

## **Corporate Social Responsibility Practices in Indian Corporate Sector**

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### **Abstract**

*Corporate Social Responsibility (CSR) has been around in various guises for a quarter century or perhaps longer time. Corporates which are aspiring to be, or are, pioneer in CSR are challenged by rising social and public expectations, increasing innovations, regular quality improvement plans and heightened social and environmental problems. The concept of CSR is based on co-existence and interdependence and CSR revolved around this natural and logical phenomenon. CSR is a management innovation similar to strategic business planning it to ensure strategic interests of the corporate, better identity, social recognition and acceptance and good corporate governance. Most of the thought leaders believe there will be a CSR consumer segment in future. This “vigilante consumer segment” will emerge from high income with increasing influence and better bargaining power in business and market place CSR may prove to be a source of opportunity, innovation and distinctive competence (DC). This paper tries to present CSR practices of top most Indian Corporate houses. Paradigm shift towards CSR may prove to be a source of opportunity, innovation and distinctive competence for corporate houses under competitive environment.*

**Key words:** *Companies Act 2013, Corporate Social Responsibility, Indian Corporate Sector, Social Costs, Triple Bottom Line Approach.*

### **Introduction**

Corporate Social Responsibility (CSR) denotes the way the companies integrate the general, social, environmental and economic concerns of the society into their own values, strategies and operations in a transparent and accountable manner and thereby contribute to the creation of wealth and improvement in the standard of living of the society at large.

The World Business Council of Sustainable Development has described CSR as the business contribution to sustainable economic development and includes commitment and activities pertaining to the following topics:

- Health and Safety,
- Environmental concerns,
- Community development,
- Human rights in relation to labour,
- Customer satisfaction and fair competition,
- Accountability and transparency in financial reporting,
- Maintaining relationship with suppliers etc.

Social responsibility objectives need to be built into corporate strategy of business rather than merely by statements of good intentions. The concept of CSR extends beyond notions embodied in current law and it introduces new dimensions and new problems. There is no generally accepted concept of social responsibility of business enterprises.

The concept of CSR was established to promote the objective of social welfare. But, with increasing competition and companies being in a race to win over the others, CSR is being used as an instrument to win over the competitors. There have been, thus several viewpoints regarding CSR, some being in favour of CSR while some opposing it. A viewpoint shared by **Sharma (2011)** says, “at business cannot neglect the long-term social costs of business and profits.” This viewpoint further states that the justification of business is that it benefits society (**Shaw and Barry, 1992**). Some other point of views criticizes the concept of CSR. “Business should only take care of its business” (**Friedman, 1960**). Some also criticize CSR because of its use by companies as a tool to improve their public image. “CSR initiatives are especially likely to be used by firms that have built their reputation around being a virtuous company” (**Sharma, 2011**). However, the importance of CSR in the growth of enterprises has been evident through numerous instances. It is hence believed that good ethics is good business in the long run (**Cohen, 1999**).

The CSR concept is also well explained by using the Triple bottom line (TBL) approach by **Elkington (1997)** and focus on accountability for performance on the three bottom lines of people, profit and planet (Three Ps.) The people reflects the social dimension including activities in shaping local, national and international public policy, equality, treatment of minorities, employees issues and public concern e.g. organizational citizenship. The profit is economic dimension reflecting activities related to shaping demand for products and services, employee's remunerations, procurement policies and other issues related to business. The third dimension planet denotes environment which is affected by services, process and procedures of the business. The elements of environment include air, water, natural resources, land flora and human welfare. The corporate, while perusing the profit (economic dimension) compromise more often on the two other dimensions. The dimensions. The CSR concept focuses on balance of the three bottom lines to ensure a proper CSR.

### **CSR Practices in Indian Corporate Sector**

India is the only country in the world with a legislature on mandatory CSR. The biggest corporations in the country are obligated to spend 2 per cent of their net profits under Corporate Social Responsibility.

