICBM, Vol. 1, No. 4, pg. 412.

Following the World Wars, there was a renaissance of CSR practices. Howard Bowen introduced the contemporary notion of CSR from an academic standpoint in his book released in 1953. Bowen asked, “What kind of social obligations do the businesses owe to the society?” He defined CSR as the duty of businesses to make decisions or to formulate policies aimed at achieving societal objectives.² Every facet of Business has a communal dimension. CSR is designed to provide stability and resilience to society at large as well as to the stakeholders. According to Business for Social Responsibility (BSR), “Corporate Social Responsibility is regulating a business in a manner which meets or excels the moral, legal, economic, and public expectations that a society has from the business entity.”

From the ancient Indian perspective, CSR finds its roots in Vedic texts. In his work Arthashastra, Kautilya emphasized the significance of happiness for all stakeholders in an enterprise. He said that happiness is obtained not only via wealth and earnings, but also through doing the right thing in a fair way. Dharma is ineffective without wealth, and wealth without dharma is pointless because an impoverished cannot help the entire society. Taking these two principles together-wealth or resources coupled with ethical behavior can lead to happiness. CSR emphasizes that one must share the wealth equitably to create happiness.

Stakeholders signifies the various sections of the society wherein a business entity is one of the elements of society drawing out resources and catering to the needs and interests of these groups. The Corporates discovers and extracts the economic, human, and natural resources without contributing anything in return. Hence, the concept of CSR was conceived and introduced. The term ‘responsibility’ in CSR implies that organizations have some kind of liability towards the society in which it exists to resolve social issues and not merely act as a commercial engine. CSR is first step towards understanding common issues of business firms and public at large and then reacting to them in a business strategy.³ The term ‘CSR’ has been in use since the 1960s and its definition has evolved since then. In general, while the economic, statutory, moral, and discretionary obligations are placed on the business entities, at all points of time the society has a

² Howard R. Bowen, “Corporate Social Responsibility”_ <https://www.ipl.org/essay/Howard-R-Bowens-Corporate-Social-Responsibility-PJAM43SYN6>,_ accessed on 25 May 2021.

³ Chand Singh, “CSR: Issues and Challenges in India” [2016] IJARIE, Vol. 2, Issue. 6, pg. 1779.

common belief that the businesses will act responsibly. Some definitions of CSR by Indian Corporates are given hereunder:

Azim Premji, Chairman of Wipro Limited (1998)- “CSR aims for institutional development at elementary level. In the Indian context, it refers to an endeavour to establish a fair, civilised, and equal society in which every action, no matter how insignificant, is motivated by a bigger belief. This is true social action.

Ratan Tata, Chairman, Tata Group- “The evolving world has two options. The first is to sit idle and response when trouble arises. The second is to act as a responsible citizen and rise above our vested interest for the welfare of future generation, so that the history does not records that we dispossessed them of their livelihood”.

The interpretation of CSR is boundless. The notion of CSR has evolved immensely since its institution and now shares fiscal, social, and ecological aspects. CSR today embraces the Triple Bottom Line (TBL) concept.⁴ The term ‘TBL’ denotes the 3Ps- People (which assess how socially accountable an entity has been throughout its history), Planet (which assess how eco-efficient a firm has been), and Profit (measurement of business revenue). The word TBL was conceived by John Elkington in the year 1994, to measure the fiscal, environmental, and social gains in Corporate America. The TBL scheme integrates the goal of sustainability in business decision-making and encourages businesses to lay equal emphasis on social and ecological concerns as they do on economic concerns. However, integrating the TBL approach envisages multiple problems, for example, it is difficult to assess the social and environmental bottom lines which cannot be quantified in monetary terms. Companies also find it difficult to allocate resources or money to all three bottom lines without upholding one at the cost of another. But now Companies do realize that profits are important but not at the cost of social and environmental concerns.

In emerging economies like India, CSR has seen a shift from being a philanthropy to being socially responsible to multi-stakeholder. CSR is now widely acknowledged among shareowners as well as several other corporate stakeholders in India. CSR has become an effective instrument for

⁴ Neelam Jhavar & Shasta Gupta, “Understanding CSR- Its History and Recent Developments’ [2017] IOSR-JBM Vol. 19, Issue. 5, pg. 108.

companies to align business activities with the Sustainable Development Goals (SDGs), with a significant emphasis on welfare gains shown in the businesses' CSR projects. Most of the businesses consider society as one of its top stakeholders and believes in comprehensive growth. In the year 2019, most organisations continued their CSR efforts in the fields of education, health, livelihood, and rural development. According to the KPMG report, corporates in India have stretched their CSR wings throughout 20 states and union territories, with Maharashtra scoring the highest, with 243 CSR programmes being implemented in 2018-19. The report also revealed that about 11.70 percent of CSR operations are based in Maharashtra, followed by approximately 7.70 percent in Uttar Pradesh, 5.30 percent in Kerala, 5.10 percent in Rajasthan, and 4.30 percent in Odisha. Most of the States were able to direct more funds towards specific Schedule VII activities. For instance, INR 2775 Crores were spent towards education, INR 2145 Crores on health and sanitation, INR 700 Crore on environment, INR 38 Crores on welfare funds and INR 4 Crores on technology incubators.

b) CSR is not Philanthropy⁵:

Philanthropy is an act of benevolence and is characterized by the donation of money, products, time, or effort to assist a charitable cause with a specific goal. It can be by an individual or by a corporate. Whereas CSR is a commitment of businesses to integrate all the three elements i.e., People, Planet, and Profit into decision-Making process and business operations. CSR is not a generous act; companies benefit from CSR initiatives in the long run. The following points indicate the distinction between philanthropy and CSR:-

- Philanthropy fails to add enough value to the company's goodwill among its shareholders since it focuses on how money is spent rather than how it is produced.
- The quantity of money donated to charity has nothing to do with how socially responsible the firm is or what its underlying reason is.
- Charity may have an unanticipated and negative impact on the company's image. It is a fact that whenever a company does anything without a specific cause, it creates a skeptical image in the mind of the consumer as he starts looking for a cause behind the act.

⁵ K. Padmaja, *Corporate Social Responsibility- Some Perceptions*.

- The shift from philanthropy to CSR was also necessary because philanthropy cannot be the sole determinant of CSR as it might not have the potential impact on the consumers, which is present in case of CSR.

c) Features of CSR:

- CSR is an old concept, but it has evolved over the ages.
- CSR motivates the businesses to look beyond just making profits and should invest in ideas that have a positive effect on the society as a whole.
- The notion of corporate social responsibility (CSR) is built on the idea that businesses are more than just profit generators. Being a dominant part of the economy, businesses exercise a significant influence on the society. Therefore, they should move beyond the profit-making motive and legal compliances.
- Social Responsibility is consistent with profit motive. A business cannot thrive in an under-privileged or less developed society. By serving the society, businesses can create an environment which is suitable for its success.
- CSR is a personal commitment. A business entity can discharge its obligation only through the persons who run it.
- Social Responsibility is an ongoing obligation. A business remains responsible to the society throughout its lifetime.
- The concept of CSR is based on moral conduct.
- CSR is more than statutory obligations. It involves willful efforts for the welfare of society.

d) Benefits of CSR:

The advantages of CSR are clear: better public image and financial returns. Contributing back is more feasible than ever and the benefits of CSR are undeniable; from client loyalty to having a competitive edge and, of course, making an optimistic impact on the society. The key benefits of CSR have been discussed hereunder:

Creating a loyal consumer. While many companies engage in CSR initiatives, their worth to consumers and the effect of CSR on purchasing decisions is not clear. However, consumers often feel contented when they purchase goods or services from those companies that promotes consumer welfare. According to one survey, around six-in-ten consumers say the social outcomes

of the company are important when deciding which product to buy. Not only is CSR viewed as an important part of recognition, but many see it as a duty of companies.

Making a positive impact on the society. When the organization considers society as their top stakeholders, they tend to make those decisions or indulge in such activities that have a morally binding effect on the society.

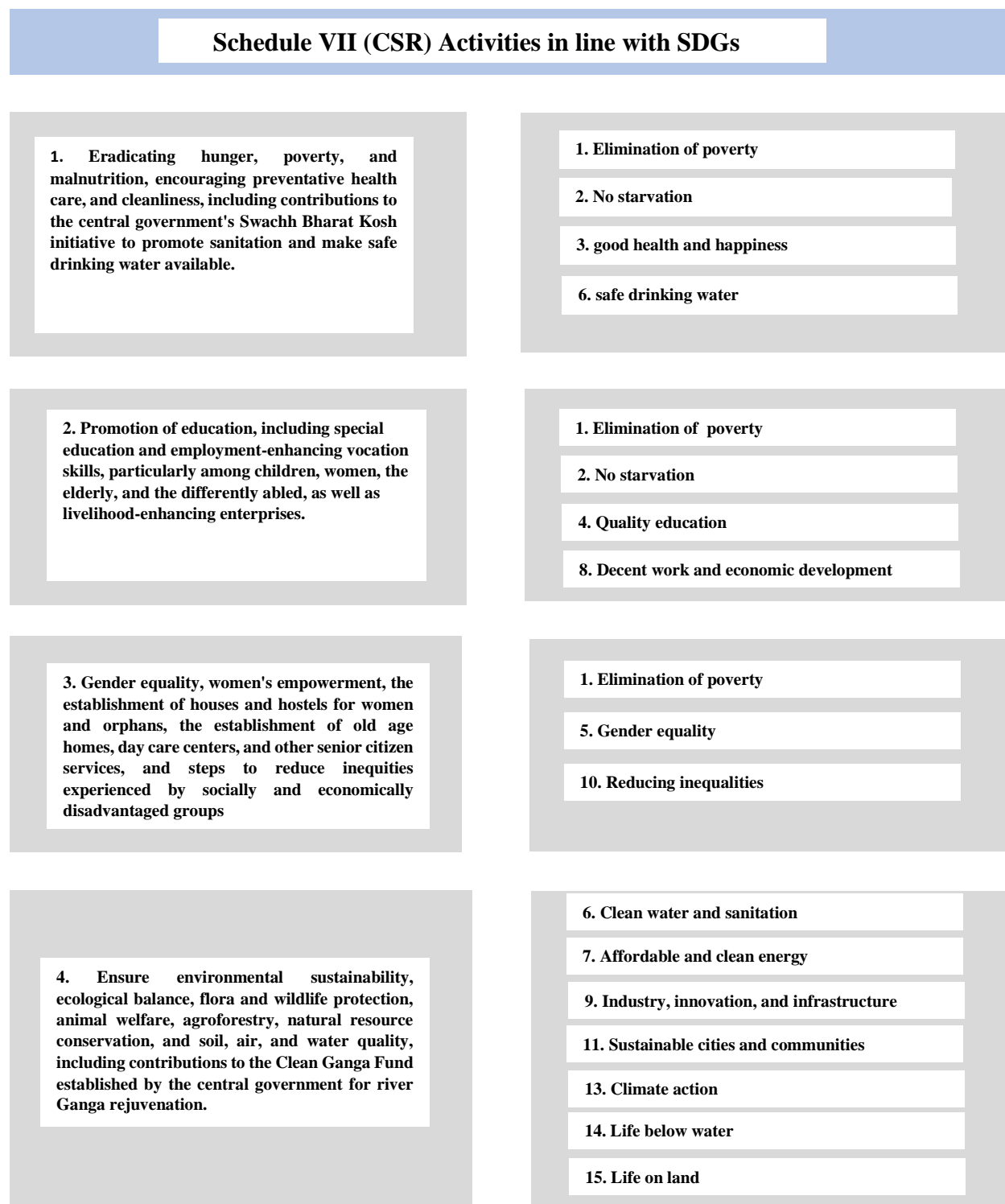
Attract and retain quality employees. The employees are motivated to work in an organization which is committed towards community welfare and has a good public image. As CSR activities enable the company to act responsibly, it boosts the employee's morale and encourages them to be more productive.

Improve revenue and reduced cost. Organizations that participate in CSR demonstrate that they are sensitive to stakeholder needs. To potential investors, such businesses look to be less risky. Such a business firm seems less risky to prospective investors. This impression can lead to income opportunities and cost savings (as a result of lower capital). The use of sustainable practices through CSR programs also leads to cost reduction.

2.2. CSR and Sustainability Development Goals

On September 25, 2015, 193 countries, including India, endorsed the Sustainable Development Goals (SDGs) as part of a new sustainable development strategy with the goal of ending poverty, saving the planet, and ensuring progress for all. These objectives can be met through the collaboration of governments, industry, and civil society in order to promote solutions for a shared purpose of sustainable development. By 2030, 17 SDGs with 16 goals are expected to be achieved. The SDGs have transformed to provide flexibility to countries for devising action plans to attain the set targets. SDGs and Indian CSR norms were both materialized/executed at the same time and appear to have immense capability for developing a sustainable growth paradigm. The CSR law establishes an inclusive framework and gives direction for a more sustainable future, while the SDGs establish material targets for evaluating activity outcomes. SDGs categorically put the responsibility on the businesses to develop and integrate innovative solutions in their working as a measure to tackle developmental challenges. This calls for business community to strategize sustainable CSR initiatives towards the achievement of SDGs. It is only through a comprehensive

and well-developed CSR programs a positive social impact can be created. An example of how SDGs are integrated into Schedule VII CSR programs is seen below.⁶



⁶ KPMG, *Sustainable Developmental Goals (SDGs): Leveraging CSR to achieve SDGs*, [2017].

5. Ensuring preservation of Natural heritage, art, and culture including the restoration of historical structures and locations, as well as works of art; the establishment of public libraries, and the promotion and development of traditional arts and handicrafts.

6. Measures to help veterans of the armed forces, war widows, and their dependents.

7. Rural sports, world renowned sports, Paralympic sports, and Olympic sports are to be promoted through training.

8. Contribution to the prime minister's national relief fund or any other central government-created fund for the socioeconomic development, relief, and welfare of scheduled castes, scheduled tribes, and other backward classes, minorities, and women.

9. Contributions or funding given to technology incubators within academic institutions that have been approved by the government.

9. Industry, innovation, and infrastructure

11. Sustainable cities and communities

3. Good health and well being

4. Quality education

8. Decent work and economic growth

8. Decent work and economic growth

10. Reducing inequalities

1. Elimination of poverty

2. No starvation

3. Good health and happiness

4. Quality education

6. Safe drinking water

9. Industry, innovation, and infrastructure

15. Life on land

9. Industry, innovation, and infrastructure

12. Responsible consumption and production

13. Climate action

10. Rural development projects.

- 1. Elimination of poverty**
- 2. Zero hunger**
- 3. Good-health and happiness**
- 4. Quality education**
- 9. Industry, innovation, and infrastructure**

11. Slum area development.

- 1. No poverty**
- 2. Zero hunger**
- 3. Good health and well being**
- 4. Quality education**
- 6. Clean water and sanitation**
- 7. Affordable and clean energy**
- 9. Industry, innovation, and infrastructure**

India has played a key role in the development and evolution of the SDGs and is committed to achieving them. In India, the Center (at the national level) and the States (at the local level) are tasked with putting the Sustainable Development Goals into action. According to the survey it is seen that States are actively engaged in devising and executing sustainable development projects in the recent years. They have mapped out developmental activities in line with SDGs and have formed SDGs cells. At the national level, NITI Aayog is entrusted to coordinate the execution of SDGs. However, businesses have an important role to play in achieving the goals set by the 2030 agenda as they have the flexibility and ability to implement micro-level schemes with the use of innovative methods. Though the governments are actively embracing the SDGs. Its success hugely depends on the cooperative action of the businesses and the civil society.

Businesses must seek to reduce negative consequences while aligning positive outcomes with the SDGs. Overall, the companies can shape their business policies and operations that can contribute to implementation of sustainable development goals. For example, the Global Climate Risk 2020

report identified India as the fifth most vulnerable country to climate change.⁷ India's rank in the global vulnerability has dropped from 14th in 2017 to 5th in 2018 and it ranks second in terms of 'economic loss' due to weather conditions. The climate change in India would affect the GDP costing India \$1.1 trillion by 2050. This climate change would negatively affect the business operations. Therefore, it is imperative for the businesses to develop strategies in line with SDGs to tackle the socio-economic challenges due to growing environmental pressures and implement them through CSR activities.

