

## A Study of Corporate Social Responsibility in India

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### Abstract:-

*The concept of Corporate Social Responsibility holds paramount significance in today's corporate world. Corporate Social Responsibility i.e., CSR is a very common terminology these days. Due to Liberalization, Privatization and Globalization the role and significance of CSR are increasing day-by-day. Thus, there is a need to know the evolution of Corporate Social Responsibility in the country. It is believed that various Indian companies are focusing more in this area. It is also believed that India being a developing country is laying importance in Corporate Social Responsibility. CSR related to responsibilities which corporations have towards society wherein they have been based and operating. CSR is not limited to CSR purview, rather this is even beyond it. CSR can be comprehended in a different way by various people. Some have perceived them being a commitment towards management of different roles which are being played in the society, as customer, citizen, producer and employer in responsible manner while some consider other things as synonymous of CSR like Corporate citizenship etc. Later, this term is being used for starting linking with the Triple Bottom Line Reporting (TBL) that is essentially measured as performance of enterprises against social, environmental and economic indicators. This paper aims at providing an insight of Corporate Social Responsibility in India. It also highlights various challenges and prospects associated with Corporate Social Responsibility in India. Moreover, in this paper suitable strategies are discussed in order to build a sustainable CSR program.*

**Key words:-** Corporate Social Responsibility, Indian companies, CSR program

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**Introduction:-** The corporate have played an important role related to commercial business which focuses mainly on parameters of success which are economic in nature. The corporate are being regarded as such institutions which cater to market demand through various product and service. These organizations have an obligation to create jobs and wealth, the position which these organizations have in market is based on profitability and financial performance. However, since last few years, consequence of the rising globalization and this has pressurized on ecological issues, corporate play an important role in broadening the societal context in which corporate operates and has altered itself.

The stakeholders (community, employees, shareholders and suppliers) today have a redefined role that takes into consideration responsibility which corporate have towards environment and society, even beyond performance and evaluate whether they conduct their role in a social manner or ethically. These results in shifting from a purely economic role towards economic have the advantage of an additional social dimension. There are many institutions, forums and corporate who have endorsed term CSR for fulfilling their responsibility towards the society.

This term is being used for defining commitment of the organization commitment to environment and society within which they operate. As per World Business Council on Sustainable

Development's (WBCSD) report titled as Corporate Social Responsibility Making a good business sense and OECD Guidelines for the Multi-National Enterprises that includes discussion about the way CSR has been emerging as global business standard. There is global effort toward reinforcing of CSR programme and initiative through various schemes which are international and local which try towards identification of best-in-class performance. CSR traces ideology as "The Social Contract Theory" wherein people have to enter into contract and they have duties and obligations when they used to live together in society.

#### **Literature Review:-**

**Kasi and Arya (2018)** explained as the theme of social responsibility as rapidly budding on domestic as well global agenda of the corporate sector. The idea of corporate social responsibility (CSR) is not new. Business, through the ages, demonstrated varying degrees of responsibility to society. This study explored global phenomenon in CSR and examines the corporate social responsibility initiatives and trends of Indian companies on selected CSR indicators in comparison to Asia and world. This study is based on secondary data observed that CSR has gone mainstream for many of the world's companies and is headed in the same direction in India also. India has emerged as a prominent country paying an ever-increasing attention towards corporate social responsibility (CSR) disclosure. The researcher has used descriptive and analytical methodology and the data has been collected through mainly secondary sources such as books, articles, books, e-sources.

**Adda, Azigwe and Awuni (2016)** discussed that the concepts of ethical behavior and corporate social responsibility have come to the fore in recent years in both developed and developing countries as a result of growing sense of corporate wrongdoing. These two concepts can bring significant benefits to a business. The idea that business enterprises have some responsibilities to society beyond that of making profits for shareholders has been around for centuries. The paper addressed the concepts of business ethics and corporate social responsibility. From the perspectives of MBA students and managers, it came out that business ethics and social responsibility are very important for organizational growth and success. Specifically, they consider business ethics to lead to positive employee, customer and community relations. Not only that but also, they perceived that better public image/reputation; greater customer loyalty; strong and healthier community relations can inure to the benefit of corporations that are socially responsible.