Section 135(1) of the Companies Act, 2013 provides for the trigger point for the applicability of CSR Provisions and constitution of CSR Committee. The constitution of CSR committee is mandatory in company having:

- Net Worth of Rs. 500 Crore
- Turnover of Rs. 1000 Crore
- Net Profit of Rs. 5 Crore during any financial year.

CSR Expenditure: As per Section 135(5), at least 2 percent of the average net profits of the company during three immediately preceding financial years must be spent against CSR as provided in CSR Policy.

A glimpse of the CSR of the top companies by market capitalization in India is being presented hereunder:

### **1. Reliance Industries Limited**

Reliance is India's largest company by market capitalisation. It is a significant global player in the integrated energy value chain and has established a leadership position in the Retail and Digital Services business in India. Reliance Industries Limited has been the top CSR spender in the country for the last several years. The Company spent Rs. 1186 crores on its CSR initiatives in FY2021-22, higher than what it was obligated to spend as per the Company's Act (Rs. 1112 crores).

Reliance conducts most of its community outreach programs through Reliance Foundation, the CSR arm of the Reliance Group. Since the inception of its philanthropic activities, the company has touched the lives of over 5.75 crore individuals. The main areas of focus of CSR of Reliance Industries include Rural Transformation, Education, Disaster Response, Health, Sports for Development, and Arts, Culture and Heritage. The company also extended its aid to the nation to combat the spread of the COVID-19 pandemic. Reliance Foundation was accorded for its Corporate Leadership in ESG at The CSR Journal Excellence Awards 2021.

### **2. Tata Consultancy Services Limited**

Tata Consultancy Services (TCS), an IT services, consulting, and business solutions company that is part of the Tata Group, has been assisting many of the biggest companies in the world with their transformational journeys for more than 50 years. In FY2021-22, the

company spent more on CSR than was required (Rs. 716 crores), spending a total of Rs. 727 crores.

The Company believes that all are born with equal potential but not equal opportunity. TCS' vision is to empower people and communities, building self-reliance through purpose and technology while ensuring the values of fairness, equity and respect for human rights. The Company remains steadfast in its mission to connect people to opportunities in the digital economy while building equitable, inclusive pathways for all – especially women, youth and marginalised groups.

TCS, through various CSR initiatives and programs across the globe, continues to invest in addressing the most pressing needs of the community. The primary focus areas are education, skilling, employment and entrepreneurship, with a focus on bridging the opportunity gap for people and communities. In FY 2022, TCS estimates that its global community initiatives reached more than 1.7 million beneficiaries, made possible by over 58,900 employees contributing over 700,000 hours of their volunteering time to support local community initiatives.

### **3. HDFC Bank Limited**

HDFC Bank is India's largest private sector bank by assets and the world's 10th largest bank by market capitalisation as of April 2021. In FY2021-22, although the bank was obligated to spend Rs. 733.86 crores, it spent Rs. 736.01 crores on its CSR initiatives.

HDFC Bank conducts its community development initiatives under the umbrella CSR brand HDFC Parivartan. Parivartan aims to bring about a transformation in the communities in which the bank operates through multiple initiatives in the areas of Education, Skill training and livelihood enhancement, Health Care, Sports, Environmental Sustainability and

Rural Development. Parivartan is also at the forefront of natural disaster response, successfully restoring infrastructure and rehabilitating communities. The Bank has touched the lives of over 9.6 crore people through its CSR initiatives under Parivartan.

#### **4. ICICI Bank Limited**

ICICI Bank is a leading private-sector bank in India. It is the fourth largest company in the country as per market capitalisation. In FY2021-22, the bank spent Rs. 266.62 crores for its CSR initiatives, more than it was obligated to spend (Rs. 259.61 crores).

ICICI Bank's objective is to proactively support meaningful socio-economic development in India and enable a larger number of people to participate in and benefit from India's economic progress. With an aim to work towards this through CSR, the Bank established ICICI Foundation for Inclusive Growth in 2008.