2.3. WHY CSR AT ALL?

In recent years, reports have indicated that Companies have increased the amount of investment in Corporate Social Activities. However, there is always a debate about the link between CSR and a company's financial performance. Most studies on CSR ask the following question- do firms benefit from CSR initiatives in monetary terms as compared to those firms that do not follow the same social behavior? It is argued that the level of CSR expenditure may create a conflict between different shareholders as it impacts their wealth.⁸ For example, as a general practice, the firm tries to align its CSR investment with its capability to maximize firm's value. The firm may choose to invest in CSR more than its potential to maximize firm's value if it benefits from improved CSR ratings. On the other hand, it may not choose to invest this high amount on CSR if it negatively impacts its value. The real concern here is- do we actually need to ponder on the monetary value that CSR creates? What about the hidden financial value or indirect benefits that CSR confers upon? To understand this- one example will be sufficient here. Tata Chemicals Limited recycles its LI-ION batteries as part of its sustainable operations. By obtaining components from used lithium-ion batteries, the company may reduce its reliance on imports of commodities like cobalt, which is generally linked to unethical mining practices like exploitation and the use of child labor. Thus, through recycling, the Company hits twin goals- reducing its cost of production through reduced supply of imported materials (from the business point of view) and resolving socio &

⁷ Global Climate Risk Index 2020, <https://www.insightsonindia.com/2019/12/06/global-climate-risk-index-2020/>, accessed on 30 May 2021.

⁸ Amir Barnea & Amir Rubin, "Corporate Social Responsibility as a Conflict between Shareholders' [2010] Vol. 97, No. 1.

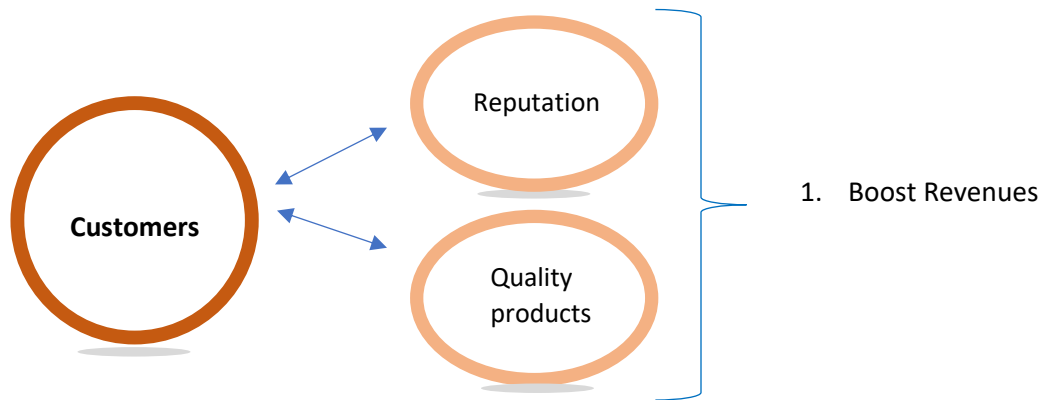
environmental issues- discouraging child labor and preventing environmental pollution (from the society point of view).

Let us dive into the theoretical benefits or the role of CSR. There is a conclusive evidence to show that CSR has a tangible and long-lasting financial value. Deliberate and judicious use of CSR can add utility to every aspect of business operation, such as improving the quality of products and employee efficiency, all the way up to enhancing company's reputation and value and long-term fiscal stability. By considering CSR as the main driver in the decision-making process, Companies invest in the future and saves money through early adoption of new methods and technology. Managers who grasp the significance of Corporate Social Performance (CSP) in driving Corporate Financial Performance (CFP) can increase their income and cut costs. CSP is a metric for assessing a company's social activity. Six ways are being identified as to how CSR affects CFP:-

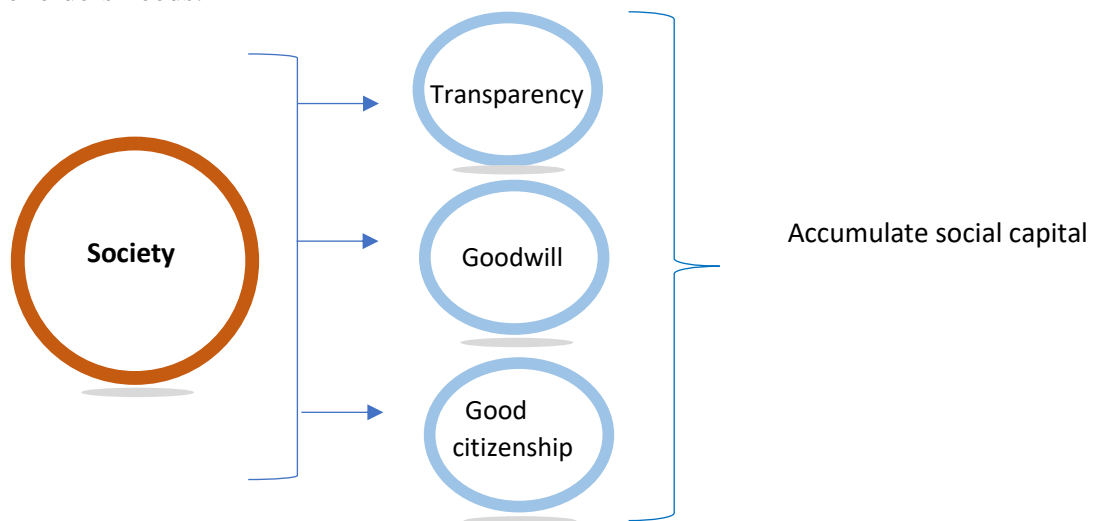
- Firms can use the tool of CSR to create a favorable workplace for employees. Positive CSR practices can help attract and retain talented employees who are more committed towards achieving organizational goals. This leads to efficient management of human-resource and cost-reduction.



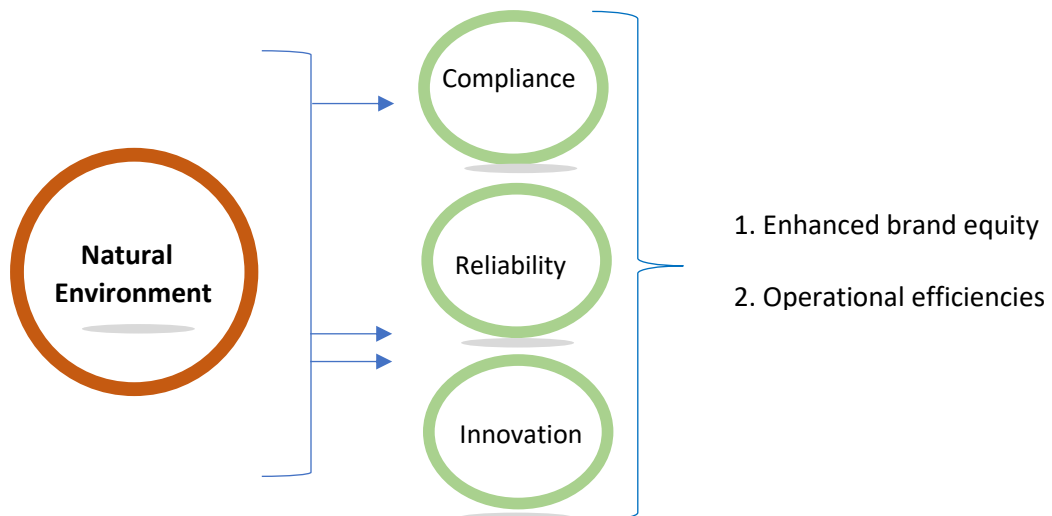
- Consumers are more loyal to those Companies who follow and implement ethical CSR practices. Commitment to positive social behavior enhances firm's reputation which indeed leads to multiple revenue opportunities.



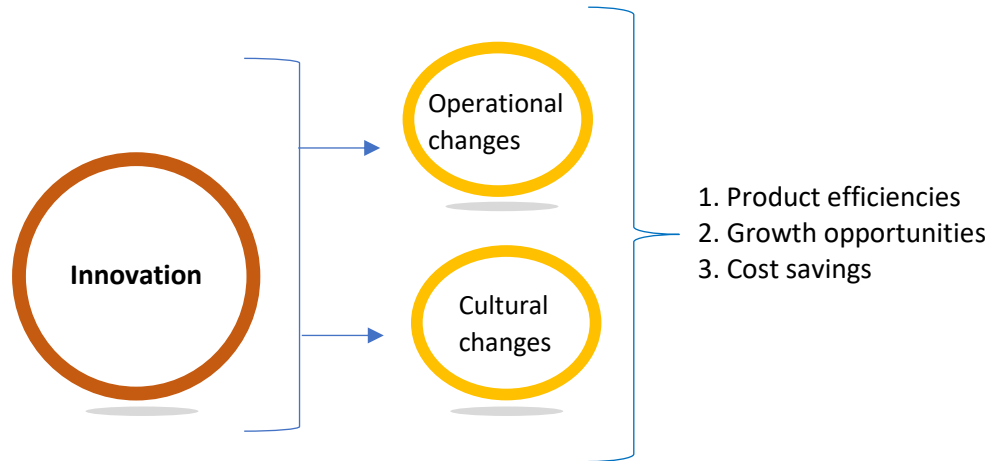
- CSR practices enables businesses to operate with more transparency because of which businesses appear less risky. These also reflect those businesses are responsive towards stakeholders needs.



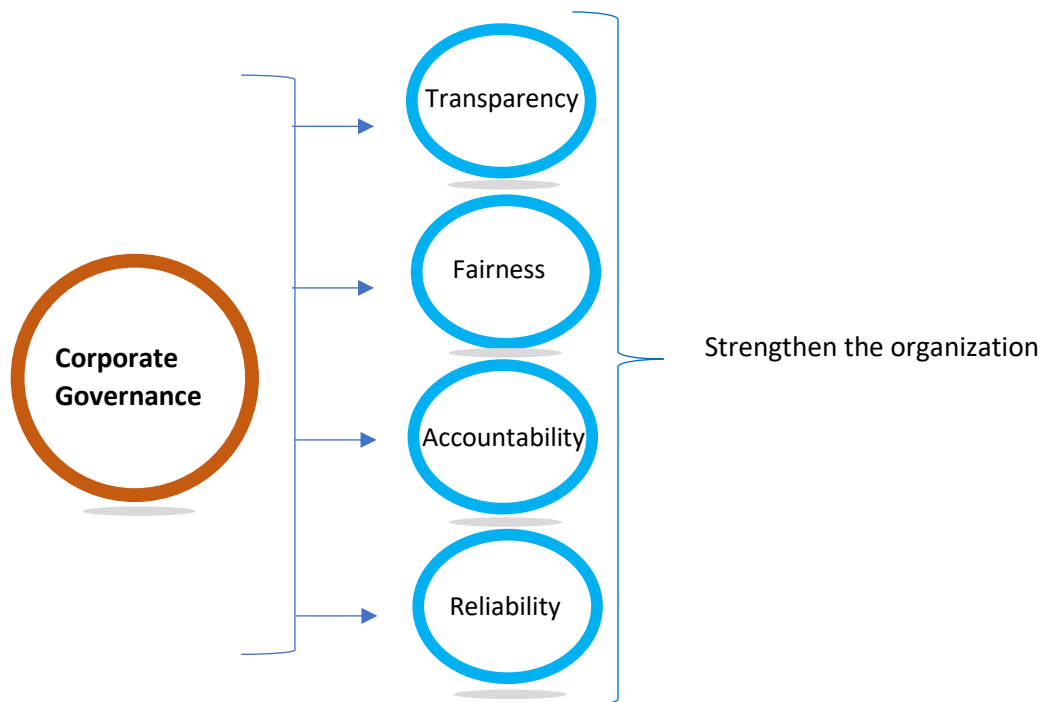
- Pollution avoidance and waste management are examples of sustainable environmental measures that can improve financial performance by increasing revenues and lowering costs.



- CSR can drive the Corporates to identify cultural changes to respond to them through new product development. This yields to increased growth and product efficiencies.

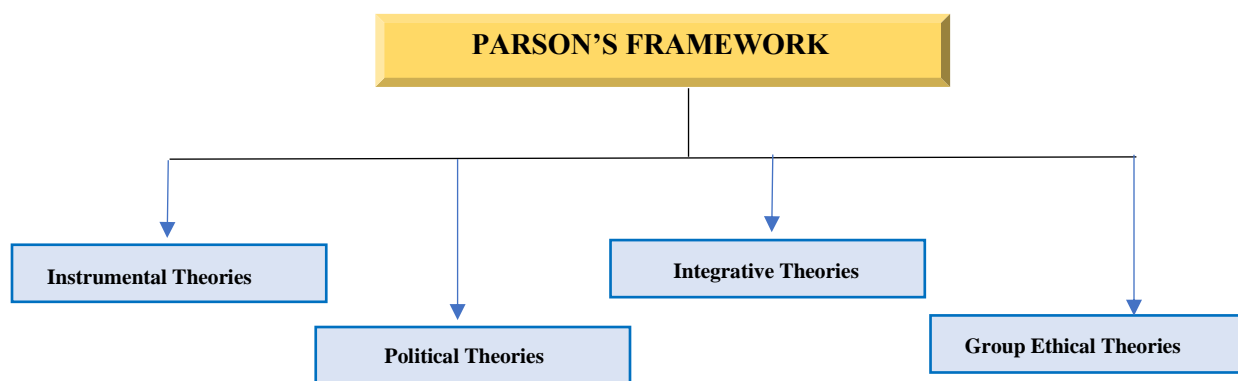


- Good disclosure standards can help build trust and increase the value of a company among stakeholders and financial partners. Reporting CSR practices enables evidencing and communicating CSR initiatives to the stakeholders and enables Companies to identify and formalize their position on CSR.



In the socioeconomic and political spheres, the debate regarding CSR's role has remained influential. In case of India, the expanding role of the private sector post-liberalization has emphasized the adoption of CSR practices by large number of corporations.⁹ The corporate world is leveraging on the decreasing role of State in socio-economic affairs and thus exploiting the common resources, acquiring the land, and setting up new ventures. As a response, CSR is employed as a strategy to gain society's trust and confidence. At the same time, due to globalization the corporates must keep up with the social behavior (implementing and reporting) of the international players to attain a competitive edge. It is incorrect to believe that the sole purpose of a business is to make money or satisfy the shareholders. Profit is just a resource to serve the ends i.e., to achieve the ultimate goal of doing good to the society.¹⁰ Businesses operate within the society and thus it is their duty to work for the betterment of the communities which can also be referred to as an implied contract between the society and the businesses. As such, the business entity is supposed to provide quality and sustainable goods or services at affordable prices without affecting the environment negatively (Wayne Vesser, *The Evolution and Revolution of CSR*, 2010). In short, it is the responsibility of the businesses to maintain balance across its three ends i.e., making profits, serving the society, and protecting the environment.

The Concept of CSR is defined differently by different theorists. As such different theories or approaches have been identified to explain the role of Businesses in society. Relying on Parson's framework the theories have been classified into four broad sets¹¹:-



⁹ Seema Sharma, "Corporate Social Responsibility" [2011] Vol. 46, No. 4, pg. 638.

¹⁰ Dr. TV Muralivallabham, 'A Sustainability Model of CSR in India', <https://indiacsr.in/a-sustainability-model-for-csr-in-india/> accessed on 1 June 2021.

¹¹ Supra note 9, pg. 639.

First group consists of those theories which feature businesses as an engine for creating wealth and therefore the sole responsibility of the businesses is to generate wealth in the economy. This group of theories is known as Instrumental theory. The second group of theories is termed as Political theory which signifies that Corporates have a social power which can be associated with political influence. This encourages them to accept social duty towards the people or to play an active role in social activities. The third group of theories is known as Integrative theories. This theory emphasizes the fact that businesses cannot operate in isolation. They should factor in social, economic, and environmental concerns while making strategic and operational decisions. According to the fourth group of theories, business and society are based on common ethical principles. This associates the concept of CSR to an ethical obligation. These are termed as Group Ethical theories. To understand the real relation between the role of Business and CSR it is appropriate to combine the meaning of all these four theories. Now it is understood that business cannot exist in isolation and CSR can be used as a tool to interlink production and profit with the sustainable impact on the society and environment. CSR can also act as a medium to share the benefits of science and technology in business with the society to promote wealth and happiness.

To conclude the relation between CSR and profits, it is stated that profit is not the outcome of any single effort. Rather it is the outcome of combined contribution of different types of resources- natural resources, human capital, financial resources, and the like. The profits thus created must be utilized in creating a sustainable society. Unless and until, the society (within which the businesses operate) is stable and prosperous, the business community cannot blossom or sustain itself in the long run. Hence, business sustainability is directly related to social and environmental stability.

