

CORPORATE SOCIAL RESPONSIBILITY EXCEPTION: IN INDIA

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Abstract

The approach to corporate social responsibility CSR has changed through year the relevance of Corporate Social Responsibility CSR has increased manifold in the past few years. the CSR mandate has been looked and projected as a game changer and is expected to revolutionize CSR beyond the lens of defensive CSR, CSR as part of an organization's strategy is getting bolder and brighter day by day. The CSR approach of public- and private-sector companies in India. The article makes an analysis of the CSR vision and mission statements, expenditure, areas of interventions and initiatives, CSR policy framework and reporting among public and private companies in India. The article is based on the secondary data the purpose of this paper is to know the reasons for growth of CSR in India and to know what potential benefits of CSR to companies are.

Keywords:

Corporate Social Responsibility, globalization, ExpectationIntroduction

Corporate Social Responsibility CSR can be defined as a Company's sense of responsibility towards the community and environment (both ecological and social) in which it operates. Companies can fulfill this responsibility through waste and pollution reduction processes, by contributing educational and social programs, by being environmentally friendly and by undertaking activities of similar nature. CSR is not charity or mere donations. CSR is a way of conducting business, by which corporate entities visibly contribute to the social good. Socially responsible companies do not limit themselves to using resources to engage in activities that increase only their profits. They use CSR to integrate economic, environmental and social objectives with the company's operations and growth. CSR is said to increase reputation of a company's brand among its customers and society.

CSR Policy

The CSR Policy of the company shall, inter-alia, include the following namely :-

- A list of CSR projects or programs which a company plans to undertake specifying

modalities of execution of such project or programs and implementation schedules for the same

- Monitoring process of such projects or programs
- A clause specifying that the surplus arising out of the CSR projects or programs or activities shall not form part of the business profit of the company.

CSR Activities

- The CSR activities shall be undertaken by the company, as per its CSR Policy, excluding activities undertaken in pursuance of its normal course of business.
- The **Board of Directors** may decide to undertake its CSR activities approved by the CSR Committee, through
- a section 8 company or a registered trust or a registered society, established by the company, either singly or along with any other company, or
- a section 8 company or a registered trust or a registered society, established by the Central Government or State Government or any entity established under an Act of Parliament or a State legislature
- a section 8 company or a registered trust or a registered society, other than those specified in clauses (a) and (b) above, having an established track record of 3 years in undertaking similar programs or projects;
- collaboration with other companies, for undertaking projects or programs or CSR activities in such a manner that the CSR Committees of respective companies are in a position to report separately on such projects or programs.
- The CSR projects or programs or activities not to be considered as CSR Activities:
- Expenses for the benefit of only the employees of the company and their families
- Contribution of any amount directly or indirectly to any political party

Impact on CSR

1. Eligible CSR spends

The following activities cannot be included as part of a company's eligible CSR spends:

- Activities which are undertaken in the normal course of business of a company, or those benefitting only its employees.
- Political contributions.
- Sponsorship activities.
- Fulfillment of statutory obligations and activities undertaken outside India

Activities that can now be included as CSR:

- **COVID-19-related activity in the normal course of business:** This covers companies undertaking research and development into vaccines, medical devices, and drugs related to COVID-19, even if such activity is in their normal course of business. This exemption is allowed up to the financial year 2022-2023. However, the company must make separate disclosures in their annual report and must undertake such research and development in collaboration with an institute specified in Schedule VII of the act.
- **Acquisition or creation of a capital asset provided that it is not owned by the company:** The asset created using CSR funds must be owned either by the organization supported, or the people served by the project (for instance, collectives such as self-help groups), or by a public authority.