The ICICI Foundation concentrates a significant portion of its efforts in rural areas. Over time, the ICICI Foundation has come to understand the importance of identifying local needs at the grassroots level and developing initiatives or programmes for optimum impact. These initiatives could include tackling resource scarcity problems, developing the value chain for agricultural products, providing skill development in smart agricultural practices, and more.

#### **5. Infosys Limited**

In India, Infosys Limited was a pioneer in the CSR movement. The majority of its CSR projects have been carried out through the Infosys Foundation, which was founded in 1996—long before CSR was legislated in the country. In FY 2021-22, the company spent Rs. 344.91 crores for its CSR programmes. It was, however, obligated to spend Rs. 396.70 crores as per the company's latest annual report.

The Infosys Foundation works to create a deep societal impact in India. Infosys CSR initiatives, delivered through the Foundation, focus on assistance with education, improving healthcare, addressing malnutrition and hunger, destitute care and rehabilitation, rural development, environmental sustainability and protection of national and historical heritage and promotion of art and culture. Climate action has been a key ESG focus area for Infosys since 2008. In fiscal 2020, the company turned carbon neutral and has continued to be carbon neutral for three years in a row Infosys has pledged to net-zero emissions by 2040.

## **6. Hindustan Unilever Limited**

Hindustan Unilever Limited (HUL) is a consumer goods company established in 1931. The company's products are very popular in Indian households, making it the sixth largest company in the country by market capitalisation. In FY2021-22, HUL was prescribed to spend Rs. 184.43 crores on its CSR. However, it spent Rs. 157.58 crores on it.

For HUL, CSR is not limited to philanthropy but encompasses holistic community development, institution-building and sustainability-related initiatives. The focus of the company's CSR programs is on areas such as water conservation, health and hygiene, skill development, education, social advancement, gender equality, empowerment of women, ensuring environmental sustainability and rural development projects.

## **7. State Bank of India**

Since 1973, long before India's government mandated CSR, the State Bank of India has been actively engaged in CSR practices. Making a significant and demonstrable difference in the lives of economically, physically, and socially challenged communities across the nation

is the main goal of the Bank's CSR philosophy. In FY 2021–22, the bank invested Rs. 204.10 crores in CSR projects.

In an effort to provide “Service beyond Banking,” the bank is actively striving to improve the socioeconomic conditions of marginalised and disadvantaged populations. This effort benefits underprivileged sections of society. SBI Foundation, the CSR division of SBI Bank, has launched several projects to spur India's transformation by establishing an inclusive development paradigm. Healthcare, education, livelihood, skill development, environment protection of national heritage, and empowerment of women, youth, and senior citizens, among other areas, are the focus of the Bank's CSR initiatives.

#### **8. Housing Development Finance Corporation Limited**

Housing Development Finance Corporation Limited also known as HDFC is a major player for housing finance in India. It also has a presence in banking, life and general insurance, asset management, venture capital and education loans. In FY 2021-22, the company spent Rs. 194.03 crores on its CSR initiatives, more than the amount it was obligated to spend, which stood at Rs. 190.53 crores.

During the last financial year, the Corporation's CSR activities focused primarily on core sectors of education and healthcare, including COVID-19 health measures. Other sectors included environment, supporting persons with disability, community development and livelihoods. HDFC conducts most of its CSR initiatives through the H T Parekh Foundation, established in October 2012, to commemorate the legacy of its Founder Chairman, Shri H T Parekh.



## **9. Adani Enterprises Limited**

Adani Enterprises Limited is the flagship entity of the Adani Group. The company spent Rs. 12.87 crores on CSR in FY2021-22. The Adani Group's core philosophy is 'Nation Building', driven by 'Growth with Goodness', its beacon for sustainable growth. The Adani Group is committed to widening its ESG footprint with an emphasis on climate protection and increasing community outreach through CSR programmes woven around sustainability, diversity and shared values.