CHAPTER 3

THE CSR MANDATE

3.1. HISTORY OF CSR IN INDIA

The still relevant India's ancient wisdom motivates people to work for the common good of all stakeholders. Although the concept of corporate social responsibility (CSR) may seem foreign to India, the country boasts the world's most extensive CSR history. Chanakya, who was the minister and adviser to the Chandragupta Maurya, emphasized the importance of social obligation in his book 'Artha-shastra' (Principles of Economics and Administration) and laid down ethical practices which should be followed in business conduct. According to Vedic literature, it is the King's responsibility to look after the wellbeing of his people (stakeholders), and the King will thrive as a result. The Vedic philosophy emphasizes the importance of ensuring high quality work and service in order to ensure the long-term viability of a business, as well as reapportionment of wealth after it has been earned. Modern business methods, such as Total Quality Management (TQM), Business Process Re-engineering, and Triple Bottom Line (TBL) Sustainability, are redefining this key tenet of CSR as perceived by Vedic literature.¹² In the Bhagvad Gita (3-13), Sri Krishna states that a society will be devoid of sorrows if socially conscious citizens are pleased in reaping the results of their unselfish work. Thus, Indian philosophy sows the seeds of corporate social responsibility in company management.

To clearly understand the origin of CSR in India, the history of it can be divided into four phases reflecting upon the development of the CSR concept in India and which has also resulted in different approaches towards CSR:

- **PHASE I (1850 to 1914):** CSR's first phase was charitable in nature. Traditional values, rituals, and religion all had a bearing on CSR.¹³ Businesses spent a major chunk of their

¹² Dr. Balakrishnan Munniapan & Mohan Dass Mohan, "Corporate Social Responsibility: A Philosophical Approach from an Ancient Indian Perspective" [2008] IJICBM pg. 415.

¹³ Vijay Kumar Sarabu, "Corporate Social Responsibility: An Overview"

https://www.researchgate.net/publication/318445440_CORPORATE_SOCIAL_RESPONSIBILITY_IN_INDIA_A_N_OVER_VIEW. accessed on 1 June 2021.

income in welfare and religious activities such as building temples and the like. They also supported the poor in times of natural calamities by providing food and shelter. But this approach towards CSR underwent a change with the arrival of colonial rule and industrialization. TATA, Birla, and Godrej are well-known industrialists who have elevated the concept of CSR by forming charity foundations, religious and educational organizations. Although, the industrialist supported the concept of CSR but their CSR motives started driven by political interest as well.

- **PHASE II (1914 to 1960):** During the British rule, heavy taxes and duties were imposed on all businesses and as a result the businessmen became less ‘*giving*’ as very little was left for themselves after paying exorbitant taxes.¹⁴ But the East India Company, knowingly or unknowingly contributed to CSR activities. They built railways, tramps, and roads to facilitate their own business operations which helped in advancement of the native countrymen in terms of enhanced standard of living and increased employment opportunities. After the Independence of India, Mahatma Gandhi insisted businessmen to understand their fiduciary duties and to spend a part of their wealth towards the upliftment of the Indian socio-economic status. Gandhiji’s *Trusteeship model* encouraged businesses to set-up educational, social, and religious trust which would help in furtherance of the object of rural development, education, and women empowerment. Helping the untouchables, poverty-stricken, and the oppressed were the aims of most of the patriotic citizens at that time.
- **PHASE III (1960-1990):** The rise of Public Sector Undertakings (PSUs) for finer distribution of income in society was a feature of this period. Policy reforms such as licensing, taxation, and restraints on the private sector resulted in business malpractices, necessitating the need for corporate governance, labor, and other legislation. The success rate of PSUs was low, and the society expected the private sector to contribute towards socio-economic development. In 1965, academics, legislators, and business leaders held a statewide workshop on CSR, emphasizing social accountability and openness.

¹⁴ Evolution and History of CSR activities in India, <https://lawcorner.in/evolution-and-history-of-csr-activities-in-india/> accessed on 2 June 2021.

- **PHASE IV (1991 onwards):** On a voluntary basis, Indian companies began incorporating CSR into a sustainable business plan. The globalization, privatization, and liberalization and the delicensing of industries accelerated the pace of industrial and economic growth in the country. This encouraged businesses to contribute more to social duties. Thus, what started as charity in earlier phases was now understood and accepted as a responsibility. The history of CSR is summarized in the table 1.1 enumerated below:

Table 1.1¹⁵

TIME PERIOD	ECONOMIC CURRENTS	STATE ROLE	CORPORATE CSR
1850-1914	Industrialization	Colonial, Extraction	Dynastic charity
1914-1947	Trade barriers for new industries	Colonial, exploitative	Support freedom struggle
1947-1960	Socialism, Protectionism	Five-year plans	Support new State; launch own rural initiatives
1960-1990	Heavy regulations	License raj; development failures	Corporate trusts
1991-2013	Liberalization	Shrinking in production, expanding in social provision.	Family trusts, public-private partnerships, NGOs sponsorship.
2013 present	Globalization	Need to manage inequality; new reforms to liberalize further	Introduction of mandatory 2 percent rule

3.2. THE COMPANIES ACT 2013

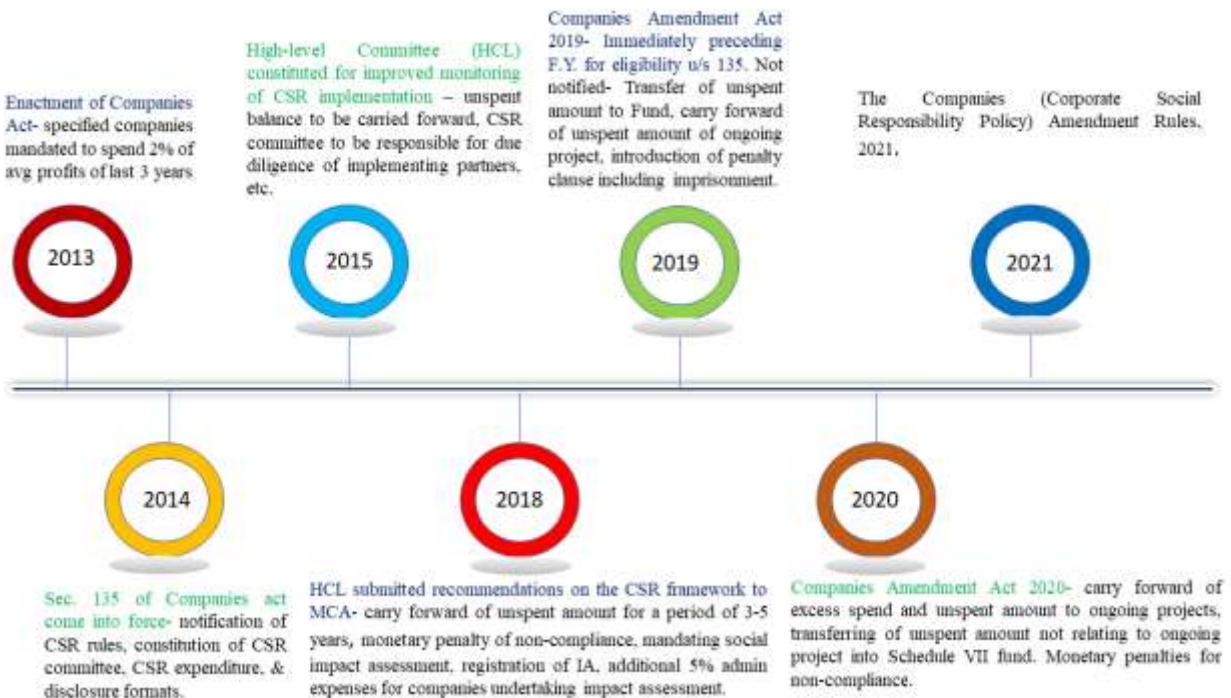
CSR's potential has been recognized by businesses that perceive social good as being linked to a company's long-term business performance and believe it is necessary to integrate it with business ethics and corporate citizenship. Wealth inequality around the world, along with an economic

¹⁵ A Brief History of Indian CSR, <https://www.gatewayhouse.in/a-brief-history-of-indian-csr/> accessed on 2 June 2021.

slowdown and existing caste, religion, region, and gender divisions, may contribute to increased disparities that more mindful CSR might help ameliorate.

With the addition of Section 135 of the Companies Act 2013, India embarked on a risky experiment in mandating CSR for large corporations. While it is required that these organizations spend at least 2% of their income on CSR, this is a soft mandate in the sense that they can choose to report why they may have fallen short of that level. Nonetheless, the Act requires that these companies establish a CSR Committee at the board level that develops and maintains a CSR programme and prescribes CSR spending. The Board must also finalize and fully explain the CSR scheme, as well as report on CSR expenditure in the annual report in a stipulated format. Large enterprises in India (including 17 PSUs and eight non-Indian origin companies in 2019) are thus wrapped into a commitment to play an effective role in tackling the country's major development concerns. The following timeline depicts a brief history of CSR legislation in India:

CSR Legislation in India- Timeline



Since the Companies Act of 2013, companies have been required to report for the past five years. On CSR expenditure, the amount reported as spent was INR8691 Crores in 2018-19, up from

INR5115 Crores in 2014-15. Disclosure on CSR expenditure has increased from 30% in 2014-15 to 99% in 2018-19.

Five Years of CSR Mandate (Sec. 135): Key Highlights:

- There has been a 325 percent increase in the number of companies that have published outreach details in their annual reports.
- More than three CSR Committee meetings were held by 30% of companies each year.
- 76 percent of businesses have spent 2% or more on marketing this year (2020).
- In their annual report, 41% of companies have linked CSR programmes to SDGs.
- A 220 percent increase in spending on Schedule VII (3)-'reducing inequality' at companies having a "woman as Chairperson of the CSR Committee."
- Partnerships are used in 75 percent of CSR projects, demonstrating SDG-17.

Going Beyond the compliance: A noteworthy compliance is encouraging since it demonstrates a company's commitment to CSR at the board level: 65 percent of CSR Committees include the CEO, indicating what companies are doing on CSR willingly, beyond the Act's requirements. Furthermore, there are reassuring trends in evidence cited of beyond compliance activity, such as almost all companies releasing their CSR policy's vision/mission, and an increasing alignment with the United Nations Sustainable Development Goals (SDGs).

Now let us understand the CSR Mandate in greater detail:

Companies with a net worth of at least INR500 crore, a turnover of at least INR100 crore, or a net profit of at least INR5 crore or more during the immediately preceding financial year are required to spend 2% of their profits on CSR programmes under the Act, which took effect on April 1, 2014. Qualified businesses must establish a CSR committee, develop a CSR policy, and implement CSR programmes in accordance with Schedule VII of the Act. Publications relating to CSR must follow the Act's formatting requirements.

CSR Policy: The CSR policy is a tool that directs the company's energies in a focused manner. It is critical in the sense that it influences and determines significant management decisions by aligning them with the company's vision/mission and collective objectives. The policy establishes

boundaries and outlines a basic plan of action to achieve the desired results. It also serves as a vehicle for communicating the desired objectives of CSR efforts, as well as the company's engagement for nation-building, to a variety of internal and external stakeholders. As per the Act, the companies must indicate the following matters in its CSR policy and publish it on their website:

- **Activities in areas laid in Schedule VII, including the manner of implementation-** The availability of CSR policy in the public domain has improved from 95% in 2014-15 to 98 percent in 2018-19, according to recent trends. One of the Act's obligatory duties is to "disclose areas of intervention" in CSR policy that are aligned with Schedule VII. When Section 135 of the Companies Act of 2013 was introduced, the first edition of CSR plans available in the public domain mostly mentioned all Schedule VII operations. This disclosure on 'sphere of intervention' has witnessed an increase from 97 percent in 2014-15 to 99 percent in 2018-19. Companies are increasingly giving more detailed preference on mode of execution as part of the Act's statutory requirements, similar to how they do with "areas of intervention." While 18 companies have a CSR foundation, compared to 6 in 2014-15, nearly 90% have indicated/given a preference to work in partnerships with implementation agencies, a positive trend and clear sign of recognizing the value of collaborative relationships in advancing SDG Goal 17-'Partnerships for the Goals.'
- **Supervising such schemes or plans-** The Companies Act imposes an obligation to reveal the details as to the approach adopted to oversee the CSR operations. Although the Act limits this direction to the "monitoring of CSR operations," numerous companies have gone beyond the legal duty and used impact assessment tools to evaluate the actual outcome of their CSR programmes on a regular basis. In 2018-19, over 99 percent of corporations disclosed details about supervising CSR operations, up to 87 percent in 2017-18.
- **Treatment of excess amount arising out of CSR-** The Act stipulates that any excess generated by CSR activities is not to be included in the company's revenue. The company shall deploy such excess money back to CSR projects. Further, it is obligatory for the Companies to disclose the amount unused on CSR activities in the annual report.
- **Availability of vision/mission/philosophy in the CSR policy-** This is not a mandatory obligation under the Act, but the businesses are choosing to disclose the vision/mission statement as part of their CSR policy- indicating their willingness to comply beyond the mandate of the Act.

- **Availability of governance structure on the CSR policy-** The Act allows you to opt out of disclosing details about the governance structure. Nonetheless, 94 percent of corporations published details of their governance structure in 2018-19, compared to 79 percent in the year 2014. The disclosures also specify the structure of the sub-committee (if any) as well as the duties and responsibilities of the CSR committees and sub-committees, which has increased the quality of information under this heading.

CSR Committee: The presence of complex business regulatory environment pressurizes the board of directors to make the most structured use of their time. Moreover, there are certain issues which require specific skill set and expertise to handle them. To meet such requirements, the role of Board Committee comes into play. A committee of the board allows the board to invest proper time and resources into other issues/matters that cannot be delegated to the committees. These committees, which have a formally defined scope of reference, appointment criteria, tenure, position, and functions, are an important part of the governance process.

According to the Act, qualified enterprises are required to form a CSR Committee consisting of three or more directors, one of whom must be an independent director.¹⁶ When there are only two directors (as in the case of a private unlisted corporation), the committee must be made up of only those two directors. The CSR committee's composition must also be reported in the annual report.

The CSR committee plays an important role steering the CSR agenda at the managerial level. It devises a CSR policy and recommends to the Board for its approval. It monitors the CSR operations and ensures that whether CSR outcomes are meeting the appropriate benchmarks. The Committee also recommends a CSR budget to the board every year. Based on the CSR committee's recommendation, the board makes decisions around CSR projects. An analysis of this provision (CSR committee) has been discussed hereunder:

- **Formation of stand-alone CSR committee-** Companies are required to establish a separate CSR committee. Although the number of organizations with a stand-alone CSR committee has increased since the base year, from 89 percent in 2014-15 to 92 percent in 2018-19, 8% of companies still do not have one. Surprisingly, none of the companies that do not have their own CSR committee have declared their SDG alignment (either in their

¹⁶ A CSR committee, <http://thecsrjournal.in/csr-committe-india-faq-corporate/> accessed on 10 June 2021.

CSR policy or in their annual report) or their overhead expenses. This means having a separate CSR committee results in more efficient compliance. This clearly demonstrates that the interactions between standalone CSR committees are more concentrated, and they keep track of overhead expenses, resulting in more efficient money deployment.

- **Members in the CSR committee-** The organization can assure the highest standards of governance and internal controls thanks to the clarity and strength of members' roles. The number of companies in the year 2018-19 having more than five members in CSR committee (as against three mandated) has increased by 7 percent from the base year.
- **Independent directors-** Independent directors provide an objective view of the decisions taken by the Board and act as a trustee to the stakeholders. The Act requires that the CSR committee have at least one independent director. More companies are preferring more than one independent director as part of their CSR committee, according to KPMG research, which shows that roughly 60% of companies have more than one independent director in the year 2018-19, compared to 46% in the year 2014-15. Furthermore, 60 percent of firms have an independent director as the chairperson of the CSR committee, and these companies hold four CSR committee meetings on average, compared to two in companies where the chairperson is not an independent director. This shows that the board has a clear mandate and expectation from the CSR committee, which necessitates more frequent meetings (even when there is no mandate from the Act).
- **CEO as member of Committee-** From 2016 to 2017, the participation of top executives, including the CEO, enhanced by 13%.¹⁷ This indicates the level of commitment by the management towards CSR initiatives.
- **Woman as member/chairperson of committee-** More than half of corporations have women on their CSR boards, and out of which 38 percent of these corporations are headed by female member.¹⁸

¹⁷ *Supra* note 9.

¹⁸ It is interesting to note that the CSR expenditure in such companies towards Schedule VII (3) 'reducing inequality' has increased from 14% (2016-17) to 42% (2018-19).

- **CSR Committee meetings-** Section 135 of the Act does not stipulate the minimum number of meetings to be held in a year, good corporate governance practice dictates that the committee shall meet as often as necessary.¹⁹

Disclosures on CSR in the annual report- High-level disclosures demonstrate management's commitment to CSR at the Board level and serve as a means of sharing information about the social agenda to stakeholders. In their annual report for 2019, 98 percent of corporations mentioned their CSR policy, and 96 percent included a link to their website.

In 2019, 100 percent of corporations disclosed CSR target areas in their annual reports. This demonstrates firms' desire to go beyond disclosing merely what is required.