**Ravichandran and Chandilyan (2016)** explained in their research work that sustainable product have been playing major role in influencing consumer behavior. A prominent role is that influencing consumers' for sustainable products requires development of inventive products and analysis of consumption practices. Original products with lesser common effects could lead the firm to greater business competency, improve its business act, and ensure it retains its competitive advantages. Attribute importance rating suffers from social appeal bias and some of the inferences made from this technique depart from actual consumer sentiments. The aim of this study will be to evaluate persuasion of CSR in FMCG product features on consumers' behavior. This paper investigated the marginal willingness to pay for social attributes.

**Fakay and Buragohain (2015)** explain in their research work that businesses are no longer viewed as only the economic entities but are perceived to be an inseparable part of the society. Corporate Social Responsibility (CSR) is basically a concept whereby companies decide voluntarily to contribute to a better society and a cleaner environment. It was concluded that over the last years an increasing number of companies worldwide started promoting their business through CSR strategies because the customers, the public and the investors expect them to act sustainable and responsible.

**Chakravarthi and Chakravarthi (2014)** explained that Corporate Social responsibility (CSR) refers to the business man's decisions and actions taken for reasons at least partially beyond the firm's direct economic or technical interest. CSR of business is understood from two different angles of business obligations, i.e., Socio-economic obligation, and Socio-human obligation. CSR is the sense of obligation on the part of the companies to build certain social criteria and manage the business activities by taking strategic decisions. Socially responsible companies should consider various issues, from the organization of the firm to build relationship with the community. The CSR is towards the customers, employees, intermediaries like Banks & Financial Institutions, shareholders, society and Government. CSR is not merely a charity, but much beyond that and is a tool to contribute directly or indirectly to the company's bottom line and also ensures its long-term sustainability.

**Objectives:-**

1. To study the evolution of Corporate Social Responsibility in India.
2. To discuss the challenges and prospects associated with Corporate Social Responsibility in India.
3. To suggest strategies to build a sustainable CSR Program.

**Research Methodology:**

1. This research paper is an attempt of exploratory research.
2. Based on the secondary data an attempt has been made to study the concept of Corporate Social Responsibility in India.

**Evolution of Corporate Social Responsibility in India:-** India has the world's richest tradition of Corporate Social Responsibility (CSR). The term CSR may be relatively new to India, but the concept dates back to Mauryan history, where philosophers like Kautilya emphasized on ethical practices and principles while conducting business. CSR has been informally practiced in ancient times in form of charity to the poor and disadvantaged. Indian scriptures have at several places mentioned the importance of sharing one's earning with the deprived section of society. We have a deep-rooted culture of sharing and caring.

Religion also played a major role in promoting the concept of CSR. Islam had a law called Zakaat, which rules that a portion of one's earning must be shared with the poor in form of donations. Merchants belonging to Hindu religion gave alms, got temples and night shelters made for the poorer class. Hindus followed Dharmada where the manufacturer or seller charged a specific amount from the purchaser, which was used for charity. The amount was known as charity amount or Dharmada. In the same fashion, Sikhs followed Daashaant.

Here, we can understand that the history of CSR in India runs parallel to the historical development of India. CSR has evolved in phases like community engagement, socially responsible production, and socially responsible employee relations. Therefore, the history of Corporate Social responsibility in India can be broadly divided into four phases:

The first phase of CSR was driven by noble deeds of philanthropists and charity. It was influenced by family values, traditions, culture and religion along with industrialization. Till 1850, the wealthy businessmen shared their riches with the society by either setting up temples or religious institutions. In times of famines, they opened their granaries for the poor and hungry. The approach towards CSR changed with the arrival of colonial rule in 1850. In the Pre-independence era, the pioneers or propagators of industrialization also supported the concept of CSR. In 1900s,

the industrialist families like Tatas, Birlas, Modis, Godrej, Bajajs and Singhanias promoted this concept by setting up charitable foundations, educational and healthcare institutions, and trusts for community development. It may also be interesting to note that their efforts for social benefit were also driven by political motives.