Adani Enterprises Limited conducts its CSR programs through the Adani Foundation. With an experience of working with communities for more than 25 years, the Adani Foundation is increasingly focused on scaling integrated development efforts across India. It believes that everyone, regardless of who and where they are, deserves equitable access to opportunities and a fair chance to a better quality of life. Over the years, the Foundation has responded to society's changing needs in alignment with Sustainable Development Goals (SDGs) – be it sustainable livelihoods, health and nutrition and education for all or addressing environmental concerns – with an enhanced focus on the empowerment of women. Today, the Foundation's reach covers 3.7 million people in 2,409 villages across 16 states in India.

## **10. Bharti Airtel Limited**

Although telecom company Bharti Airtel was under no obligation to spend on CSR activities this year (due to net losses), the company has contributed Rs. 16.43 crores for CSR. Bharti Airtel conducts its CSR initiatives through Bharti Foundation. The company believes that strengthening the education system is an essential investment in our country's future and has pledged to contribute towards it.

For the last two decades, Bharti Foundation, in collaboration with multiple other organisations and the government, has taken it upon itself to bring transformation in the field of education for underprivileged children in the country. It aims to impact the lives of children and youth by proactively implementing and supporting programs in primary, secondary, and higher education as well as sanitation through its Satya Bharti School Program, Satya Bharti Quality Support Program, Higher Education Programs and Satya Bharti Abhiyan program. These also contribute to national programmes and government missions such as Sarva Shiksha Abhiyan, Beti Bachao Beti Padhao, National Nutrition Mission, and Swachh Bharat Abhiyan.

#### **11. ITC Limited**

ITC Limited, one of India's leading multi-business conglomerates, ranks 11th on our list of top companies performing CSR and sustainable practices in India in 2022. The company spent Rs 351.13 crores on CSR initiatives in the FY2020-21, which is slightly lesser than what it was obligated to spend as per the Companies Act (Rs 354.27 crores).

ITC's sustainability initiatives are driven by the belief that an organization needs to serve a larger societal purpose keeping national priorities in focus. The Triple Bottom Line commitment of the Company to simultaneously build economic, social and environmental capital has orchestrated a symphony of efforts that address some of the most challenging societal issues including widespread poverty and environmental degradation. The two most important stakeholders for ITC's CSR projects are rural communities, primarily in the company's agri-business areas and communities residing in close proximity to the company's production units.

Keeping the above stakeholders in mind, the company has mainly focused on CSR activities for hygiene and sanitation, health and nutrition, waste management, poverty alleviation, livelihood enhancement projects like integrated animal husbandry programme, education and vocational training, financial empowerment of women, rural development (sustainable agriculture, knowledge empowerment, agri-extension / services) and providing relief to the poor and vulnerable sections of society who face severe disruption to their livelihoods due to disasters and calamities, directly or through government bodies. In the FY 2021-22, ITC was honoured with the first prize in the 'Best Industry for CSR Activities' category at the third National Water Awards by Ministry of Jal Shakti, which was presented by Ram Nath Kovind, President of India.

### **Conclusion**

Finally, we may conclude that Corporate Social Responsibility has always been a crucial part in the process of social and economic development of a nation. However, after the outbreak of the pandemic, the role of CSR has drastically enhanced and corporate houses have performed with equal enthusiasm and determination to match up with the increasing necessity of CSR today. Indian corporate houses have taken up projects over and above the determined minimum criteria by the law. Distribution of hygiene products, free meals and technology for online learning are all contributions that have truly helped as the nation faced the consequences of the pandemic. Government of India has announced several initiatives such as Atmanirbhar Bharat and Sashakt Bharat. All of these are only possible through the support and cooperation of these big business organizations. As India strives to move towards a more inclusive economic development, corporate organizations are also adapting a more sustainable approach for growth. And in times of any crisis, like the one this pandemic has brought, the relevance and importance of CSR will be re-established.

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