Companies must record the amount spent on CSR initiatives in a prescribed format in their annual report. It's critical to use a standard reporting format since it enables easy comparison of CSR of different businesses. The unutilized amount must also be disclosed therein along with explanations for such failure to expend so. In 2019, 22% of businesses spent less than the required amount. Unused funds must be carried over to the next fiscal year and used solely for CSR projects.

Further, the CSR board has to issue a responsibility statement which forms part of the annual report. This statement shall summarize the execution and monitoring aspects of the CSR undertakings.

CSR Expenditure- In December 2018, the NITI Aayog published the SDG India Index, which listed health and education as the weak Sustainable Development Goals (SDGs). The overall amount spent on CSR under Section 135 of the Act is less than 1% of the government's total social sector spending. The NITI Aayog Aspirational District Program, for example, places a heavy emphasis on health and education (60 percent weightage), necessitating innovation to solve the issues in these areas.

Trends in CSR Expenditure-

- **Amount to be spent toward the 2% CSR requirement-**

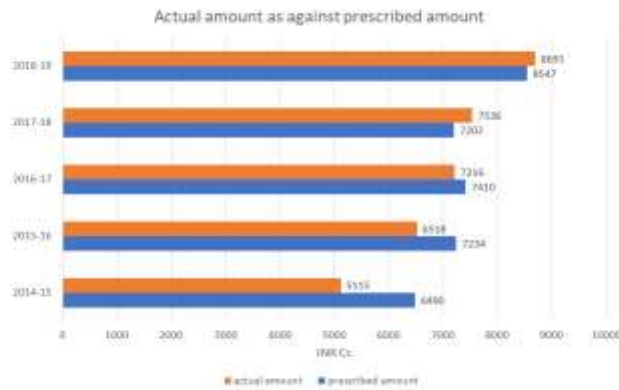
¹⁹ Mohit Saluja, 'CSR Committee and its meetings' <https://taxguru.in/company-law/csr-committees-meetings.html> accessed on 11 June 2021.



Analyzing the chart above, the companies prescribed limit in 2019 was INR8547 Crores as against INR6490 Crores in 2015. The Company’s CSR budget revealed an increase of 34% in the year 2019 as against the base year i.e., 0.042% increase- beyond the legal 2% mandate. Although this is a miniscule increase but there has been significant improvement in the amount of money utilized as against the budget outlay- the difference between the CSR outlay and the amount spent dropped from 22% in 2015 to 2.3% in 2019.

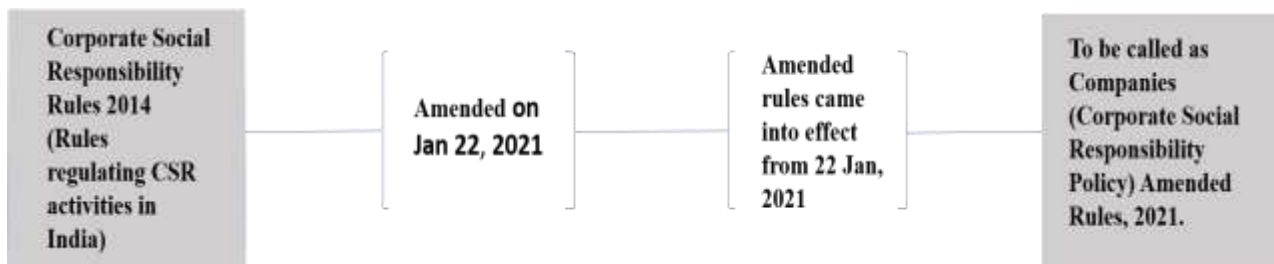
- **Reasons for not spending the amount** – More than half of the country's 100 largest corporations spend less than 2%, according to the KPMG research. From the year 2015 to 2017, the companies spent less than mandated amount i.e., 1.77% on an average (figure illustrated below). On the other hand, the companies managed to spend more than the prescribed amount in the year 2018 and 2019. Companies who spent less than the prescribed CSR amount were required to offer an explanation or reasons for not being able to comply with the CSR provision (under the Act's provisions). Companies cited issues such as implementation delays, delays in regulatory clearances, opportunities exploration, long-term programmes, and other issues. Companies that failed to comply with the CSR limit (in the year 2015-16) include ONGC, Infosys, ICICI bank, Tata Consultancy Services, Bharti, and Airtel.²⁰

²⁰ Large Indian Business Failing to spend 2% profits on CSR, <https://indiacsr.in/large-indian-business-failing-on-spending-2-profit-on-csr/> accessed on 12 June 2021.



- **Direct and overhead expenses-** The companies are directed to separately disclose the direct and overhead expenses related to the project. Further, administration expenses related to CSR operations are allowed as a deduction up to the limit of 5 percent.

3.3. THE COMPANIES (CORPORATE SOCIAL RESPONSIBILITY POLICY) AMENDMENT RULES, 2021



Significant changes in Policy Rules:

- Definition of Administrative overheads added.
- CSR definition changed.
- CSR spending- shift from directional to mandatory.
- Registration requirement for implementing partners.
- Increased rigor for internal control.
- Focus on impact creation.

The Companies (Corporate Social Responsibility) Rules 2014 were updated to provide a framework for implementing the new requirements of the Companies (Amendment) Act 2019 and 2020. The following are the details of the Amended Rules:

Eligibility of CSR activities- As per the amended CSR definition, activities which do not qualify as CSR initiatives shall-

Exclude: a) Activities carried out in ordinary course of business.

b) Companies carrying out CSR operations outside India.

c) Initiatives undertaken for the direct or indirect benefit of employees (all types of employees).

d) Sponsorship activities deriving marketing benefits for own products or services.

e) Contribution to political party.

f) Amount spent towards statutory obligations.

Include: a) Covid-19 research & development in normal course of business in partnerships with the institutions mentioned under Schedule VII.²¹

b) Training of sports personnel outside India.

c) Activities benefitting apprentices.

CSR Spending- Made mandatory from voluntary-

a) Unspent CSR funds and CSR surplus- Transfer to unspent CSR Account by allocating towards an ongoing project and use it within three preceding FYs or where there is no ongoing project, transfer to a government fund specified under Schedule VII.

b) Excess Expenditure- shall be carried forward for succeeding three FYs with the Board's approval.

²¹ Such activity shall be considered as CSR activity only for F.Y. 2020-21, 2021-22, 2022-23. Further such activity shall be disclosed separately in annual report.

- c) Administration overheads- includes general management and administrative expenses only (excludes monitoring and evaluation costs, impact assessment costs).

Eligibility of CSR partners-

- 1) The following types of entities shall be eligible to become implementing partners-
 - Sec 8 Companies/ Public trust/ Public trust/ Public societies u/s 12A and 80G of the Income Tax Act 1961.
 - Entities created by a law passed by the Parliament or State Legislature.
 - Entities created by Central or State government.
- 2) Implementation agencies to obtain compulsory registration with the Central Government by submitting FORM CSR-1 duly verified by Chartered Accountant/ Cost Accountant/ Company Secretary in practice.
- 3) The companies can engage international organizations as well for implementing their CSR activities.

Internal control-

- Board to satisfy that CSR fund is utilized for the purpose and manner approved by it.
- Chief Financial Officer to certify CSR fund is utilized for the purpose and manner finalized by the Board.
- Board to keep track of the implementation of ongoing projects with respect to approved timeliness and year-wise allocation.
- New disclosures have been prescribed-
 - i. Excess CSR spend carried forward or set-off.
 - ii. Surplus arising out of CSR projects.
 - iii. Unspent CSR amount transferred to “Unspent CSR Account” and/or to “Schedule VII funds”.
 - iv. Separate disclosures for “ongoing projects” and “other than ongoing projects”.
 - v. Details of capital assets acquired/created under CSR.

Structure of policy-

The CSR policy shall contain Board's mission and approach for CSR. It must also contain principles for selection, implementation, monitoring, evaluation, and formulation of annual action plan. The CSR policy will be posted on the company's website.

Responsibility of CSR committee-

The committee has to submit annual action plan to the Board for approval. The annual action plan must contain- a list of authorized CSR projects, their methods of implementation, fund utilization modalities, implementation timetables, tracking and review mechanisms, and details of need and impact assessments, if any. In addition, the approved CSR projects are to be uploaded on the website.

Penalty clause- Not spending the prescribed CSR amount has been made a civil offence (earlier it was a criminal offence) and has a penalty of:-

- i. On the company- Two-times unspent amount or INR 1 Crore, whichever is less, and
- ii. On the Officers- One-tenth of the amount unspent or INR 2 lakhs, whichever is less.

CHAPTER 4

INDUSTRY REGULATIONS AND GUIDELINES

Many industries and state organizations are pressuring corporations to be transparent, virtuous, and viable, in response to greater consumer sensitivity to corporate social behavior, growing media attention to social concerns, and increased business participation in social upliftment. As a result, national and worldwide principles or guidelines have been developed to assist businesses in committing to and aligning their CSR initiatives with international standards. Let us discuss the CSR voluntary framework:-

1. National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business, 2011.

The Ministry of Corporate Affairs (MCA) in India published the Corporate Social Responsibility Guidelines in 2009 to compel the business entities to adopt sustainable and responsible business practices. It laid down six core elements to form part of CSR policy: a) Concern for all stakeholders, b) Ethical Operations, c) Respect for Workers' Rights and Wellbeing, d) Respect for Human Rights, e) Respect for the Environment, and f) Activities for Civil and Integrated Development. These guidelines provided a roadmap for companies to align their business goals with CSR activities.

In July 2011, following lengthy deliberations with the various private and public agencies as well as after analyzing the feedback from stakeholders, these rules were changed to National Voluntary Guidelines on Social, Environmental, and Economic Responsibilities of Business (NVGs).²² These guidelines were framed for companies to adopt responsible business practices and responsibility reporting format to represent themselves as socially, economically, and environmentally responsible. The main characteristic feature of NVGs is that these are formulated in view of the socio-economic structure of India and considering all size of business entities- small, medium, or large. The NVGs lays down nine thematic principles of Responsible Business which are elaborated below:

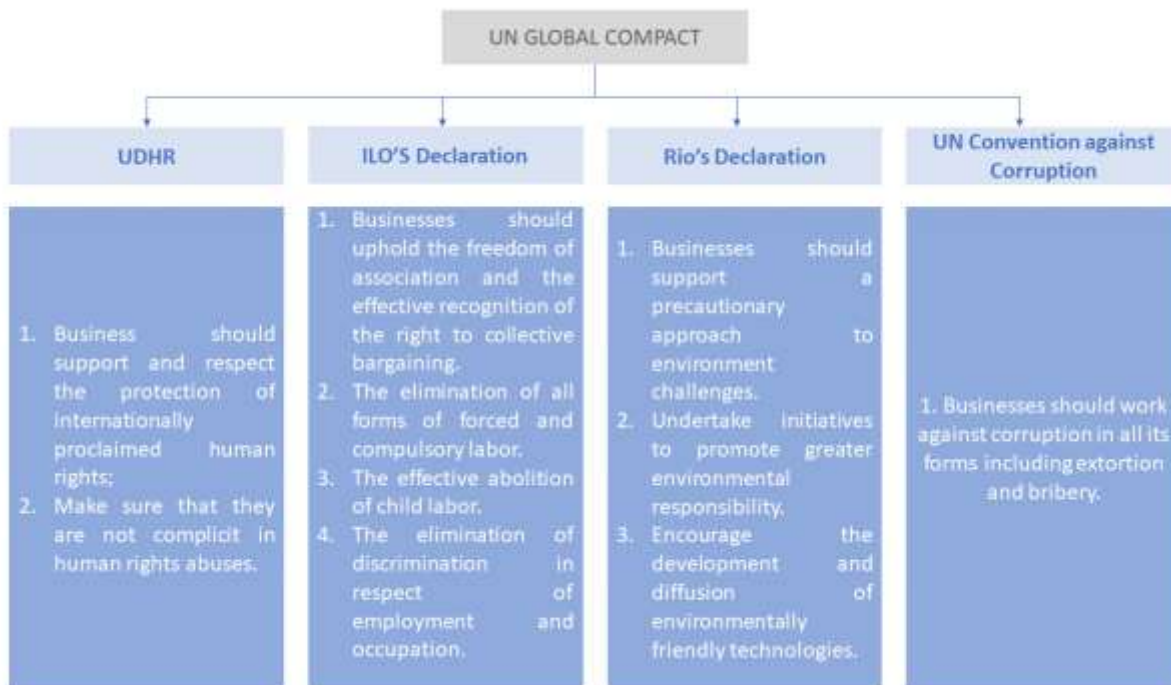
²² <https://www.pib.gov.in/Pressreleaseshare.aspx?PRID=1568750> accessed on 7 July 2021.

No.	Principles	Core Elements
1.	Ethical Functioning	Businesses should ethically conduct themselves coupled with transparency and accountability.
2.	Product/Service Life Cycle	Businesses should invest in sustainable manufacturing processes that do not harm the environment and the workers involved therein. The final items or services must also have a positive social and environmental impact.
3.	Employee well-being	Businesses must endeavor to provide a favorable working environment for the employees which will contribute towards the well-being of employees and uphold their dignity.
4.	Care for all Stakeholders	Businesses should be responsive towards the need of the stakeholders and be accountable for their impact on the stakeholders.
5.	Respect for Human rights	Businesses should make every attempt to uphold the dignity and rights of humans. They must not indulge in such activities which infringe the basic rights of human living or make their living vulnerable.
6.	Environment Protection	This principle recognizes that responsibility to restore the environment is a basic requirement for society upliftment and sustainable economic growth.
7.	Responsible Compliance	While shaping public and regulatory policy, businesses must adhere to policy advocacy standards and guidelines.
8.	Integrated growth & Equitable Development	Businesses must devise their working operations that promote integrated goals of society, environmental, and economic development.

9.	Care for Customers	Businesses should aim at providing valuable goods/services that promote customer satisfaction and creates value.
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2. United Nations Global Compact (UNGC).²³

The United Nations Global Compact (UNGC) was launched as the world's largest proposal for corporations to adhere to sustainable and socially responsible criteria all over the world. Businesses can align their activities around the four core elements: human rights, workers, environment, and anti-corruption. With aligning with these principles, the businesses can commit to their responsibilities towards people, planet, and profits. As stated in the table below, the UNGC incorporates ten principles gathered from different UN Conventions:



3. The UN Guiding Principles on Business and Human Rights.

The basic purpose of the UN Guiding principles is to prevent human rights violation by States and business entities. It provides guidance as to how the States and businesses can uphold the

²³ <https://www.unglobalcompact.org/> accessed on 8 July 2021.

fundamental rights of people and lays down remedies in case of human rights infringement.²⁴ These principles can be applied to all States and all types of business entities irrespective of their size, locations, etc. The three elements of these principles are discussed hereunder:

I. *State obligation to protect Human Rights*- States are required by international human rights commitments to uphold and preserve human rights, as well as to take necessary steps to condemn human rights violations committed within their borders by other parties, including businesses.

II. *The Corporate Responsibility to respect Human Rights*- The businesses must operate in a manner that do not have an adverse impact on human rights and recorrect such impacts when they occur. They must ,at the very least, adhere to the minimum human rights standards set forth in the Universal Declaration of Human Rights and the International Labor Organizations. These principles lay down the ways in which the businesses can promote, prevent, and address human rights.

III. *Access to Remedy*- The States must ensure that they have adequate judicial and non-judicial mechanisms in place to address the grievance related to human rights violation by business entities. The mechanism should be equipped to deliver timely and effective redressal. The non-judicial mechanisms must be reasonable, transparent, approachable, consistent, and impartial. Similarly, the industry must also focus on providing easy access to grievance redressal mechanisms to address multi-stakeholder concerns.

4. OECD Guidelines: Multinational Enterprises.

These guidelines are issued to assist the multinational enterprises to integrate socially responsible behavior into their business operations. These cover multiple areas to implement responsible practices such as environment, technology, employment, customer needs, etc. The OECD guidelines also lays down framework to resolve the disputes between businesses and aggrieved stakeholders.

5. Institute of Social and Ethical Accountability: Accountability's AA1000 series of standards.

²⁴ https://www.ohchr.org/Documents/Publications/GuidingPrinciplesBusinessHR_EN.pdf accessed on 8 July 2021.