The second phase was the period of independence struggle when the industrialists were pressurized to show their dedication towards the benefit of the society. Mahatma Gandhi urged to the powerful industrialists to share their wealth for the benefit of underprivileged section of the society. He gave the concept of trusteeship. This concept of trusteeship helped in the socio-economic growth of India. Gandhi regarded the Indian companies and industries as “Temples of Modern India”. He influenced the industrialists and business houses to build trusts for colleges, research and training institutes. These trusts also worked to enhance social reforms like rural development, women empowerment and education. In the third phase from 1960-1980, CSR was influenced by the emergence of Public sector undertakings to ensure proper distribution of wealth. The policy of industrial licensing, high taxes and restrictions on the private sector resulted in corporate malpractices. This led to enactment of legislation regarding corporate governance, labor and environmental issues. Still the PSUs were not very successful. Therefore there was a natural shift of expectation from the public to the private sector and their active involvement in the socio-economic growth. In 1965, the academicians, politicians and businessmen set up a national workshop on CSR, where great stress was laid on social accountability and transparency.

In the fourth phase from 1980 onwards, Indian companies integrated CSR into a sustainable business strategy. With globalization and economic liberalization in 1990s, and partial withdrawal of controls and licensing systems there was a boom in the economic growth of the country. This led to the increased momentum in industrial growth, making it possible for the companies to contribute more towards social responsibility. What started as charity is now understood and accepted as responsibility.

Following are top 5 companies in India known for CSR initiatives:

- 1. Wipro Ltd.** - Wipro has spent more than the prescribed CSR budget in the last three financial years. The implementation of the CSR programmes happens through multiple channels – Wipro Foundation, a separate trust set up in April 2017, Wipro Cares, the trust for employee contribution and in some cases, directly through functions and groups within Wipro Ltd. The implementation approach of Wipro is to primarily work through partners with established track records in the respective domains. The majority of projects are long-term multi-year programmes. Wipro’s work in primary health care from 6 projects across four states touches the lives of more than 70,000 people. Apart from providing regular health services, the emphasis is also to build the capacity of the communities in terms of higher awareness and developing a higher degree of self-reliance to handle their own primary health care needs. In terms of disaster management, Wipro has helped rebuild the lives of people affected by Karnataka Floods, Bihar Floods, Odisha Floods, the Japan Tsunami, Hurricane Sandy and Philippines Cyclone.
- 2. Hindustan Unilever Ltd.** - Hindustan Unilever Limited, popularly known as Unilever or HUL, works on the basis of USLP (Unilever Sustainable Living Plan). The plan was launched in 2010 and is creating sustainable growth through the company’s world-famous brands and in the process cutting costs, reducing risks and building goodwill for the company. USLP has three global goals: to help more than a billion people take action to improve their health and wellbeing, to reduce the environmental footprint of its products and to enhance the livelihoods of people as they grow their business. HUL has been spending

more than the mandated 2% of profits over the years. In FY 2020, its CSR spend was a whopping Rs. 142 crores. The company uses its CSR funds to work on issues which plague India's development. It has achieved huge successes in the areas of water conservation as well as tackling health and hygiene issues at the grassroots level. HUL has pledged INR 100 crores to help the Indian government fight COVID-19.

3. **Godrej Consumer Products Ltd.** - Godrej Consumer Products Ltd. (GCPL) spent Rs. 19.49 crore on CSR initiatives in FY 2019-20. Although the spending is 23% lower than the prescribed Rs. 25.34 crore, the impact of long term projects give it the 8th ranking on our list. Disease prevention, waste management, livelihood with a focus on women are some of the areas of focus for its flagship corporate citizenship initiatives. GCPL CSR is partnering with the Government of India to eliminate malaria by 2030. The company's flagship project EMBED (Elimination of Mosquito Borne Endemic Diseases) works with the government and NGOs for intensive behaviour change in Madhya Pradesh, Uttar Pradesh and Chhattisgarh.
4. **Grasim Industries Ltd.** - The new entrant in 2020 is Grasim Industries, part of the Aditya Birla Group. The total CSR expenditure by Grasim was Rs. 47.14 crore. This sum funded CSR initiatives that had 7,12,140 direct and indirect beneficiaries. World CSR Congress bestowed the Halol unit with the 2019 Global CSR Excellence and Leadership Award. CMO Asia recognised Grasim's Jagdishpur unit with Asia's Best CSR Practices Award 2018-19. The company's CSR work is carried out under the aegis of the Aditya Birla Centre for Community Initiatives and Rural Development, with Rajashree Birla as the Chairperson. The Centre gives the CSR team a strategic direction and ensures performance management.
5. **Bharat Petroleum Corporation Limited (BPCL)**- It is a Government of India controlled Maharatna oil and gas company. BPCL employees stood strong in the fight against the virus. They made a collective contribution of INR 4.27 Crores from their salaries. As part of its corporate social responsibility for COVID-19 relief, the PSU organised 'Swachhta Pakhwada 2020' from July 1 to 15, 2020. This special initiative was in support of the Indian government's Swachh Bharat Abhiyan.

