

An Evaluative Depiction of Corporate Social Responsibility in India: A Retrospective Overview

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ABSTRACT

Corporate responsibility is not a novel concept for India. As far as CSR is concerned, India represents as one of the finest traditions in the globe. Engagement of Business in society and social welfare has a long history in India. Corporate leaders' philanthropic initiatives and the Gandhian trusteeship framework are popular in India for a long. However, the transition phase of LPG in early 1990 resulted in a major change from a philanthropic-based paradigm to a multi-stakeholder orientation. Corporate social responsibility refers to the technique and programs which require all economic companies to manage environmentally and socially to benefit society as well as the whole nation at large. In India, Corporate Social Responsibility is a mandate after the revision of the Companies act 2013. Since then, numerous businesses have been actively involved in the implementation of CSR. The current research makes an effort to inspect the status of CSR in India. This study intends to critically investigate the extent of CSR and objectively evaluate CSR implementation in India. Secondary data were analyzed to evaluate the depth and progress of CSR in the corporate sector. This paper sheds light on CSR thematic areas from the viewpoint of a growing economy, especially in India. Various comparisons are done from the year 2014-15 to 2019-20 to get a deeper insight into corporate social responsibility in the Indian context.

Keywords- CSR, India, Corporate sector, CSR spend, CSR projects, CSR development areas.

I. INTRODUCTION

Corporate Social Responsibility interventions have constantly been a core component of ethical business practice, but the idea

has seen a remarkable rise and renaissance in recent years. The corporate sector generates wealth from the environment and society, thus it is their first and foremost responsibility to compensate current and future generations by making good to all the losses and improve the quality and standard of life. The solution to this dilemma is corporate social responsibility. The corporation should stress the integration of social and economic objectives and openly admit that its CSR efforts benefit the economy, society, and whole planet (Porter and Kramer 2011).

Companies in India have long been involved in CSR initiatives. In India, CSR was traditionally a voluntary practice. The Government of India's Ministry of Corporate Affairs issued CSR Voluntary Guidelines in 2009 intending to instill a culture of social engagement in corporate governance practices. These guidelines emphasize some of the most critical factors that businesses must consider while carrying out their operations (MCA GOI 2009). As per the guidelines CSR policy may contain the following basic aspects: Ethical Operations; Human Rights; Stakeholders; Employees' Rights and Welfare; Environment; and Social Initiatives for Inclusive Development. CSR has previously been a discretionary matter.

But in 2013, the Government of India announced significant amendments to the Indian Companies Act, requiring some businesses to spend at least 2% of their average annual earnings on CSR initiatives (Kumar, 2018). Section 135 and Schedule VII of the Company Act as well as the CSR Rules requirements which entered into force on April 1, 2014, were notified by the Ministry of Corporate Affairs. The threshold limit for compliance with CSR is laid out in Section 135 of the Companies Act. Therefore in India CSR, which

was formerly a voluntary commercial activity, became mandatory (Ellembilassery & Gurunathan 2018). This is an exception in the field of CSR as India is the only country in the world, which made it mandatory. It is an attempt to establish a legal link between company regulation and welfare services (Van Zile 2011). Despite being regulated by regulations and conventions, Indian CSR gives businesses a lot of freedom in terms of what they do and how they interact with society (Van Zile, 2011). CSR is defined by the World Business Council for Sustainable Development (WBCSD) as the dedication of businesses to participate in sustainable growth by working with employees, their families, and community groups (WBCSD, 2000). As a result, the core concept of CSR is that companies must strive toward fulfilling the demands of multiple stakeholders (Clarkson, 1995; Waddock et. al. 2002).

II. REVIEW OF EXISTING LITERATURE

Bowen (1953) defined businessmen's social responsibility as "commitments to enact policies, make judgments, or adopt activities that are conducive for value creation and development of society. Bowen added reliability to his term by citing a 1946 Fortune magazine study in which 93% of company leaders agreed on a suggested definition of Managers' social consciousness. According to Fortune magazine, executives' social consciousness indicated that they were accountable for the repercussions of their actions that stretched beyond the boundaries of their financial accounts.

