
CSR Concepts in the Indian Context – The Past, Present and the Future

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Introduction

This article endeavors to trace the journey of corporate India moving from philanthropy to corporate social responsibility to corporate sustainable development and conclude with some of the drivers influencing the behavior of today's corporate India in this space

Moving from charity to CSR

Fast forward to the present and globally as well as within India the buzzwords are CSR and sustainability. Now a day's charity is something done more by individuals even in the sphere of CSR or sustainability the discussion threads are no longer just about social impact, but also include corporate strategic alignment and brand building using CSR.

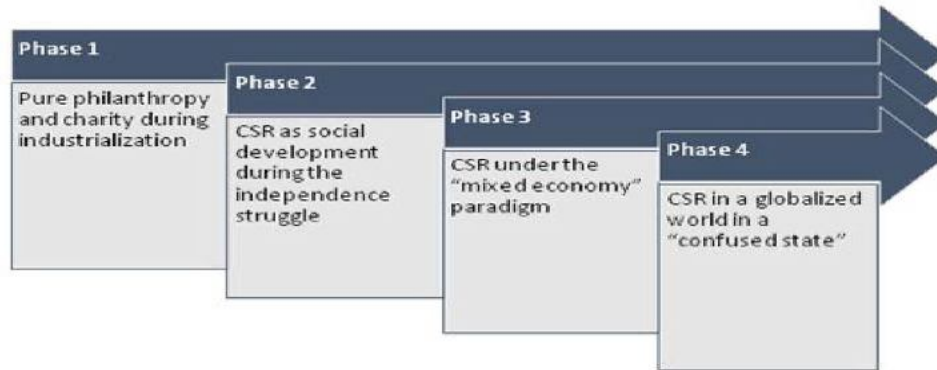
As CSR became more mainstream it also became the subject of greater academic debate and research. The debate and research also resulted in several theories and best practices being published on the subject.

As per United Nations industrial development organization corporate social responsibility is a management concept where by companies integrate social and environmental concerns in their business operations and interactions with their stakeholders

Companies invest in CSR and increasingly csd to manage their risk, recruit employees bolster their brand in the eyes of investors and consumers ease their supply chains save money increase access to capital differentiate themselves from competitors

CSR to sustainable development

As CSR matures in corporate India recently it matured we are coming across more and more references to what is called corporate sustainable development. Development that meets the needs of present without compromising the ability of future generations to meet their own needs.

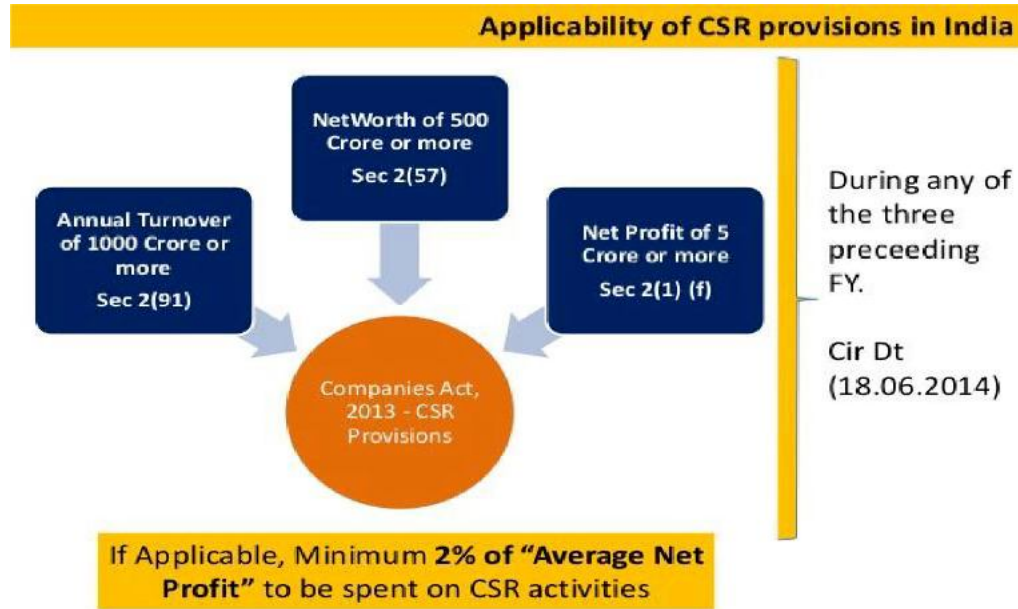


Evolution of corporate social responsibility

Corporate Social Responsibility Priceless Contribution of Corporate Towards Prosperity and Planet