These standards are formulated with an aim of assisting large, small, public, or private enterprises to follow accountable and reliable practices. These standards are divided into three principles i.e.,

- i. AA1000 Accountability principles- The organizations are realizing the importance of sustainability factor in their operations and as such this principle guides them to identify, assess, and respond to sustainability challenges.²⁵ The AA1000 series of standards are based on the principles of: (a) Inclusivity- The business decisions should reflect the opinion of the related stakeholders; (b) Materiality- The decision makers should recognize material sustainability goals; (c) Responsiveness- The businesses should be responsive towards materiality sustainability needs; (d) Impact- The organizations should assess the influence of their activities on the society and ecosystem.
- ii. AA1000 Assurance Standard- Sustainability has become an essential element of responsible business practices and thus corporations need to assure that their sustainability operations and reporting procedures are meeting the desired goals.²⁶ The AA1000 Assurance Standard is a tool used to measure the performance of the organization in adhering to accountability standards.
- iii. AA1000 Stakeholder Engagement Standard- The critical understanding of the stakeholder's expectation and responding towards them is a success factor in achieving the goal of sustainability.²⁷ The AA1000SES provides a benchmark to devise a framework to implement high-quality stakeholder engagement. It empowers stakeholders to participate actively in the strategy and policy framing approach.

6. Social Accountability International (SAI): SA 8000 Standard

Based on the International Labor Organization and United Nations Convention, the social accountability standard focuses on the basic rights of workers. This is the first auditable standard which consists of nine elements and aims to help the businesses to create favorable working conditions.

7. ISO 26000: Social Responsibility

²⁵ <https://www.accountability.org/standards/aa1000-accountability-principles/> accessed on 8 July 2021.

²⁶ <https://www.accountability.org/standards/aa1000-assurance-standard/> accessed on 8 July 2021.

²⁷ <https://www.accountability.org/standards/aa1000-stakeholder-engagement-standard/> accessed on 8 July 2021.

The ISO 26000 standard lays down a comprehensive framework for businesses to adopt and integrate social behavior in their business strategy and operations. It encourages business organizations to go beyond legal compliance and to obey the law in both letter and spirit. It promotes the understanding of CSR and explains how CSR can lead to business's long-term sustainability.

8. Global Compact Self-Assessment Tool

The global compact self-assessment tool is devised to measure the company's operations and impacts on sustainability elements which revolve around the four core principles of Global Compact. This tool is built on the UN Guiding principles and helps the corporates whether large or small to improve their relationship with stakeholders and review & improve their policies pertaining to social responsibility.

CHAPTER 5

THE CSR COMPLIANCE

Corporate Social Responsibility is no longer a bare idea rather it has evolved to become a major contributing factor in attaining balance between Company's long-term growth and socio-economic and environmental sustainability. With the increasing concerns of environmental pollution and social problems around the world, greater responsibilities have been cast upon the corporates as to how they are impacting or influencing the surroundings in which they operate. In recent evidence, it has been proved that customers show more loyalty towards those corporates which embrace social activities and ethical conduct. Compliance to CSR rules ensures various benefits to businesses such as enhanced goodwill, increased revenues, and better customer engagement. With the introduction of mandatory CSR provision, the business entities can strategize CSR activities to their advantage.²⁸ For instance, firms may invest in building infrastructure capacity in the regions in which they operate. They can strategize their CSR operations to improve institutional framework by building roads, hospitals, electricity, and telecommunications, and as a result get access to low factors of production.

Given the benefits of engaging in CSR activities, firms can only take the advantage of CSR in presence of robust implementation framework. Mandating CSR is not enough; there is a need to identify the challenges in mainstreaming CSR activities in business operations and devise a solution to tackle with such obstacles. The challenges that CSR pose are discussed as hereunder:

- Lack of public awareness of CSR activities- The local community is uninterested in collaborating and contributing to CSR efforts. This is due, in large part, to the fact that there is scant or no information available on CSR initiatives. No serious efforts have been made to sensitize on the issues of CSR and inspire confidence in local communities about such activities. A lack of connection between the firm and the community at the ground level exacerbates the situation.
- Issues of transparency- One of the major challenges in implementing CSR is a lack of openness. Companies have complained about a lack of transparency on the part of local

²⁸ Nayan Mitra & Ajai Gaur, 'Mandated Corporate Social Responsibility in India: Opportunities, Constraints, and the Road Ahead' [2018], <http://www.researchgate.net/publication/329362784> accessed on 9 July 2021.

implementing agencies, who do not make significant efforts to communicate information on their programme, audit issues, outcome analysis, and fund management. This indicated lack of openness has a negative impact on the process of building confidence between corporations and local communities, which is important to the success of any local CSR initiative.

- Lack of consensus- There is a dearth of unanimity among local agencies on CSR programmes. This lack of agreement frequently leads to corporate houses duplicating activities in areas where they interact. Instead of developing collaborative approaches to difficulties, this leads to competitive atmosphere among local implementing agencies. This constraints the company's ability to conduct periodic impact assessments of its efforts.²⁹
- Non-availability of well-organized NGOs- Efficient and systematic governmental or non-governmental groups are scarce in isolated and rural areas. The demands of rural people usually go unnoticed due to a lack of an appropriate authority, and there is no proper authority through which a corporation may access and recognize the requirements of the people. This also reinforces the case for investing in local communities by improving their ability to carry out regional infrastructure development.
- Visibility factor³⁰- The media's involvement in highlighting successful CSR programmes is appreciated since it disseminates positive news and informs the local people about various companies' ongoing CSR initiatives. Because of the obvious influence of raising awareness and branding, many charitable organizations engage in event-based programming, skipping the important grassroots interventions in the process.
- Cramped perspective of CSR activities- NGOs and government agencies often have a restricted perspective on corporate social responsibility (CSR) projects, characterizing them as more donor-driven than locally focused. As a result, people are unclear if they should engage in such endeavors in the medium or long term.
- Lack of clear CSR guidelines- The law, in its current form, fails to encourage healthy CSR programmes due to its ineffective enforcement and lack of clearly defined obligations,

²⁹ Syed Kazim, 'Corporate Social Responsibility: Issues and Challenges in India, The Companion' <http://the.companion.in/corporate-social-responsibility-issues-and-challenges-in-india/> accessed on 9 July 2021.

³⁰ Chand Singh, CSR: Issues and Challenges in India [2016] IJARIE, Vol. 2, Issue. 6, pg no. 1784.

according to numerous analyses. The legislative rules relating to CSR use a lot of ambiguous terminology, which leads to a lot of self-interpretation.³¹

- Lack of trained professionals- It is vital to guarantee that each organization and institution is fully furnished with sufficient resources in order to ensure that CSR operations are carried out efficiently and effectively. However, due to a scarcity of qualified and skilled specialists, achieving CSR goals looks to be a pipe dream. As a result, numerous CSR projects are compromised and limited.

Having discussed the major issues that hinder the process of CSR implementation lets move forward to understand the deep-rooted or hidden causes that restrict the achievement of motive behind the CSR mandate. According to a KPMG analysis, one of the key causes for CSR's failure is geographical bias. This disparity exists for the simple reason that most businesses prefer to allocate funding to initiatives that are close to their headquarters. This eventually leads to the commercialization of both developed and developing areas. All resources are siphoned from the nation's underdeveloped and poorest sectors, which are in desperate need of them, to the already developed sectors. Maharashtra, Gujarat, Andhra Pradesh, Rajasthan, and Tamil Nadu, for example, account for over a quarter of total CSR spending. Nagaland, Mizoram, Tripura, Sikkim, and Meghalaya, all of which are located in the North-East, are near the bottom of the list.

Despite the fact that corporate expenditure on welfare activities has increased, the money has largely gone to the company's predetermined priorities rather than locally determined ones. Eradicating various diseases and promoting education accounted for 44 percent of overall CSR investment, while lowering child mortality received no money and combating inequality and malnutrition received only 6% of total CSR expenditure.

Companies in our country have discovered methods to dodge their duties and responsibilities, and thus avoid assigning funds to CSR activities.³² Many corporations across industries have muddled sustainability with their commercial plan to avoid paying towards CSR. They've devised a strategy that combines sustainability, social responsibility, and business concepts. The goal isn't to speed

³¹ Qamar Ali Jafri, 'Corporate Social Responsibility in India: Triumphs and failures' <http://blog.ipleaders.in/csr-triumphs-failures/> accessed on 10 July 2021.

³² CSR in India, http://taxguru.in/company-law/failure-csr-india.html#_ftnl accessed on 10 July 2021.

up society's growth, but rather to boost their profit margins. Although this is a good move in view of sustainable operations of the Company, but it is difficult to assess the real motive behind such strategy. For example, Hindustan Unilever (HUL) was also found deceiving customers in the same way. They invested a substantial amount of funds in impoverished rural areas to increase sanitation and hygiene awareness. Their action appears to be in compliance with CSR laws at first glance, but it is a sham. HUL's community outreach operations were considered as business-as-usual rather than CSR activities. It was more of a marketing approach, driven solely by profit.

The majority of companies donate their mandatory CSR funding to non-profits with which they have a close working relationship. As a result, this relationship fails to take into account the effective competence of such NGOs to discharge their CSR duty diligently and do not spend the requisite amount of funds towards CSR activities. This underspending could also indicate that they are not putting in adequate effort to discover worthwhile programmes or promote grassroots non-governmental organizations. Furthermore, most firms in desperate need of CSR compliance choose NGOs without conducting due diligence. According to Mumbai police, the accused falsified Hexaware Technologies' papers and approached a number of NGOs and philanthropic groups around the country with the intention of supplying them with CSR money worth over 100 crores. Such misbehavior defeats the objective of integrating and implementing the CSR provision in the first place. Even if we accept the CSR expenditure at face value and assume the correctness of all the statistics presented, there are still substantial challenges to overcome. Firms consider any expenditure that does not result in increased profits to be a tax. According to KPMG, India's corporation tax rate of 34.61 percent, compared to a global average of 24.09 percent, is one of the highest in the world. CSR is seen by businesses as a 2% tax, despite the fact that it is not owed to the government. Many businesses see the 2% CSR spending as alternative method to squander their cash. Recently, there is an ambiguity revolving around tax on COVID-19 relief activities. Certain Covid-related expenditures can now be classified as CSR by the government. Because of the particular restriction on credit under section 17(5)(h) of the CGST Act, as well as the fact that CSR activities are considered non-business expenses under both the CSR guidelines and the Income Tax Act, claiming input GST credit on CSR expenditures will always be a difficult issue.³³ Not taking advantage of the Input Tax Credit (ITC) could result in cash flow issues as well as

³³ CSR Spends on Covid may Land Cos in a Tax Tangle, The Economic Times (3 June 2021) 12

future tax department issues. Those who receive ITC, on the other hand, may find themselves in legal trouble. In this regard, numerous approaches have been adopted by companies. Some businesses are claiming GST credit for items provided for free as part of CSR efforts because they believe it is a necessary business expense, and they are interpreting the credit provisions liberally to allow credit to be claimed.

Indian corporations are not very forthcoming when it comes to divulging the specifics of their CSR expenditure. Bajaj Auto, for example, did not disclose not only the amount spent on CSR efforts, but also whether any funds left over from one financial year to the next were carried forward. The Companies (Amendment) Bill 2019 added some new regulations to the country's CSR legislation. The proposed Amendment requires corporations to transfer excess cash intended for CSR activities each year to a government-created fund. The main goal of this modification was to improve accountability and transparency throughout the process.

Non-compliance with CSR laws does not always occur when monies are misappropriated. It can also happen when finances are mismanaged and misplaced. Contributions to the Prime Minister Relief Fund or similar initiatives are an excellent example of this. Such donations appear to be regarded as part of corporate social responsibility (CSR). For most organizations, diverting funds in this manner is a simple method to get a green card without having to spend extra efforts and money on their own CSR programmes and internalizing the true notion. Most firms extend money to any large programme initiated or a scheme adopted by the ruling political wing to avoid CSR regulations. The fundamental motivation behind this is to ensure that the government protects these corporations from any legal action that may be taken against them for failing to comply with CSR rules. It leads to blatant misappropriation of CSR monies. According to the Goodera report, only 46.51 crores were spent in FY16, however spending increased to Rs 155.78 crores in FY17. This occurred as a result of ONGC, HPCL, BPCL, IOCL, and Oil India Limited donating INR146.83 crores to the BJP's vanity project. The Statute of Unity in Gujarat.

Charitable trusts are used by businesses to fake CSR spending. The money raised is returned to the company. This has a pretty straightforward modus operandi. In order to conform with CSR law, the company writes a paycheck to a trust that works in any of the law's specified fields of activity. After subtracting its commission, the trust transfers the funds in cash back to the company, its promoters, or directors. At that point, white money is transformed to black money, which has a

negative influence on the economy. Since the government does not closely monitor CSR monies and there is no comprehensive database to manage the operations of such trusts, this is the most popular method of laundering CSR cash. All of this is done solely to deceive its clients and skirt around the CSR regulation requirements.

To summarize, the CSR law was enacted with an aim to achieve social, economic, and environmental development through the efforts of business community. The rationale behind it was that businesses must realize how important it is to assess the impact of their activities on the surroundings and to make adequate efforts to sustain the environment in which they operate. But enacting the CSR law is not going to be a success in the long run until and unless the challenges which surrounds its compliance are tackled with effective measures in place and until and unless the corporate community realize the need to comply with it sincerely.

CHAPTER 6

THE CSR IMPLEMENTATION- CASE STUDIES

CSR has evolved into an active instrument for working in the direction of the Sustainable Development Goals (SDGs), with a significant emphasis on social performance reflected in the organizations' CSR projects. The SDGs, also known as Global Goals, are a universal call to action to end hunger, safeguard the environment, and ensure that all people live in peace and prosperity. CSR initiatives are actualized and implemented through Corporate Foundations, Non-Government Organisations (NGOs) & Agencies and Not-for-profit organisations. Majority of the businesses used the 4P approach (Public-Private-People-Partnership) to empower communities and stakeholders.

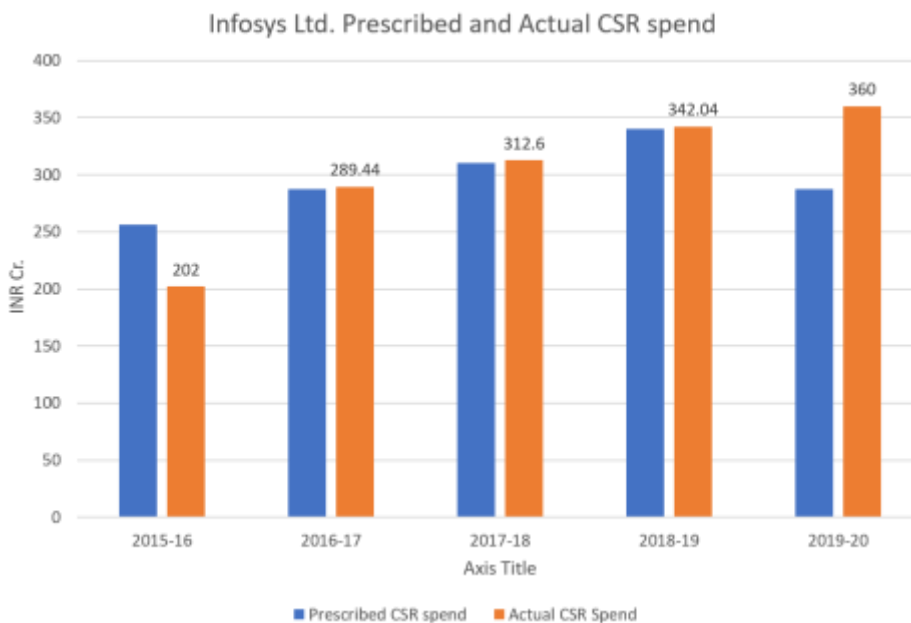
Most businesses regard the community as one of their most important stakeholders and believe in integrated growth. Implementing Corporate Social Responsibilities in 2020 was a varied task, majority of funds going into the COVID-19 relief activities. Several natural calamities such as floods and cyclones ruined havoc in large parts of India. Consequently, funds were also earmarked for recovery efforts in Assam, Kerala, Odisha, and West Bengal. Many organizations continued their CSR activities in the areas of Education, Health, Wellbeing, Regional Development, and Civil Entrepreneurship in the year 2020. Mentioned below are the case studies of top Five Companies based on the CSR ranking report. The classification depends on the companies' CSR expenditure patterns, performance, and funding with respect to the responsibility matrix, ESG performance, compliance, and on-the-ground execution.

*Which Indian companies scored the top in CSR in 2020?*³⁴ Tata Chemicals has slipped to third place after being at the top for the previous three years. Infosys has risen one position. Mahindra & Mahindra has gained two positions to claim the second place. ITC has also improved from fifth position to fourth place in the 2020 rankings. The Vedanta Group has outperformed itself in terms of corporate citizenship, rising from eighth to fifth place. The detailed analysis of CSR activities and approach of top five CSR ranking companies is as follows:

³⁴ Top 100 Companies in India for CSR in 2020 <https://thecsrjournal.in/top-indian-companies-for-csr-in-2020/#> accessed on 10 July 2021.