In the early 1960s, researchers looked at the relationship between social power and the social function of the business. According to Frederick (1960), the strength of business should be balanced by the intensity of social interest. Entrepreneurial activity that displays social responsibility is a result of the social role they play.

Carroll developed a description of CSR in 1979 having four dimensions, which was included in the Corporate Social Performance theoretical framework. Carroll (1979) distinguished four categories of corporate social obligations in this model: economic, legal, ethical, and philanthropic. He also said that companies wishing to work effectively in Corporate Social Performance must first identify the social issues that they must address, as well as define the concept of responding to problems.

Carroll updated his four-part definition of the concept in 1991, by organizing social obligations of multiple corporate in a pyramid structure. According to this new understanding, the

four obligations are agglomerated, in the view that firms wishing to be ethical must also be economically and legally accountable. According to Carroll's conception, legal and economic responsibilities are socially required, social value is socially needed, and charity is socially requested (Windsor, 2001), and each of these commitments is a part of a firm's total social responsibility.

Wood (1991) provided an integrated and comprehensive CSR strategy that inculcated all three components of Corporate Social Performance (principles, procedures, and results) across all areas of the firm's activities (economic, legal, ethical, and discretionary). The Wood model was described as the application of Carroll's concept. It emphasizes the presence of significant principles empowering each domain of responsibility, whether economic, legal, ethical, or discretionary; the associated process for CSR implementation, and the results of corporate social behavior.

The UN Global Compact, a United Nations major initiative, encourages companies to harmonize their activities with ten internationally recognized principles in environment, labor & human rights, poverty, hunger, and social issues like education, Health, etc. (UNGC, 2012). In the 1990s, corporate social responsibility (CSR) was considered an indispensable strategy of business activity. The concept of triple bottom lines i.e. to people, planet, and profits was incorporated to expand the scope of CSR.

Satapathy & Paltasingh (2019), believes that supporter of CSR considers it necessary for effective company operations and as a possibility for businesses to go beyond limited economic rewards and address broader societal concerns (Jackson and Nelson, 2004; Rudolph, 2005). Although the term "corporate social responsibility" (CSR) first appeared in Western discourses, the notion of philanthropy in India arose from its own ethical and religious traditions.

III. METHODOLOGY

An exploratory study was carried out to gain empirical knowledge of corporate social responsibility in India. To clarify the status and trends of CSR initiatives and expenditure in India, content analysis and comparative data analysis were performed. The extent and advancement of corporate responsibility were investigated after the Amendment of the Companies Act in 2013. The growth rate was calculated to study the trend of the data from the previous years.

Research Gap

According to the existing studies, there has been a paucity of literature on the monitoring

and evaluation of CSR in India in recent years. As a result, the current study was conducted to evaluate the breadth and progression of CSR in India from 2014-15 to 2019-20. Several studies address specific firms' or sectors' CSR activities and their influence on performance. However, in the current study, the entire perspective of CSR is studied to determine whether mandatory CSR resulted in any beneficial impact in the Indian economy and what areas received the greatest amount of CSR expenditure. To have a better understanding of corporate social responsibility, a

retrospective study of CSR expenditure was undertaken.

Objectives

The present paper is revolving around the following objectives:

- To comprehend national observable facts related to corporate social responsibility.
- To study the concept and benefits of CSR in India after making it a mandate.
- To study status and trends of CSR in the Indian context.

IV. ANALYSIS

Table -1 Total CSR spend, No of companies, and Projects of CSR in India

Year	Total Amount spend on CSR (In crore)	The growth rate of CSR spend	Total no. of companies Registered in India	The growth rate of No. companies	Number of CSR Projects	The growth rate of No. of CSR Projects	No of States and UT got benefits from CSR
2014-15	10066	-	16548	-	9365	-	36
2015-16	14517	44.22%	18292	10.54%	18468	97.20%	36
2016-17	14342	-1.21%	19551	6.88%	23076	24.95%	36
2017-18	13909	-3.02%	21455	9.74%	23889	3.53%	36
2018-19	18728	34.64%	24965	16.36%	30843	29.11%	36
2019-20	21231	13.37%	21349	-14.48%	30987	0.47%	36