The mandatory provision of CSR under companies’ act 2013 has brought in fresh opportunities for professionals. CSR is a means of analyzing the interdependent relationships that exist between business and economic systems and the communities within which they are based



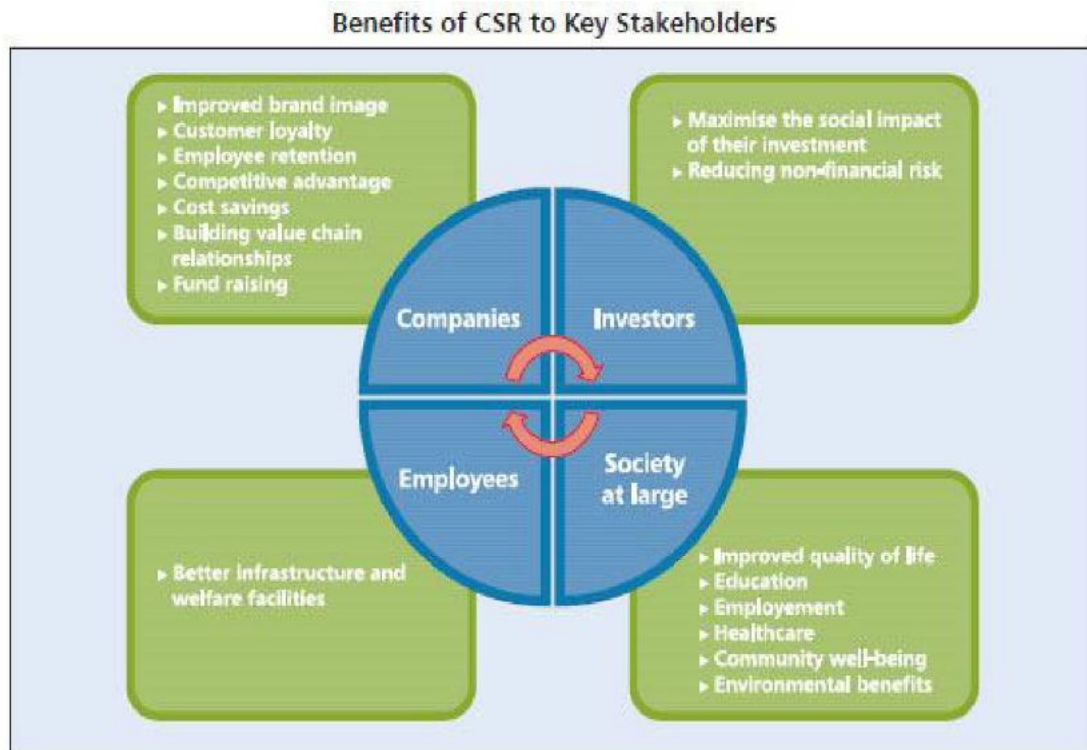


Net profit is calculated in the following manner

Calculation of Net Profit

Particulars*	Amount
Profits as per Profit & Loss Account	XXX
Credit to be provided for	
Bounties and subsidies received from Government	
Credit not to be provided for	
Premium/ Profit on sale of shares	
Profits of Capital Nature – including profits on sale of undertakings	
Profits from sale of immovable property / fixed assets – unless undertaken	
Permissible Deductions:	
Usual Working Charges- revenue expenditures, bonus or commission	(XXX)
Abnormal or Special Tax	(XXX)
Interest on debentures, loans or advances	(XXX)
Compensations/ damages in virtue of legal liability, bad debts written off...	(XXX)
Non Permissible Deductions:	
Income tax paid under Income Tax Act, 1961	(XXX)
Loss of Capital Nature	(XXX)
Compensations/ Damages paid voluntarily	(XXX)
Profits as per Section 198	XXX

* Illustrative list only



Statutory corporate social responsibility a philosophical shift in decolonized company law.

India is the first country in the world to introduce statutory corporate social responsibility through the new companies’ act 2013. there has been multiple drivers leading to this law including moral social ethical cultural and strategic reasons post independent governance of India was an instrumental catalyst for corporate social responsibility initiatives. india was governed by mandate to achieve social and economic justice and aimed at economic pluralis

Shift in economic philosophy

The end of 1980 and beginning of 1991 marked a transformation in the economic model of India. The changes initiated in the economy were due to several factors inefficiency in public sector, slow growth rate, centralized bureaucratic control over resource allocation control over accessing the capital market

Attempt to formalization of corporate social responsibility

While the ministry on one hand was busy placing the companies bill 2009, it also published the corporate social responsibility voluntary guide lines.