1. INFOSYS LIMITED:

“CSR merely can’t be a job, it’s a passion,” says Sudha Murthy, Chairperson, Infosys Foundation, the CSR division of IT services Conglomerate Infosys. In the Indian corporate world, the brand Infosys is synonymous with corporate integrity. In addition to its consistent financial performance, the corporation was an early adopter of CSR efforts. Even before it became necessary for Indian companies to spend 2% of their net revenues on Socially responsible activities, the Infosys Foundation has been investing in infrastructure projects through its CSR initiatives. Infosys works to address some of India's most important development issues, including education, rural development, equality of the sexes and women's empowerment, environmental sustainability, preserving national culture and heritage, hunger, poverty, malnourishment, and wellness. In the year 2020, the corporation spent around INR 360 crore on various CSR initiatives. In the year 2015-16, the company was required to spend INR256 Crore towards CSR activities as per the provisions of Companies Act, but the company spent INR202 Crore as few of the projects taken are multi-layer projects. The graph hereunder depicts Infosys's CSR expenditure over the last five years:



Infosys' CSR operations are carried out through the Infosys Foundation, which works to benefit society and improve the quality of life. It uses advanced technology to implement initiatives that

are monitored in real time, resulting in a long-term influence in the community.³⁵ By hoping to achieve the most desired carbon neutral status, Infosys sets a distinguished bar for viable operations. Areas in which Infosys works:

➤ ***Healthcare-***

- i. i. Infosys has collaborated with the National Cancer Institute (NCI) of the All India Institute of Medical Sciences (AIIMS) in Jhajjar, Haryana, to assist cancer patients and their families. Every day, more than 100 patients, largely from low-income and marginalized families, seek treatment at NCI. Infosys has cooperated with the hospital to develop an 800-bed Dharamshala within the site to provide this with affordable housing.
- ii. To support the common goal of women empowerment, Infosys Foundation uses its CSR Funds and leadership acumen to further the efforts of Jan Chetna Manch Bokaro (JCMB). JCMB has been fighting for women upliftment in the State of Jharkhand for many years.

➤ ***Education-***

- i. In 2014, the Infosys Foundation collaborated with Avanti Fellows, a non-profit organization that has assisted 40000 students in achieving their dreams of receiving a high-quality education over the last eight years. The collaboration has assisted approximately 1000 underprivileged students in gaining access to high-quality STEM (Science, Technology, Engineering, and Mathematics) education and realizing their dreams of admission to the Indian Institutes of Technology (IITs) and National Institutes of Technology (NITs) (NITS).
- ii. The Infosys Foundation cooperated with the Sri Ramakrishna Vidya Kendra in Bengaluru's Bannerghatta Forest area to serve free meals to children from Below Poverty Line (BPL) families and thereby promote education among them.

➤ ***Sustainable projects-***

³⁵ The Ultimate Report on CSR of Infosys Limited, <https://thecsrjournal.in/infosys-csr-report-india-2020/> accessed on 11 July 2021.

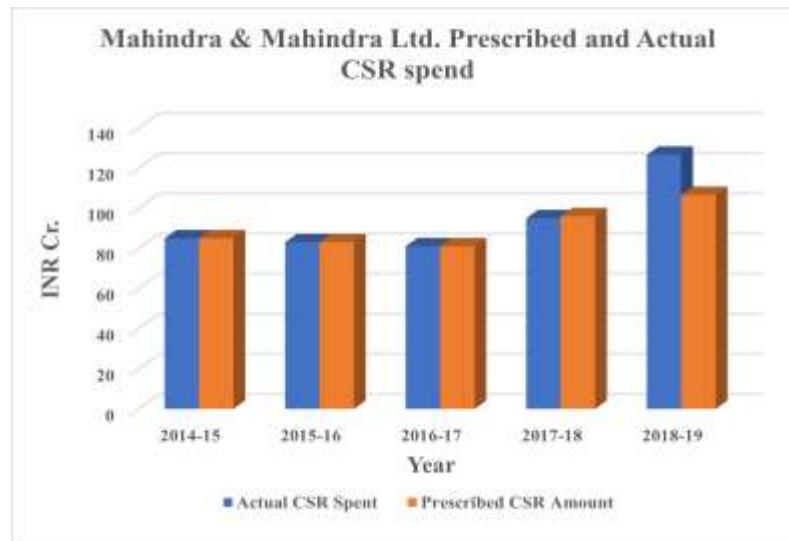
- i. Infosys vowed to become carbon neutral in 2011. It was awarded the 2019 UN Global Climate Action Award in the category of 'Climate Neutral Now' at the UN Climate Change Conference COP25 in Madrid, Spain. Normally, corporations purchase low-value carbon credits from the open market to offset their carbon emissions, but Infosys' carbon offset programme is special. They obtain offsets through community-based projects that provide long-term socioeconomic advantages, and they support the offset projects from start to finish, thereby developing new sustainable ventures. Two of the portfolio projects began in fiscal year 2020: A Household Biogas project in Karnataka and an economical Cookstove project in Maharashtra. These initiatives provide virtually smoke-free and heat-free cooking surroundings, considerably reducing the negative health effects of traditional cooking.
- ii. As part of its CSR initiatives, Infosys collaborated with the Mysore administration to revitalize the contaminated Hebbal lake. The project included desilting and beautification, such as the creation of a walking path and the planting of trees, as a way to involve the neighborhood. A sewage treatment plant (STP) with a potential of 8 million liters of sewage per day is being built near the lake. In the STP, advanced membrane bioreactor technology is being used to assure high-quality treatment with minimal mechanical assistance. The corporation has acknowledged the community as stakeholders by guaranteeing that the project continues under the supervision of Hebbal Lake residents.

2. MAHINDRA & MAHINDRA LIMITED-

Responsible business practices for Mahindra & Mahindra Ltd. include being accountable for its company operations, goods, and engaging in accountable relationships with its stakeholders. As a result, for the organization, CSR extends beyond statutory and regulatory compliances to produce social and environmental synergies for its major stakeholders. The Company's CSR efforts are primarily focused on the development of females, youth, and farmers, who are assisted through projects in education, health, and the environment.

The Company has been persistent in its CSR spending. Since the CSR mandate in the year 2013, Without fail, the Company has spent the prescribed amount on CSR. During the fiscal year 2019-20, the Company increased their CSR spending to 126.6 crores, exceeding the statutory level of

106.56 crores.³⁶ The graph below depicts Mahindra & Mahindra Ltd.'s CSR spending during the previous five years.



The company executes its CSR projects either directly through its ESOPs structure, in which Mahindra employees directly implement the CSR programmes, or through NGOs, the main CSR collaborators of which are the Mahindra Foundation, the KC Mahindra Education Trust, the Tech Mahindra Foundation, and the Naandi Foundation. Mahindra & Mahindra Limited's CSR initiatives include the following:

➤ ***Project Nanhi Kali-***

In 1996, Mr. Mahindra launched Project Nanhi Kali, which grew to become one of India's largest CSR programmes for the education of girls. The programme not only provides free education to girls from low-income households in rural and urban areas, but it also empowers their families. The programme currently supports the education of 1,74,681 Nanhi Kalis throughout 6,001 academic assistance centers in nine states. In 2018, Nanhi Kali, in collaboration with the Mahindra Group, launched a new campaign titled 'Ladki Hath se Nikal Jaayegi' that focuses on the education of a girl kid. Through this effort, the organization hopes to raise awareness about common misconceptions concerning girl education. In 2019, Mahindra & Mahindra Ltd. was honored at the

³⁶ The Complete CSR Report of Mahindra & Mahindra Ltd., <https://thecsrjournal.in/mahindra-csr-corporate-social-responsibility-activities-report/> accessed on 11 July 2021.

Ministry of Corporate Affairs' National CSR Award ceremony for 'National Priority Area Education for project 'Nanhi Kali'.

➤ ***Mahindra Pride Schools-***

The Mahindra Pride Schools is a one-of-a-kind training programme for youths from economically and socially disadvantaged neighborhoods, with a 100% placement rate. In fiscal year 2019-20, the nine schools in Pune, Patna, Chandigarh, Srinagar, Hyderabad, Varanasi, and three in Chennai trained and placed 6045 students. In fiscal year 2019-20, an additional 101391 students were trained through Mahindra Pride classrooms held at ITIs, Polytechnics, and Arts and Science Colleges across 16 states. The Mahindra Pride Classrooms prepare final-year students for placement interviews by providing them with English speaking and life skills, as well as training them through proficiency tests, interviews, group discussions, and digital literacy. A network of more than 200 corporates, many of whom have been repeat recruiters of MPS graduates. This demonstrates the high level of training provided by MPS.

➤ ***Project Haryali-***

Project Haryali is a green effort that was launched in 2017 with the goal of planting one million trees in India each year. In the year F.Y. Mahindra & Mahindra planted 1.32 million trees in 2019-20, bringing the total number of trees planted to 17.3 million. 10.78 million of these trees have been planted in the Araku valley, thereby boosting the livelihoods of tribal farmers who grow coffee in the region. At the Indo French Chamber of Commerce and Industry (IFCCI) CSR conference in 2020, the project was named India's Best CSR project in the Environment and Sustainability category.

➤ ***Integrated Watershed Management Programme-***

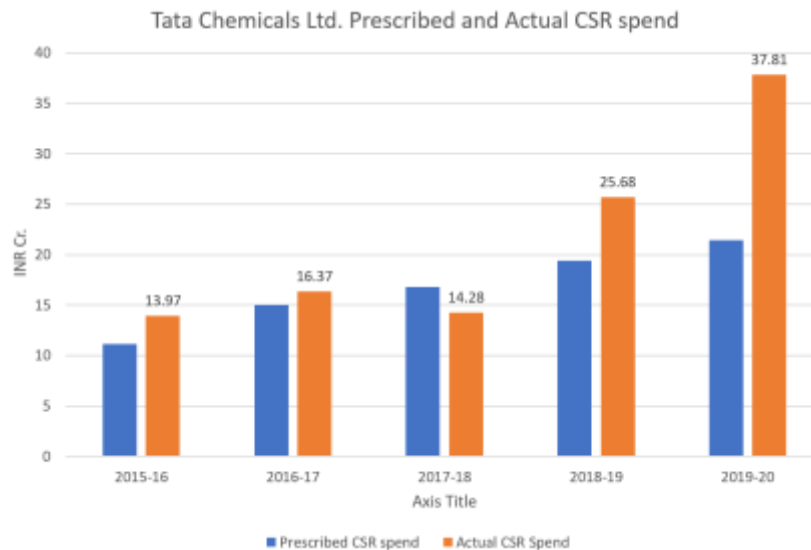
The Government of Madhya Pradesh and Mahindra & Mahindra Ltd. entered a Public-Private Partnership (PPP) in 2010 to convert the hope of prosperity into something real for villagers in 32 villages of Damoh (in Madhya Pradesh). In the last five years, the Company has implemented many activities in the water-shed development. The water is being harnessed in a ridge to valley approach using different methods such as contour trenches, boulder check dams, etc. More than 50 check dams, 75 storage structures, 350 kilometres of Bunds, nearly 3000 gully plugs, gabions, and other water and soil preservation facilities have all made a significant effect in the area. Water

used to run out in March or April, but now it is available until June, despite the fact that humans and cattle from three villages utilize it. There is adequate water available because of check dams and wheat can be grown even on uneven land and as a result the productivity of crop has doubled.

Mahindra has done a lot of sustenance work for those who do not have land such as poultry, attachakki, etc. things that are required in the area.

3. TATA CHEMICALS LIMITED-

Tata Chemicals' corporate strategy is centered on improving the quality of life and supporting balanced and united growth in the communities in which it operates. Tata Chemicals invests INR12 crores on CSR each year, and wildlife preservation efforts accounts for 30% of the TCSR's³⁷ (Tate Chemical Society for Rural Development) budget. Although the prescribed CSR for 2019-20 was INR21.39 Crores, the company went on to spend INR37.81 Crores on community development projects (much beyond the legal mandate). The graph below shows the CSR spend by the Company during the last five years:

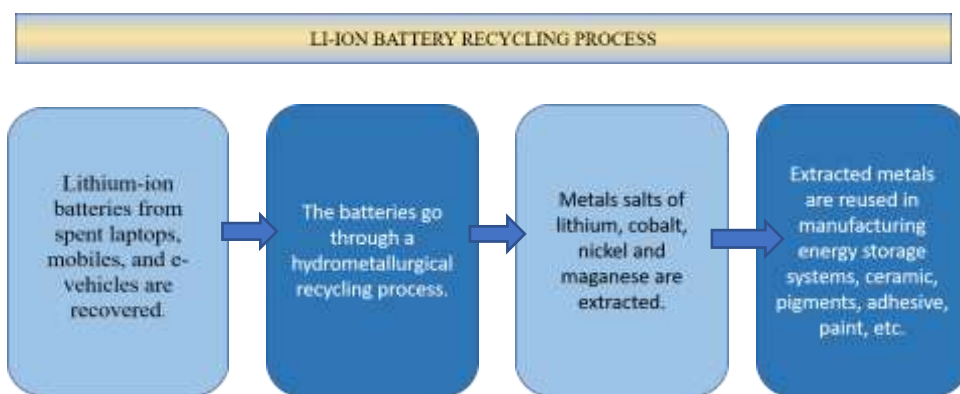


³⁷ TCSR was established in 1980 by the Tata Chemicals Ltd. As a society or a trust which lays emphasis on the spirit of participatory development by involving the stakeholders at each stage of the development process which ensures viability and sustainability of each programme.

Tata Chemicals Ltd. not only put efforts in contributing a major chunk of its profits to CSR activities, but it strongly emphasis that the business should be conducted in a sustainable way to cause minimum harm to the environment and the stakeholders. That is to say, the company focuses more on integrating sustainable practices in business operations as compared to contributing to CSR activities outside the bracket of business processes.

Some of the sustainable practices and CSR initiatives undertaken by Tata Chemicals ltd. Are illustrated hereunder:

- The growth of the electric car industry, paired with a surge in cellphones and laptops, is increasing the number of lithium-ion batteries that wind up in landfills, creating water and air pollution.³⁸ As part of its commitment to zero percent impact on the environment, Tata Chemicals has established a circular economy in its lithium-ion battery business. The diagram below shows the LI-ION Battery Recycling Process-



This endeavor has given birth to *InspiriCo*. which is the first branded recycled cobalt. Recycling spent lithium-ion batteries help enterprises reduce up to 90% CO2 emissions.

- The company owns and operates its chemical plant at Mithapur in Gujarat and produces salt, soda ash and other marine chemicals. One of the biggest challenges it faces is to combine the goal of improving the lives of marginalized communities along with reducing the impact of its chemical activities on environmental conservation and restoration. To overcome this

³⁸ Recycling of Lithium-Ion Batteries, <https://www.tatachemicals.com/Asia/Products/Specialty-chemistry/Material-Sciences/recycling-of-lithium-ion-batteries> accessed on 12 July 2021.

challenge, it has initiated ‘Dharti Ka Arpan’ programme to demonstrate the Company’s proactive approach to biodiversity loss and ecosystem degradation. ‘Save the Whale Shark’ project has been initiated in 2004 under this said programme. Till date, a total of 585 whale sharks which were incidentally caught in fishing nets of the locals in Gujarat have been rescued and released and the fishermen have been also compensated towards fishing net damages.

- Tata Chemicals has consistently prioritized green technologies and green development processes.³⁹ It has modified its companies to be more energy-efficient, to use less water, and to experiment with new chemicals, fertilizer products, and Agri-services to achieve carbon-conscious growth. The Carbon Disclosure Project (CDP) is an international, not for profit organization which works to transform the way the world does business to mitigate the effects of climate change and protect our natural resources. Tata Chemicals is responding to CDP since FY 2008-09 for climate change and has achieved 99 score with 2nd position in the Carbon Disclosure Leadership Index (CDLI) for FY 2014-15.