(Source- Author Compilation from national CSR Portal)

Above table depict the status of CSR in India i.e. the total amount spend for CSR, Growth rate of CSR spend, numbers of companies registered and their growth rate, number of CSR projects with their growth from the previous year, and Number of state/UT got benefit from the CSR. It can be interpreted that Total CSR spend is increasing but in the year 2016-17 and 2017-18 it was a bit low than the previous year. As far as the total number of companies are concerned they are

also increasing except in the year 2019-20 there is the decline of 14.48% from the previous year and total of 21349 registered companies were operating in India. CSR Projects are also increasing from 2014-15 to 2019-20 which expresses the growth of CSR activities in India after the amendment of the Companies act 2013. In each year CSR spend is made in 36 states and UTs, which delineates the spread of CSR in India.

Table-2 CSR spends by Govt. and other than Govt. Organizations Amount (In Crore)

Year	Categorization of companies	Number of companies	Amount
2014-15	Govt.	493	2817
	Other than Govt.	16055	7249
	Total	16548	10066
2015-16	Govt.	533	4215
	Other than Govt.	17759	10302
	Total	18292	14517
2016-17	Govt.	550	3296
	Other than Govt.	19001	11046
	Total	19551	14342
2017-18	Govt.	536	2705
	Other than Govt.	20919	11204
	Total	21455	13909
2018-19	Govt.	612	3847
	Other than Govt.	24353	14881
	Total	24965	18728
2019-20	Govt.	439	4650
	Other than Govt.	20910	16581
	Total	21349	21231

(Source- Author Compilation from national CSR Portal)

Table 2 presents the CSR Spend by Govt. and Other than Govt. institutions. Like in 2014-15 out of total 16548 companies 493 are govt. which spend Rs-2817 crore rest Rs-7249 crore CSR amount was spent by 16055 Non PSU Companies. Likewise in every year amount spend by Govt. and Other than Govt companies are presented the table.

This shows the status of Indian corporate sector with regards to their CSR spends. In year 2019-20 out of a total of 21349 companies, 439 are govt. which spends 4650 crores CSR spend and rest Rs-16581 crore CSR amount was spent by 20910 Non-PSU Companies. This shows the role of PSU and Non-PSU in Social development.

Table-3 Number of Listed and unlisted Companies and CSR in India (Year -wise)

Year	Categorization of companies	Number of companies
2014-15	Listed	1832
	Unlisted	14716
	Total	16548
2015-16	Listed	1873
	Unlisted	16419
	Total	18292
2016-17	Listed	1968

	Unlisted	17583
	Total	19551
2017-18	Listed	2105
	Unlisted	19350
	Total	21455
2018-19	Listed	2315
	Unlisted	22650
	Total	24965
2019-20	Listed	2506
	Unlisted	18843
	Total	21349

(Source- Author Compilation from national CSR Portal)

The table-3 presented the distribution of companies based on their position on Indian stock exchanges. Like how many companies are listed on stock exchanges and how many are unlisted on stock exchanges. In the year 2014-15 out of 16548 companies, 1832 are listed and rests are unlisted.

Likewise in the year 2015-16, out of 18292 companies, 1873 are listed and the rests are

unlisted. In the year 2016-17, out of 19551 companies, 1968 are listed and rests are unlisted. In the year 2017-18, out of 21455 companies, 2105 are listed and the rests are unlisted. In the year 2018-19, out of 24965 companies, 2315 are listed and the rests are unlisted. In the year 2019-20, out of 21349 companies, 2506 are listed and the rests are unlisted.