Concern of Indian parliament on CSR

Government has not made it mandatory for the corporate sector to spend two percent of companies it seems that the process OF mandatory CSR got firmly embedded with the parliamentarians and government seems to tilted two wards that. After the proceeding and recommendation of standing committee the bill was passed

CSR- Rethinking The Phenomenon

The rationale behind CSR legislation is not to generate financial resources for social and human development since the resource gap if any for such development or social infrastructure could as well have been met by levying additional taxes cess on these corporates. the objective of this provision is indeed to involve the corporate in discharging their social responsibility with their innovative ideas and management skills and with greater efficiency and better outcomes

Gandhian Principles Of Trusteeship And CSR

According to gandhiji the wealth in excess of one's needs is held by oneself in trust for society and used accordingly. No success or achievement is worthwhile unless it served the needs or interests of the country and its people

Social audit and corporate social responsibility

Social audit is a process by which an organization government accounts for its social performance to its stakeholders and seeks to improve its future social performance. Social audit helps to narrow the gap between vision goal and reality and between efficiency and effectiveness. it focuses on the neglected issue of social impacts

1. Increasing awareness of society about corporate social contributions; that is, comparatively better-off citizens in business should develop an emotional involvement in the improvement of socio-economic conditions,
2. Providing means of identifying and rewarding business for social contributions,
3. Identifying adverse effects on the environment,
4. Improving the credibility and reputation of business, and
5. Transferring costs of social activities to other various segments of society

Economic Responsibilities

A company's first responsibility is its economic responsibility — that is to say, a company needs to be primarily concerned with turning a profit. This is for the simple fact that if a company does not make money, it won't last, employees will lose jobs and the company won't even be able to think about taking care of its social responsibilities. Before a company thinks about being a good corporate citizen, it first needs to make sure that it can be profitable.

Legal Responsibilities

A company's legal responsibilities are the requirements that are placed on it by the law. Next to ensuring that company is profitable, ensuring that it obeys all laws is the most important responsibility, according to the theory of corporate social responsibility. Legal responsibilities can range from securities regulations to labor law, environmental law and even criminal law.

Ethical Responsibilities

Economic and legal responsibilities are the two big obligations of a company. After a company has met these basic requirements, a company can concern itself with ethical responsibilities. Ethical responsibilities are responsibilities that a company puts on itself because its owners believe it's the right thing to do — not because they have an obligation to do so. Ethical responsibilities could include being environmentally friendly, paying fair wages or refusing to do business with oppressive countries, for example.

Philanthropic Responsibilities

If a company is able to meet all of its other responsibilities, it can begin meeting philanthropic responsibilities. Philanthropic responsibilities are responsibilities that go above and beyond what is simply required or what the company believes is right. They involve making an effort to benefit society — for example, by donating services to community organizations, engaging in projects to aid the environment or donating money to charitable causes.

Taking CSR responsibility forward CSR is no longer just a public convenient relationship tool mandated by the act it is more than that it is now a vital component for success in the modern business world it is a responsibility companies have also understood that consumers and the people at large in the country are highly tuned to the fact whether a business house is a responsible co citizen of the world or not .

Impact assessment

There is a growing need for corporate to carry out an impact assessment of the CSR spends mainly because the amount to be spent is as large as 2% of the profits of company as such there is an immediate need to ensure that quantified amount should create an impact the impact should be visible and communicated to larger audience.

Partnership

As the act permits corporate can channelize the CSR spends as a team . in such partnerships there is an immediate need to align with each other's vision and priorities. so a collaborative effort by leveraging each other's expertise to create a collective impact on the society at large is beneficial to all

Long term projects

As the act mandates a recurring spend after year corporate should thus take up larger projects and communicate the same as a part of their CSR identity. by aligning the CSR funds to such long projects it helps in brand recall to the public at large.

Engaging employees

This helps in gaining wider acceptance employees feel empowered and may come out with innovative ideas .employees can also channelize their aspirations through this methods.

Community development

Company should also engage with its immediate surroundings. These can be turned into soft marketing events and public relations exercise and can be construed as an act of responsible citizen .this not only increases their income but at the same time for corporate it becomes an additional and secure supply chain for its finished products

Engage with NGOS

Companies should also engage NGOS if they want to reach larger audience. as these NGOS have people with skill set coming from IIT, M.B.A .they are also managed professionally and are answerable to their stake holders

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