Administrative overheads

While the term administrative overheads has not been listed exhaustively, the amendment defines it as expenses incurred for ‘general management and administration’ of CSR functions in a company. With this notification, it now excludes “...expenses directly incurred for the designing,

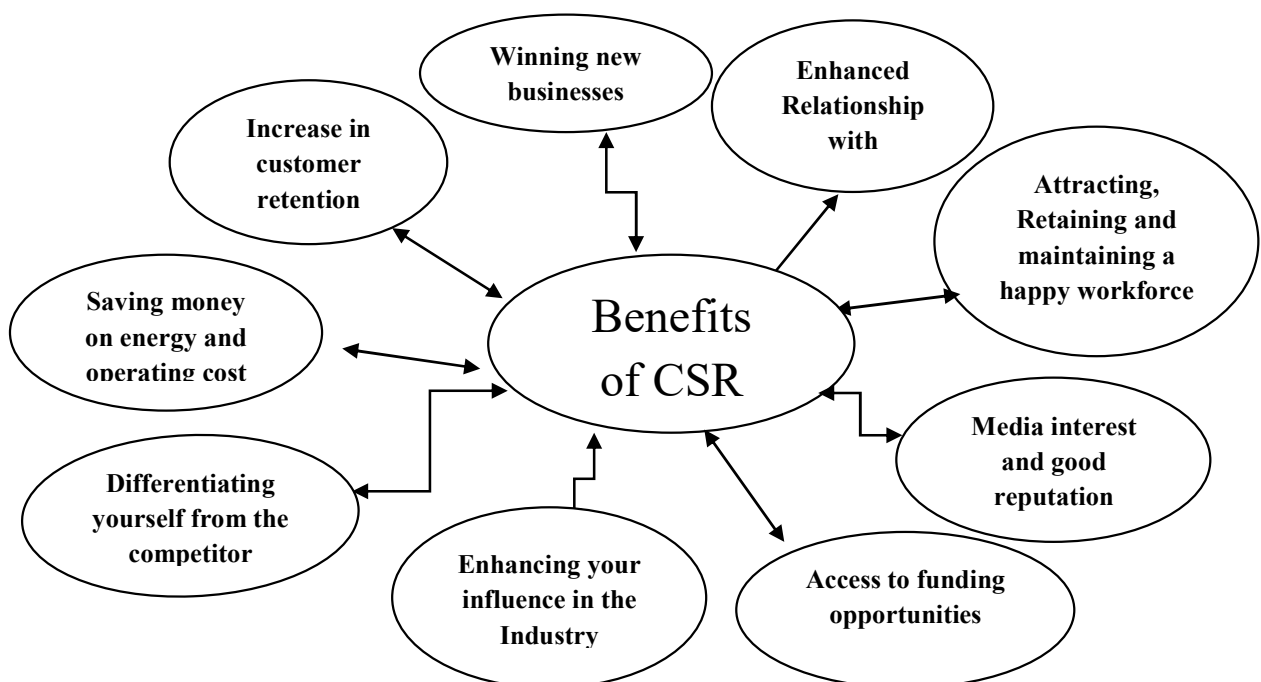
implementation, monitoring, and evaluation of a particular Corporate Social Responsibility project or programmed...”. This means that these expenses can now be considered as part of the programmed itself, thereby allowing for greater allocation of resources for these activities. However, the cap on administrative costs of five percent of CSR expenditure remains.

2. Treatment of unspent, excess, or surplus CSR amounts

Unspent CSR funds

Any unspent CSR funds remaining at the end of a financial year should be transferred in any of the following ways:

- **Transfer to an Unspent CSR Account:** Any unspent amount from an ongoing project should be transferred within 30 days of the end of the financial year, to the specifically designated ‘Unspent Corporate Social Responsibility Account’ to be opened by the company. These amounts should be spent within the next three financial years, in accordance with the company’s CSR policy. If these amounts remain unspent even after the three-year period, then they should be transferred, within 30 days of the end of the third financial year, to any fund specified in Schedule VII of the act
- **Transfer to a Schedule VII fund:** If the funds are unallocated to any CSR project, then such unspent amount shall be transferred, within six months of the end of the financial year, to any fund specified in Schedule VII of the act.