Table-4 Year-wise Top 10 states with their CSR spending (in crore)

Year	2014-15		2015-16		2016-17		2017-18		2018-19		2019-20	
S.No	State	CSR spend	State	CSR spend	State	CSR spend	State	CSR spend	State	CSR spend	State	CSR spend
1	MH	1445	MH	2052	MH	2492	MH	2565	MH	2864	MH	2751
2	TN	539	AP	1294	KA	887	KA	1034	KA	1224	KA	1383
3	AP	414	KA	784	GJ	870	GJ	775	GJ	1065	TN	919
4	KA	403	TN	633	AP	753	TN	627	TN	829	GJ	910
5	GJ	313	OR	624	TN	550	DL	558	OR	682	AS	752
6	RJ	299	GJ	551	DL	521	OR	472	DL	674	RJ	696
7	OR	252	RJ	501	HR	390	UP	302	AP	644	OR	679
8	DL	237	DL	493	UP	328	WB	299	RJ	549	AP	679
9	WB	194	UP	423	RJ	325	TG	293	UP	479	DL	643
10	HR	187	WB	415	OR	316	AP	275	TG	422	UP	496

(Source- Author Compilation from national CSR Portal)

MH- Maharashtra
GJ-Gujrat
WB- West Bengal

TN-Tamil Nadu
RJ-Rajasthan
HR-Haryana

AP-Andhra Pradesh
OR-Odisha
UP-Uttar Pradesh

KA-Karnataka
DL-Delhi AS-Assam
TG-Telangana

The table-4 is exhibiting the top 10 states with their CSR spending from the year 2014-15 to 2019-20. From the above table, it is observed that Maharashtra is the state in where maximum CSR Spend has been done by the companies almost

every year. After that Karnataka is the state where CSR has been done hugely. Likewise, a list of the Top 10 states has been compiled by the author to get a comparative understanding of the spread and status of CSR in the country.

Table-5 CSR Spend in various Thematic/ Development areas in India (from 2014-15 to 2019-20) (INR Cr.)

S.N	Development Sectors	CSR	CSR	CSR	CSR	CSR	CSR
		Spent 2014-15	Spent 2015-16	Spent 2016-17	Spent 2017-18	Spent 2018-19	Spent 2019-20
1	Education, Differently Abled, Livelihood	3,188.09	4,921.06	5,559.13	5,960.17	7,499.81	7,222.41
2	Health, Eradicating Hunger, Poverty And Malnutrition, Safe Drinking Water, Sanitation	2,525.92	4,633.46	3,667.14	3,339.07	4,959.23	4,865.05
3	Rural Development	1,059.34	1,376.16	1,554.77	1,479.80	2,308.83	1,885.28
4	Environment, Animal Welfare, Conservation Of Resources	853.99	971.06	1,317.70	1,368.56	1,516.63	1,336.03
5	Prime Minister's National Relief Fund and other funds	228.18	218.04	158.8	175.84	300.12	537.15
6	National Heritage Art And Culture	117.37	119.16	305.57	284.05	189.89	491.87
7	Gender Equality , Women Empowerment , Old Age Homes , Reducing Inequalities	189.92	342.67	468.74	501.23	517.88	458.84
8	Encouraging Sports	57.61	140.11	180.32	227.75	295.1	237.03
9	Other Sectors (Technology Incubator And Benefits To Armed Forces And Admin Overheads)	9.5	37.48	60.95	43.33	119.71	73.2
10	Swachh Bharat Kosh	113.86	325.52	184.06	213.67	93.8	38.78
11	Slum Area Development	101.14	14.09	51.49	3 5.1	50.23	10.64

12	Clean Ganga Fund	5.47	32.82	24.37	4.54	5.41	1.06
13	Any Other Fund	277.09	334.34	419.98	255.62	710.59	702.36
14	NEC/ Not Mentioned	1,338.39	1,051.15	388.95	1.04	87.54	24.99
	Grand Total (in Cr.)	10,065.93	14,517.21	14,342.04	13,889.86	18,654.82	17,884.75

(Source- Author Compilation from national CSR Portal)

Table No-5 is depicting the Development and Thematic areas of CSR spending in the Country from the year 2014-15 to 2019-20. After a thorough examination of the above table, it can be interpreted that the highest impetus was given to Education, skill enhancement of Differently-abled & Livelihood enhancement projects under CSR.