### **Challenges and Prospects of Corporate Social Responsibility:**

#### **1. CSR: Medium of urban corporate India to support rural Bharat**

There is a paradox in our country. As if different parts of the country are living in different centuries. It has rural Bharat on one side that is steeped in illiteracy, poverty on the one hand and a literate, rich, extravagant, corporate, urban India on the other. It is a surplus society in the world of deficiency. If we have to achieve growth, harmony and peace then the urban India and corporates and rich have to support and give hand to rural India to come up.

CSR is one of the most effective media for doing that transformation. Through CSR, the private sector can extend the good work to rural areas by meeting the infrastructure requirements in government schools and PHCs, CHCs and similar institutions that provide services to rural settlers. Companies can adopt specific blocks or districts for such intervention or take up holistic development as Lupin Foundation has done. This can be synergized with efforts to tackle malaises that have crippled our rural communities.

## 2. Doers and thinkers required

The country needs doers and thinkers but not only talkers. Mere talking or articulating is not enough. As the famous author, John Charles Salak says, *“Failures are divided into two classes — those who thought and never did, and those who did and never thought.”*

We need to act and act fast but with proper thought behind it. Plunging into the act without thinking can lead to catastrophe while thinking without acting can lead us nowhere. CSR practitioners, therefore, should be both thinkers and doers at a time. Further, CSR leaders should be transformational. They should be able to make a meaningful difference.

## 3. Innovations: Key to effective CSR

If CSR programmes are to be effective going ahead, the leaders, the managers and field staff need to have creative thinking beyond normal. There is a need for idea generation at every level. Only innovations and out of box thinking can keep pace with the challenges we face. We at Lupin Foundation have made innovations/new initiatives, a hallmark of our strategy. In collaboration with the institution of excellence such as IITs, we have developed different designs of furnaces or machines to facilitate safe and efficient working benefitting many artisans.

But technological innovations are not enough. We must find out innovative solutions to problems. When we found that the seepage of canal water going to Gurgaon destroyed farmland at Jeeraheda village, we decided to turn waterlogged farmland into water bodies for fisheries. Thus, the problem was converted into an opportunity with a simple idea. For CSR to be effective to solve issues and address challenges we need such inventive thinking and disruptive social and technological solutions. It would be key to effective CSR going ahead.

## 4. Technology application: Effective CSR strategy

Along with innovations, technology infusion and application are equally important. We are in the age of technology-driven society. Technology is a major enabler going ahead. Hence, application of apt technologies developed by academic, technological institutions and industry can be an effective CSR strategy going ahead. We at Lupin, have a lab to land approach over the years. Infusion of technologies in agriculture, animal husbandry or health can create miracles. A single neonatal respirator machine at PHC can save thousands of newborn babies every year and reduce the IMR in the area drastically.

## 5. Not just innovate, but replicate and go for Next Practices

While innovation and technological applications are critical, we have the opportunity to replicate what others have developed. We need not waste resources and time to develop solutions and practices that are already well established.

We need not reinvent the wheel. We should learn from others. We should scout for best practices developed by different CSR organisations and replicate the same. We should become future-oriented and look for next practices, as the future is uncertain.