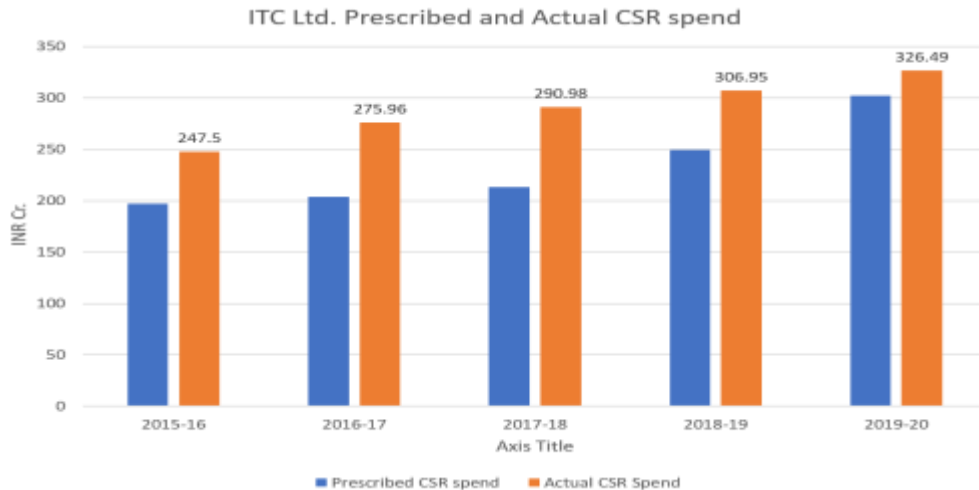
4. ITC LTD-

Acknowledging that business entities are commercial elements of the society and draw on societal resources, it is the Company’s belief that a firm’s performance should also be measured by its Triple Bottom Line contribution, in addition to economic value that it creates. In accordance with this belief, ITC invests in CSR models that seek to develop both livelihoods and environmental capital. Such CSR projects are far more forgivable, wide, and long-term, with a significant influence on job development and environmental repair.

In 2019-20, ITC Ltd. spent INR326.49 crores on CSR projects, exceeding its previous year's spend of INR307 crores.⁴⁰ The graph depicted below shows the CSR spend as compared to prescribed CSR limit:

³⁹ Commitment to Sustainable Practices, <https://sustainability.tatachemicals.com/responsible-manufacturing/india/> accessed on 12 July 2021.

⁴⁰ Report and Accounts, <https://www.itcportal.com/about-itc/shareholder-value/report-and-accounts.aspx> accessed on 12 July 2021.



The ITC Group has long-duration projects in six of the eleven activities of Schedule VII such as women empowerment, primary education, health & sanitation, skill & vocational training, sustainable agriculture, afforestation programme, etc. Social Investment constitutes the core of CSR initiatives of the ITC Group. Its Social Investments programme is the foundation of MSK (Mission Sunhera Kal), which strives to enhance rural capability in collaboration with local people.

Some of the ITC’s CSR initiatives have been discussed hereunder:

➤ ***ITC’s E-CHOUPAL ECOSYSTEM⁴¹***

Around 15-20 years ago farming posed serious challenges. Farmers used to till their lands with bullocks and ploughs. Neither farming was done properly, nor farmers could access quality seeds & fertilisers. They could also not sell their farm output at reasonable prices. Farmers had been strapped for decades in the endless chain of dependencies- dependence on the monsoons, dependence on fragmented landholdings (with an average size of 1.5 hectares in a country with over 156 million hectares of arable land to offer, dependence on unreliable intermediaries or finance or sales or information and inputs, dependence on system which subsists largely without infrastructure. This is precisely the complex hive of issues that e-choupal addresses. A unique web-based interaction developed by ITC, now being applied to several major Indian crops with remarkable results. ITC pioneered this initiative in Madhya Pradesh in June 2000 with a launch of ‘soya choupal’, the first of the series of crop specific portals for small farmers accessed through

⁴¹ ITC E-Choupal, <https://www.itcportal.com/sustainability/echoupal-ecosystem.aspx> accessed on 13 July 2021.

internet kiosks set-up by ITC in their homes and villages operated by the farmers themselves. Farmers now get the latest prices straight from the websites; they learn the best farm management practices; they source the best quality agri-inputs of the firm they trust. Farmers now have the option of taking their produce direct to designated ITC hubs- getting instant cash disbursements.

That's how E-Choupal has been reigning the power of scale to the smallest of Indian farmers. Its always been ITC's philosophy to add value to the entire chain of which it is a part. E-Choupal is also unique from the following perspectives-

- It is a complete end-to-end solution- leveraging information technology to transmit relevant information to the farmer; transfers customized knowledge.
- It aggregates demand for the quality inputs; it is also an alternative marketing channel.
- It is scalable because it is built on market principles.
- It is also replicable by virtue of its conceptual strength across different geographies and crops of India.

➤ **AFFORESTATION PROGRAMME-**

This initiative is implemented in 16 districts across six states, encompassing 3.29 lakh acres in 5.87 villages and affecting approximately 121557 underprivileged households. ITC helps farmers convert unproductive land into productive land by employing a clonal seedling process created by ITC R&D to help establish pulpwood plantations and thereby create sustainable livelihoods. ITC's Social & Farm Forestry Initiatives has greened nearly 224000 hectares of wastelands, creating over 100 million person-days of employment.

➤ **SOLID-WASTE MANAGEMENT- Towards a circular economy-**

The problem of solid waste management is of epic proportions, and each organ of society, particularly enterprises that are large economic organs of society, must make a meaningful contribution to it in accordance with the Hon'ble Prime Minister's Swachh Bharat objective. ITC is highly committed through this initiative of *Well-being Out of Waste (WOW)*.⁴² It seeks to involve a sustainable and scalable solution to segregate, collect and promote reuse or recycle solid waste. Inspired by the mission of *Swachh Bharat*, WOW covers 10 States, 562 Municipal wards, more

⁴² The Ultimate Report on CSR of ITC Ltd., <https://thecsrjournal.in/itc-csr-report-india/> accessed on 13 July 2021.

than 19 lakh households, 8000 schools, 30 lakh schoolchildren and creates livelihood opportunities for over 14,500 ragpickers and waste collectors.

Based on the principle of circular economy that re-consumes its waste, ITC conceived WOW as a new model of municipal solid waste management, a partnership which mobilizes all stakeholders to create new infrastructure- municipalities, communities, households, waste collectors, and recyclers, working with collective goal and trying to benefit all sections of society. The ability to manage municipal solid waste depends on being able to segregate dry and wet waste at source. Building awareness in school children is vital to ITC's goal of promoting source segregation. Trained waste collectors sort the dry waste and deliver it to dry resource collection centers. High value resaleable dry waste is sold to industries like plastic, glass, metal, or paper, for recycling. Low value plastic, thin & multilayer polyfilm has no existing market and is overwhelming landfills in drains. By partnering with new generation of waste technologists who process low value plastic for being reused by industries, ITC seeks to overcome the waste disposal challenge by leveraging technology.

5. VEDANTA LTD.-

Vedanta Ltd. believes in conducting business in a socially responsible, ethical, and environmentally sustainable manner, and is committed to work consistently to improve the level of living in the communities in which it operates. The cornerstone of the company's CSR programmes is '*integrated development*' which align with line with the national and international development agendas in sectors which impact the overall socio-economic development and empowerment of people.⁴³

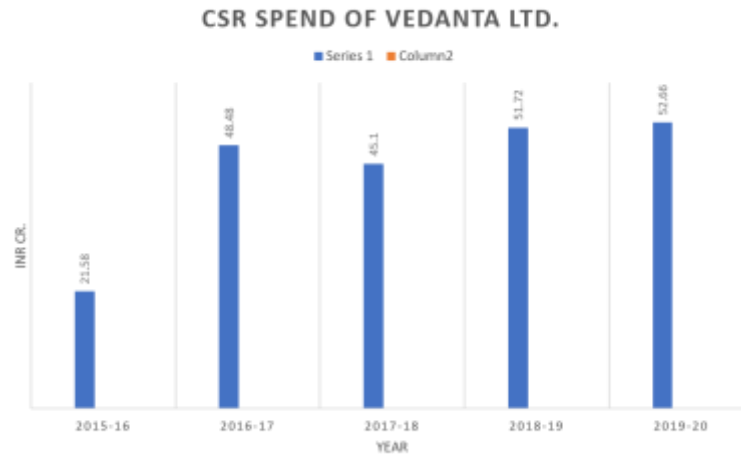
In 2020, the company was named fifth among the top ten Indian companies for CSR. Based on the company's average net profit over the last three fiscal years, the corporation is required to spend INR13 crores on CSR activities. As a responsible corporate citizen, the company spent INR52.66 crores on CSR activities in fiscal year 2019-20.⁴⁴ On analysis of the graph depicted below, it can

⁴³ Vedanta CSR policy, <https://www.vedantalimited.com/Pages/VedantaCSRPolicy.aspx> accessed on 13 July 2021.

⁴⁴ Annual Reports, <https://www.vedantalimited.com/Pages/AnnualReports.aspx> accessed on 13 July 2021.

be evidenced that the company has been continuously investing more funds towards CSR activities. Even in the year 2015-16, the company spent INR21.58 Crores towards CSR programmes although the Company was under no obligation to spend on CSR as the average profit calculated as per provisions of the Companies Act 2013 for the last three years was negative.

The graph depicted below shows the CSR spend of Vedanta Ltd. During the last three years:



The company is dedicated to aligning its CSR operations with the interests of its neighbouring communities as well as national priorities such as the SDGs. The company has made significant progress on GHG reduction commitment. It claimed that it expects to reduce its GHG intensity by 16 percent from the baseline year of 2012. As of March 31, 2019, it had achieved a 14.6 percent reduction in GHG emissions. Furthermore, the corporation recycled more than 111 percent of the fly-ash produced by its power facilities. The company has also introduced a revised stakeholder engagement and grievance mechanism standards to design need-based community programmes as part of its CSR.

Brief overview of Community Development Programme-

➤ ***Nand Ghar project-***

During FY2020, the company operationalized its 1302nd Nand Ghar, which can now be found across the States of Rajasthan, Uttar Pradesh, Odisha, Jharkhand, Chhattisgarh, Madhya Pradesh, and Karnataka. The project is the Company's main national programme, with the goal of assisting

in the early phases of child development and empowering women in rural areas. The Nand Ghars have rooftop solar panels for 24-hour power and water purifiers to meet the educational and nutritional needs of young children. This pre-school program has directly impacted 44000 children, while over 29000 of them enjoy nutritious meals daily.

➤ ***Healthcare-***

To bridge the gap in quality and coverage of medical treatment between the urban and rural areas in India, Vedanta hospital at Lanjigarh provides affordable and quality healthcare services to the rural population. Vedanta also aids the primary health centers in rural areas, conduct Health awareness drives, invest in nutritional programmes, and aims to address basic medical needs through Mobile Health Vans.⁴⁵

➤ ***Environment Protection and Restoration-***

The company focuses on carrying out its business operations in line with sustainable environment practices. Sterlite Cooper (a subsidiary of Vedanta) launched an initiative on the World Forest day with a vision of developing a green belt in the Thoothukudi. The company has planted more than 1,59,000 saplings till date.

➤ ***Sports and Culture-***

Vedanta has two key goals: Sports for All and Sports for Excellence. The main features of the project to promote sports and culture are para-athlete sponsorship, running events, sports tournaments, cultural events, football, and academic archery coaching.

➤ ***Agriculture and Animal Husbandry-***

Vedanta Group follows the integrated approach of climate-change adaptation, Wadi-based agriculture, natural resource management, dairy and livestock development, veterinary care, and irrigation channel maintenance. In Barmer (Rajasthan), project Unnati was launched to enhance productivity in agriculture and livestock. In Jharsuguda, Jeevika Samriddhi project was launched to address the need of irrigation infrastructure, promotion of advanced agriculture, application of

⁴⁵ Corporate Social Responsibility, <https://www.vedantalimited.com/Pages/Corporate-Social-Responsibility.aspx> accessed on 14 July 2021.

bio-fertilizer and pesticides and making farming as a remunerative profession. Under this project, 111 farmers have benefitted, and the irrigation potential of the village increased by 21.34 percent.

CHAPTER 7

WAY FORWARD

7.1. CSR MODEL IN INDIA

The existence of suitable physical/external habitat and material wealth is essential for the peaceful survival of species on earth. A sustainable balance between natural environment and resources, is necessary for economy's survival. But the contemporary development has put a strain on natural resources that environmental deterioration has become a severe issue. Scientists, technologists, politicians and administrators, religious institutions, non-governmental organizations (NGOs), and corporations are all trying to limit the harmful consequences of modern development on people and the planet. Corporate social responsibility (CSR) of both public and private enterprises has emerged as one of the most important aspects of country building in recent years. According to published findings, philanthropy in the country has surged by 21% in the last five years (Bain and Company in collaboration with Dasra, 2019). Any CSR spending should aim to improve the internal and the external environment of the company.

India is a developing and the fastest growing economy of the world. The corporate sector in India is growing and so is the CSR spending. The price of modern progress is the steady erosion of nature's green charm. As a result, because it offers important resources in the form of raw materials, the environment should be the fundamental focus of any CSR programme. Pollution of the air, water, and soil, as well as deforestation and desertification, acid rain and hazardous wastes, climate change, the greenhouse effect, and ozone depletion, all inhibit various types of business. The second prerequisite for any company's development is a peaceful and harmonious society. Profits and progress are the fruits of business trees that have grown in the soil of society, absorbing the fertilizers of ethics, values, peace, and harmony. Hunger, poverty, illness, illiteracy, terrorism and bloodshed, as well as natural disasters, all stifle company growth. Therefore, the goal should be to uplift the environmental and social standards of the people in India while developing the CSR sustainability model. This sustainability model focuses on the priority of fundamental life support system, which should be at the center of every CSR initiative. It's essentially a resource stock assurance method based on survival, which is unavoidable in business and the competition it creates in society. The following are highlights of the sectors which should be considered at the

top of the list of CSR projects and further explains why they should be considered as priority areas or for social investment or for building the foundation of social welfare.

- **Air Quality Assurance:** Air is a necessary component of life on the planet. The quality of air has worsened dramatically since the Industrial Revolution. In 2016, carbon dioxide levels in the atmosphere hit 409.8 parts per million (ppm).⁴⁶

HIGHLIGHTS:

1. Human activities have increased the concentration of CO₂ in the atmosphere, amplifying earth's natural greenhouse effect.
2. The global average amount of CO₂ hit a new record high in 2019: 409.8 ppm.
3. The annual rate of increase in atmospheric CO₂ over the past 60 years is about 100 times faster than previous natural increases, such as those that occurred at the end of the last ice-age 11000-17000 years ago.
4. The ocean has absorbed enough CO₂ to lower its pH by 0.1 units, a 30% increase in acidity.

Every type of business has a responsibility to maintain a safe level of air quality. External sustainability can be ensured through appropriate CSR projects that aid in air pollution prevention and purification around the world, particularly in India, where the international air quality benchmark is just 5.75 out of 100.

- **Water Quality Assurance:** Water should be the next CSR priority area for achieving sustainability. According to the NITI Aayog's 2018 report, India is experiencing the biggest water crisis in its history. Water scarcity affects 600 million people, ranging from extreme to severe. We control 16% of the world's water supply. Contaminated water (pollution) affects 75% of the Indian population, and it is responsible for 20% of sickness in the country.⁴⁷ Key highlights are:
 1. According to the 2018 Composite Water Management Index (CWMI), by 2050, 6% of economic GDP would be lost, and by 2030, water demand will surpass available supply.
 2. Food security is jeopardized due to severe water scarcity in areas where wheat and rice are grown.

⁴⁶ Climate Change: Atmospheric Carbon Dioxide NOAA, <http://www.climate.gov> accessed on 14 July 2021.

⁴⁷ <http://www.financialexpress.com/lifestyle/science/indiaas-water-crisis-is-there-a-solution/2089860/> accessed on 14 July 2021.

3. In terms of health, over 75% of families lack access to clean drinking water, and 40% of the population will lack access to safe drinking water by 2030.

4. The economic burden of waterborne diseases is estimated to be over US \$ 600 million, with chemicals poisoning the water in 1.96 million households, according to UNICEF projections.

Hence, focus must be given to water-related issues in India while executing CSR projects.

- **Food Quality Assurance:** Along with food security, the quality of food plays a vital role in maintaining the population's health. According to the Food Safety and Standards Authority of India (FSSAI) report (2014-15), 20% of food goods in India are contaminated. People's working ability will be reduced, and health expenditures will rise as a result of this. CSR expenditure can support small-scale industries that aid in the manufacture of pure food.
- **Minimum Shelter and Decent Dress Assurance:** By 2022, the current government intends to give homes to all of India's citizens. In India, millions of people live in slums without adequate and decent clothing, especially during the winter season. If a percentage of CSR expenditure could be shifted to address India's housing crisis, the country's sustainable development process would be accelerated significantly. Measures to ensure that the impoverished have suitable clothing will also help to advance sustainable development.
- **Health Protection and promotion of education:** Global health challenges are continually expanding and becoming increasingly complex. On the other hand, global financing to address these health issues with precision and reach the poorest members of society is restricted. The companies can contribute to making these initiatives reach the lowest level of the society. Further, Health is increasingly becoming a focus of Corporate Social Responsibility (CSR), owing to the realization that a healthy staff and community are critical to a company's survival and economic success (according to a survey conducted by KPMG India, Indian companies spent INR 1691 crore on CSR in 2018).