We realize our responsibility as a citizen of India and moreover a part of this amazing world and to contribute our efforts for a better society and eco-friendly environment, we are taking part in CSR activities. Even though this is made mandatory by our government of India, but we think it is more of a duty and a return gift to nature as a token of gratitude for whatever it does for us. We are trying our level best to implement these CSR Activities wholeheartedly and contributing to the betterment of the country and our society.

CSR refers to *corporate social responsibility*, a kind of initiative undertaken by companies and organizations to take responsibility for the impacts on social welfare and environmental balance. It was made mandatory by our Indian government for every company to take out some share out of their profits and invest in social activities. This initiative is actually very helpful to take a step forward in the direction of bringing about a positive impact and change in society.

Advantages of CSR:

1. It builds public trust

88% of consumers said they were more likely to spend money for a company that supports and engages in activities to improve society. By helping society, by either through donating money or volunteering, the company gains trust from its consumers. In the long-term, the company will become more and more popular. And one day, it may get news coverage from press organizations, which is a huge push on the company's public relations side. CSR builds a good reputation for the company.

2. It enhances positive relationships

As the company builds public trust, it also builds a sense of community among its consumers. Even though communities aren't directly connected to the company by its CSR, they may end up being proud of it. Thus, CSR can lead to a much healthier company-consumer relationship. Meanwhile, internally, it also attracts and retains the employees. When corporations exhibit philanthropic behaviors or are doing good for society, they are more likely to provide employees with a positive workplace environment.

As a result, they feel engaged and productive when they walk into work each day. Many people, especially Millennial, prefer to work for a company that has a high level of CSR. Hence, having a high CSR not only attracts consumers externally, but also make its employers prouder internally.

3. Sustainability

This is one of the most important long-term benefits for a business. CSR helps companies become more sustainable. One obvious way to become socially responsible is to reduce carbon emissions and start using renewable energy. Companies can also do it through encouraging its workers to turn off devices when they are not using them and turn off the lights and air conditioners after work. By implementing this, the company can save a large amount of money on its utility bills as well as getting recognized as being a socially responsible company.

4. It increases profits

Many people may think they have to make sacrifices in order to increase their company's CSR. In fact, there are many ways to maximize profits while increasing CSR. As companies work to improve their CSR, there are many additional benefits that come with that. According to top CSR statistics, 55% of consumers are willing to pay more for products from socially responsible companies. As a result, profits will increase because higher CSR will attract more customers.

5. Encourage professional and personal growth

When companies have a culture of corporate social responsibility, they can easily promote volunteerism to their employees and encourage them to donate to nonprofits. Employees are more likely to become individually, philanthropically minded if their company encourages that behavior. Meanwhile, employees know that their employer is committed to bettering their local and global communities. They will then feel more inclined to be productive and creative on their own. Consequently, employees are able to professionally and personally develop as a result of corporate social responsibility.

In reality, the benefits of CSR are much more than what is described in this article. It not only does good for the company itself, but also benefits the community and society at large. Even though corporate social responsibility is not a mandated practice in the United States, counting all the benefits that will come with it, companies should take it as a necessity and start working today to become socially responsible.

Conclusion

CSR in India is not a new concept; companies have been practicing it in a voluntary spirit with a philanthropic approach. The future of CSR is about accelerating a new form of business in India— combining strong financial returns with social good by having CSR which is of transformative, collaborative, integrated, diversified and scalable. The CSR analysis reflects

on the trust areas of CSR interventions of leading companies, education being the most prominent area where all the companies are working, initiatives in the area of environment and water need more emphasis and the study highlights the need for innovative, sustainable and scalable projects. CSR have no boundaries and are not constrained by race, color, or religion. Sadly, concern for the community is often mistaken for socialism. Organizations have mentioned social, environmental and economic growth and sustainability as a part of the mission, vision and objective statements. It is also interpreted that the organizations are much conscious towards their CSR goals.

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