## 6. Long term commitment but with an Agile approach

Temporal scale is also critical in CSR practice. One cannot be short-sighted for sure. However, long term planning may not work as shown by Covid-19. It is said, man proposes, God disposes. One single disease and the whole paradigms are changed overnight. Just as we cannot have one single uniform solution for the diverse country, we cannot have long term plans for an unpredictable future.

We all live in a dynamic society where the change is the only constant and inevitable. Hence, what we need is long term commitment but agile approach and capability to respond to changing situations

**Strategies to build a sustainable CSR Program:** The strategies to build a sustainable CSR Program can be enumerated as follows:

**1. Build your strategy around your company's core competencies.**

There are many worthy causes companies can choose to support, but without focus and alignment around what your business already does well, your CSR efforts may be less effective. If a company has developed strengths, research, and knowledge in a specific area, supporting a cause that aligns with that expertise can be both a win for community partners and for the company with new customer visibility and revenue streams. "CSR can be both a risk mitigation strategy and an opportunity-seeking strategy, and leaders should look for the 'sweet spot' within their organizations—that is, the intersection between business and social/environmental returns," Kellie McElhaney, Director at the Center for Responsible Business.

**2. Recognize issues that matter to your customers.**

It's no secret that corporate citizenship efforts can promote a positive brand association for companies, but do customers really care? The answer is a resounding "yes." According to a Cone Communications CSR Study, 87% of consumers would purchase a product based on a company supporting a social or environmental issue the consumer cares about. Consumers are rewarding socially responsible companies through brand loyalty, making donations to charities companies support, and purchasing products that provide a social benefit. As recent corporate scandals in the news demonstrate, consumers also aren't afraid to use their buying power to punish companies who have acted irresponsibly or harmfully, through boycotts and negative social media campaigns.

**3. Develop CSR initiatives that make your employees proud.**

Strategic companies are also using CSR programs to protect and grow their biggest asset—their employees. Seventy-six percent of millennials consider a company's social and environmental commitments when deciding where to work and 64% would not take a job if a potential employer didn't have strong corporate social responsibility practices in place. "Being a good employer has always served companies well in terms of recruitment and retention, now those practices can also yield broader positive business benefits," said Alison DaSilva, former Executive VP of CSR Strategy at Cone Communications..

**4. Measure the ROI of your CSR efforts for the C-suite and your investors.**

Evaluating CSR programs can be overwhelming, especially when initiatives can span many different departments such as human resources, marketing, sustainability and compliance. However, developing an organized framework for reporting that links efforts back to strategic priorities for the business will inform your C-suite and investors if your CSR efforts are affecting your company's performance. Seek to quantify socially conscious efforts that are directly tied to the company's bottom line—for example, activities that drive cost savings, new customer acquisition, and brand awareness.

## **5. Expand your company's definition of CSR.**

Traditionally, good corporate citizenship was defined by annual giving programs, cause marketing campaigns, and efforts aimed at reducing environmental resources. And while those efforts are valuable, consumers and companies alike have become more innovative in how they define a responsible company. According to a Cone Communications CSR Study, consumers prioritize the following business actions as important: being a good employer, operating in a way that protects and benefits society and the environment, creating products and services that ensure individual wellbeing, investing in causes in local communities and around the globe, and standing up for important social justice issues.

## **6. Be prepared for rapid response to current events and social movements.**

Even the best laid plans for CSR may require changing. To be sustainable, your CSR work needs to be flexible. This could include modifying budgets, redirecting investments of time, and quickly identifying trusted nonprofit partners to launch new programs or adjust existing ones. By being adaptive with your CSR, your program will remain relevant and timely. CSR programs have the potential to bring value to business and society, but only if done well. By aligning corporate citizenship efforts with revenue-generating activities, you can ensure your CSR program is strategic and sustainable.

### **Conclusion:-**

While Corporate Social Responsibility in India is undertaken by many of the corporate sector companies, it plays a significant role in making provisions like modern and improved training, facilities, education, healthcare, etc. to the underprivileged. However, CSR in India is not under any penalty, and companies often try to evade CSR. Making stringer rules and imposing penalties will help reduce this problem. Hence it can be concluded that the concept of Corporate Social Responsibility hold paramount significance in today's complex and dynamic business world.

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