With Section 135 of the Corporations Act 2013 requiring eligible companies to spend on CSR, the corporate sector has a lot of room to fill in the gaps in the education ecosystem. Despite decades of changes and government initiatives, a huge proportion of students fail to complete their education due to a lack of adequate facilities. This situation clearly demonstrates the need for a unique approach to achieving the country's aims of providing

high-quality education to its youngsters. Infrastructure building, giving learning materials, and assisting children with monetary and non-monetary incentives in schools are the most prevalent CSR interventions in education, according to a mapping of education and CSR activities. However, there are considerable obstacles to accomplishing education's true objectives.⁴⁸ A number of firms have recently taken CSR activities in constructing toilets at schools as part of the Swatchh Bharat campaign. Because sanitation programmes are not included separately in Schedule VII of the CSR regulations, these activities are reported under the heading "promoting education." Furthermore, there is very little strategic thinking and creativity in the existing CSR efforts in education. Other vital aspects of education, such as boosting sports and physical education in schools, building libraries and laboratories, and early childhood care and education, receive less attention from CSR. Therefore, these aspects must be focused while spending CSR funds on education.

7.2. CREATING A SOCIAL IMPACT

Today, corporate social responsibility (CSR) represents a growing source of charitable resources in India, with the potential to have a greater impact. As India's unique experiment in mandating CSR investment enters its seventh year, it's a good opportunity to reflect on what we've learned about how CSR programmes may accomplish social impact as the fundamental benefit of legislating CSR is not the money that is provided, but the verifiable outcomes for society.

Strong leadership is the first and most important element for developing an effective CSR programme. The presence of a committed leader with a passion for social impact, as well as strong backing from corporate leadership, may help the CSR programme significantly. In addition to great corporate leadership, the following ideas for practical guidance that can be emulated by other Indian corporations have been discovered.⁴⁹

➤ Focus on fewer impact priorities that align with corporate strengths:

⁴⁸ Protiva Kundu, 'Education as CSR- Hype or Hope', <https://www.cbgaindia.org/blog/education-corporate-social-responsibility-csr-hype-hope/> accessed on 15 July 2021.

⁴⁹ Soumitra Pandey and Shashank Rastogi, 'Building High Impact CSR Programs in India', <http://indiacr.in/building-high-impact-csr-programs-in-india> accessed on 15 July 2021.

Spreading CSR resources across a number of minor programmes can dilute their influence in the same way as spreading corporate resources across many business lines can stifle growth. Strong CSR programmes target a small number of goals and link them to long-term flagship initiatives or grant partnerships, allowing them to direct larger commitments toward more significant and long-term effect.

➤ **Prioritize marginalized populations within existing programs:**

Targeting underrepresented communities by openly expressing their areas of interest, such as SC/STs, women, or people with disabilities, companies can create high-impact CSR programs. Furthermore, they can either actively create trust with these communities or form collaborations with non-governmental organizations (NGOs) that have developed social capital with marginalized populations.

➤ **Embrace a participatory approach with communities and NGOs:**

Companies should adopt an inclusive or integrated stakeholder approach while formulating CSR programs. They should actively engage in motivating stakeholders to deliver their concerns and feedback on existing CSR programs of the company and must include their suggestion therein. They can actively urge NGOs and communities to participate in programme design and implementation by engaging with them.

➤ **Partner with other corporate and private philanthropies:**

Companies aren't always experts in social and environmental science, and they may not have access to the people who need support the most. Finding and working with the proper people, organizations, and resources is the fourth key to success for these reasons. Large corporations, for example, may have a CSR objective to help students become more aware of prescription drug safety, but they may not have the resources to reach these kids. Partnering with an educational institution is a win-win situation, as it allows the organization to fulfil its critical social impact purpose while also providing students with vital information.

➤ **Harness corporate assets, competencies, and connections:**

To increase the effect of their giving, strong CSR programmes use their connections in non-commercial but strategic ways. Corporate CSR programmes can provide valuable abilities such as project management, technology skills, and other specialty capabilities in addition to writing cheques.

➤ **Hire a professional CSR teams, champion CSR from the C-suite, and give CSR strong board governance:**

The corporates should a hire a professional team to carry out CSR programs and to build an effective link between the business activities and the social impact.

Taking CSR, a step further, while comprehensive CSR programmes can drive financial capital to initiatives that are intended to provide social and environmental benefits as well as profits, there are various ways to boost the returns that these programmes generate. Firstly, the company should communicate the CSR successes by using the marketing team's ingenuity to come up with new ways to include CSR into marketing initiatives. Promoting the company's excellent works wonders in acquiring loyal customers and dramatically boosts the company's brand image. Secondly, the company should strive to form meaningful partnerships with its partners. To build a sense of camaraderie and improve commercial relationships, organizations should collaborate on activities that resonate with both the company and its partner. Thirdly, the company should use rigorous ESG reporting systems to attract investors. Younger investors are rapidly entering the financial landscape as a large percentage of wealth is shifted to millennials. The new wave of conscientious investors, with their laser-like focus on ESG, demand that businesses develop rigorous ESG reporting frameworks to demonstrate their value to potential investors. These three factors all contribute to improving the company's market performance. All of the performance indicators—sales, revenue, market share, profitability, competitive advantage, customer satisfaction, and loyalty—are byproducts of the company's efforts to increase the impact of CSR methods.

To summarize, CSR has the potential to play an even larger role in tackling some of India's most critical issues in the years ahead. Some of the most successful CSR initiatives have previously showed how this may be accomplished, as well as the strategies and attitude required. "You should not conduct CSR because you are required to do it; you should do it because you want to do it," says Sudha Murthy, chairman of the Infosys Foundation.

7.3. IMPACT ASSESSMENT

7.3.1. CSR impact assessment is now mandatory.

CSR rules in India have been amended by the Indian ministry of corporate affairs. The new CSR law amendments provide substantial improvements to the national CSR policy, including:

1. A greater emphasis on effect assessment.
2. Decriminalization of offences through alternative redress methods; and
3. New guidelines for the handling of excess CSR money.

7.3.2. What does the CSR amendment 2021 say about impact assessment?

Companies must identify and measure the impact of their larger CSR initiatives as a result of the CSR amendment. The following are the specifics of the new provision:-

1. Only enterprises having a CSR requirement of INR 10 crore and projects worth INR1 crore or more are required to conduct an impact assessment.
2. Companies can set aside a maximum of 5% of their CSR budget, or INR 50 lakh, whichever is lower, for impact evaluation.
3. Before one year has passed after the project's termination, an impact assessment must be completed.
4. The assessment report that is generated at the end of the process will be attached to the company's annual CSR report.
5. An impartial agency must conduct the impact evaluation.

7.3.3. How will impact assessment benefit your CSR programs?

Many organizations have been slow to measure the impact and success of their large-scale CSR efforts, despite their numerous benefits. It's partly because it necessitates a concerted effort from a wide range of stakeholders, as well as a significant amount of time.

The basic goal of these guidelines, which cannot be denied, is to improve accountability among all parties concerned. The value of impact assessment, on the other hand, is not limited to this. Impact evaluation can assist in the development of more effective CSR initiatives, as it-

1. Serves as a channel for firms to communicate the advantages of CSR initiatives to their major stakeholders.

2. Gives organizations the knowledge they need to align and integrate the CSR assessment methodology into their operations and gives them a deeper understanding of the outcomes.
3. Enhances communication and transparency between key stakeholders about CSR-supported contributions to philanthropic aims.
4. Gives a better understanding of how public policy and CSR can work together.

7.3.4. Challenges to a successful impact assessment exercise-

Before beginning the impact evaluation, the organization must first establish what impact means in the context of its CSR activities. With programmes ranging in length from a month to several years, the definition of impact for multiple stakeholders can be extremely vague.

For example, the corporation may have two large-budget CSR projects: one involving a nutrition programme for impoverished children and the other involving tribal community development. The key performance indicators (KPIs) and metrics used to assess the impact of these two operations will be radically different. There will be multiple levels of stakeholders involved, all of whom must be precisely mapped to the process. While the overall process (research, sampling, planning and reporting, and analysis) will be similar, the approach used to investigate each project will differ. This can be perplexing.

To conclude, the amendments on Impact Assessment have added strict responsibilities on companies to ensure that they strategize, execute, and assess their CSR programs more effectively. But at the same, it is important to assess the challenges owing to its successful implementation.

CONCLUSION AND SUGGESTIONS

What is the fundamental aspect of Corporate Social Responsibility? When the money that businesses make is ultimately going to benefit society or stakeholders, why should they do actions that damage them while making that money? The majority of business leaders feel that the means and ends of doing business are the same. Because it makes no sense to destroy the environment and people to gain money, just to give that money back to them later, claiming that "oh! We are doing all of this for you and your benefit." This is the most fundamental aspect of corporate social responsibility. It is not the amount of money we give as 2% .It's also how we run our businesses, which is considerably more essential than the amount of charity we contribute.

Highlighting the importance of the above aspect of CSR, it is understood that CSR is not just complying with the legal mandate and giving away the prescribed amount to socio-environmental concerns. Rather it is to be viewed much beyond this legal mandate and understand and implement the spirit of CSR in its true sense. The reason that businesses should put their heart and soul into CSR activities is -given the political, economic, social, and environmental challenges that humans are facing, businesses have a serious responsibility to contribute to mankind's and society's well-being. Since its inception, the notion of corporate social responsibility (CSR) has grown from a mere slogan where being socially responsible is no longer seen as a trend but as an integral element of a company's operations.

The CSR and SDGs shares the same set of targets i.e., achieving a sustainable balance between social, economic, and environmental welfare. Businesses must seek to mitigate negative consequences while aligning positive outcomes with the SDGs. Due to global climate concerns and their impact on social and economic considerations, businesses must adopt plans in accordance with SDGs to address these issues. In this perspective, the dispute between Friedman and Freeman is crucial to comprehending why companies engage in CSR and what impact CSR has on a company's financial condition. Friedman (1970) claims that a company's sole obligation is to its shareholders, and that management should pursue long-term strategies that maximize shareholder wealth. The underlying reasoning of this argument is the 'agency theory,' which states that managers (agents) should work for the benefit of the shareholders (principle) and should avoid activities that reduce shareholder value. And, according to it, CSR efforts frequently result in the squandering of important business assets. In contrast, Freeman (1984) claims that businesses have

a responsibility not only to their investors, but also to other stakeholders such as people and the planet. In contrast, according to Freeman (1984), corporations have a responsibility not only to their shareholders, but also to other stakeholders such as people and the planet. Freeman subscribes to the Stakeholder Theory, which asserts that everybody with a stake/claim in a firm has the right to be treated as a significant determining factor in the organization's future. Furthermore, adopting a sustainable and ethical approach provides a company with a slew of advantages, the most notable of which is greater consumer involvement. Customers are believed to be an integral component of a business; therefore, when a company invests in the well-being of society and the environment, customers are drawn to the company's policies. Moreover, socially responsible behavior on the part of corporations instils professionalism and dedication in personnel. A good and philanthropic attitude toward society aids businesses in leaving an indelible impression on their customers' minds, giving them an advantage over their competitors. Thus, weaving the threads of the Stakeholder theory and impact of CSR on firm's financial position together, it cannot be said that CSR is a mere social or legal obligation. Businesses operate within the walls of the society and draws resources from it and the society in turn benefits from businesses in through provision of goods/services. By contributing to CSR, the corporates not only benefit in social terms, but they also benefit from it in monetary terms (through enhanced goodwill and increased revenues).

India is the first country to make corporate social responsibility (CSR) mandatory. However, India is not the first country to choose this route. In 2002 and 2006, Denmark and the United Kingdom passed regulations requiring businesses to invest in sustainable development. India may have simply followed in their footsteps. The CSR mandate in the Companies Act of 2013 has now been in place for eight years and thanks to his mandate, companies are now paying close attention to CSR operations. Companies and employees are becoming increasingly committed in becoming responsible citizens who give back to their communities, and CSR is no longer seen as merely a checkbox exercise. The required aspect of CSR expenditure, on the other hand, drew conflicting views. While national and regional chambers of commerce and industry applauded the new laws (Mitra, 2015), others, such as Karnani (2013), claimed that the proposed law is a horrible concept from all perspectives. In fact, some companies have taken a proactive approach to the CSR mandate, realigning their existing CSR frameworks to the mandate, such as ITC Limited, which updated their sustainability report to align their CSR interventions along the lines of Schedule VII; others have taken a defensive approach, not expanding or reporting their CSR interventions.

Nonetheless, the companies have started acknowledging the role of CSR in their business activities. The companies which have scored their position in the top ten out of 100 companies in best CSR practices have acted beyond just mere compliance of CSR mandate. Even before it became necessary for Indian companies to spend 2% of their net revenues on CSR activities, the Infosys Foundation was investing in development projects through its CSR initiatives. Responsible business practices for Mahindra & Mahindra Ltd. include being accountable for its business operations, goods, and relationships with its stakeholders. As a result, CSR for the Mahindra extends beyond simply adhering to the law and provides social and environmental value for its major stakeholders. Despite the fact that Tata Chemicals' CSR budget for 2019-20 was INR21.39 crores, the company spent INR37.81 crores on community development programmes (much beyond the legal mandate). Tata Chemicals Ltd. not only makes a concerted effort to donate a significant portion of its revenues to CSR programmes, but it also emphasizes the need of conducting business in a sustainable manner that causes the least amount of harm to the environment and stakeholders. That is, the corporation places a greater emphasis on incorporating sustainable practices within business operations than on contributing to CSR activities outside of business processes. Vedanta Ltd. is the most notable example of a company that goes above and beyond legal compliance. Vedanta believes in conducting business in a socially responsible, ethical, and environmentally friendly manner, and is dedicated to continually working to improve the standard of living of the communities in which it operates. The company spent INR21.58 crores on CSR programmes in 2015-16, despite the fact that it was under no obligation to do so because the average profit computed under the Companies Act 2013 for the previous three years was negative.

Despite the fact that the CSR mandate has shown to be successful and beneficial, it cannot be argued that it has completely fulfilled its goal. If we take a deeper look at this picture, we can see that the situation is quite opposite and stunning, as the success of CSR remains a faraway dream due to a lack of adequate enforcement mechanisms and efficient CSR regulations. The government should recognize that corporations play a vital role in the growth of a nation, and that they should make appropriate choices in this regard. They should also ensure that, in addition to larger charities, smaller charities receive adequate recognition. There is a significant disparity in spending on CSR initiatives between Indian states. This disparity reflects the corporate sector's goals and priorities. As a result, it is the government's responsibility to ensure that society

progresses towards more equality. Businesses must take advantage of the opportunity to expand in rural India because there is so much more possibility for innovation. Businesses should follow people wherever they go, and companies should reallocate 10% to 15% of their operations to rural areas. Due to the fact that the majority of people live in rural areas, businesses must construct skill development centers for the positions they require. Another problem in achieving the success rate of CSR crops up from the fact that many companies are of the view that CSR is yet another type of tax which they have to bear. The government should lay down appropriate guideline in this respect and ensure that people's perception and discernment improve. There is also a controversy around the new amendments with respect to impact assessment. Although the impact assessment has been made mandatory for the specified class of companies, but no directives have been issued with regard as to what will be the consequence if the impact assessment report is poor, or how will the authenticity of the report be validated. These concerns have to be looked into for more utility and transparency of the new amendment.

One clear pattern that emerges is the need to strike a balance between performance and purpose. Customers want brands they support to behave responsibly. Growing education and self-awareness have fueled this transformation, with customers increasingly believing that their purchases should be linked with brands that match their values. This has become a defining personal goal for many entrepreneurs who have been monitoring how diverse professional areas, such as doctors, engineers, architects, and energy specialists, are contributing to sustainable social ideals. It's critical to ask oneself, "Why are you doing this?" on a regular basis. It's one of the most difficult questions to answer, and it's never as simple as knowing what goes into a business plan template. Ideally, the response to this question would reconfirm why you should be the one leading a particular social effort—and how no one else could do it with the same degree of commitment and belief that you can.

Purpose is not a zero-sum game; businesses do not have to sacrifice earnings just to reflect social responsibility; instead, providing shared value for all stakeholders can help a company compete more effectively. A greater purpose can inspire stakeholders to work together to create a transformational institution that accelerates growth and performance. Companies should act as if they have been granted permission from society in every way. The company's owners must ensure that the company they invest, and nurture adds value to society rather than cost. Jamsetji Tata, a

forerunner of his time who is still a role model for conscious capitalism in 2021, said: In a free enterprise, the community is not just another partner in company; it is the entire reason for its existence.

The reality behind the whole idea of CSR is that we cannot build businesses with spreadsheets. The most precise business plan for the year 2020 (the onset of the covid pandemic) came crashing down in the face of sick factory workers. The covid epidemic has brought attention to not only the government's involvement, but also the responsibility of societies, businesses, and individuals in achieving better outcomes for all of us.

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