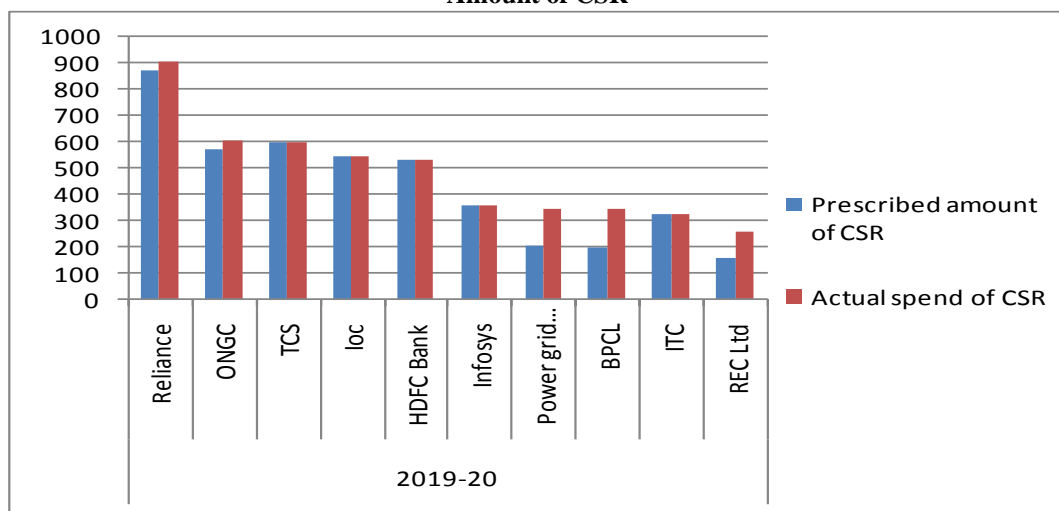
The next emphasis was given to Health, sanitation, and poverty eradication projects and the third area which attracts the maximum attention was Rural Development and Environment sustainability. The rest of the areas are getting low to moderate CSR spend.

Table No-6- Highest Spending Companies in the year 2019-20 with their budgeted amount, Actual Amount of CSR, and CSR Spend Ratio.

Year	Name of the company	The prescribed amount of CSR	Actual spend of CSR	CSR Spend Ratio
2019-20	Reliance	874.95	908.71	103.86
	ONGC	571.81	606.97	106.15
	TCS	600	602	100.33
	IOC	543.38	543.38	100
	HDFC Bank	534	535.31	100.25
	INFOSYS	359.56	359.94	100.11
	Power grid corporations	209.92	346.29	164.96
	BPCL	198.98	344.57	173.17
	ITC	326.17	326.49	100.1
	REC Ltd	156.68	258.61	165.06

(Source- Author Compilation from national CSR Portal)

Chart-1- Highest spending companies in the year 2019-20 with their budgeted amount and Actual Amount of CSR



(Source- Author Compilation from National CSR Portal)

From table no-6 and chart no-1, it can be inferred that almost all the companies are spending either consistent with the CSR budget or more than the prescribed amount of CSR. Reliance is on the top of the list among companies who spend the highest on CSR projects in the rupee denomination. In the year 2019-20 Reliance Industries limited spent 908.71Crore as against 874.95 crores and from the last few years Reliance is on 1st rank regarding CSR spending. The companies that are in the top 10 positions are ONGC, TCS, IOC, HDFC Bank, Infosys, Power grid corporation, BPCL, ITC, and REC Ltd. these companies are spending rigorously on CSR in India

V. FINDINGS

The findings of the study revealed that the spread of CSR has been increasing remarkably in the Indian economy. India CSR spend is reported increase but in the year 2016-17 and 2017-18 it was a bit low than the previous year. The number of companies registered and operating in India is increasing except in the year 2019-20 with a decline of 14.48%. CSR Projects are increasing. CSR spend by PSU and Non-PSU organizations are depicting the role of Govt. organizations in their responsibility fulfillment. The companies and their position on stock exchanges are tabulated whether they are listed or not.

States that attract the attention of Companies for CSR projects are tabulated based on their ranks. Maharashtra is on the top position in every year as far as the CSR Spending is concerned.

When CSR development areas are studied it has resulted that the highest impetus was given to Education, skill enhancement of Differently-able & Livelihood enhancement projects under CSR. The next emphasis was given to Health, sanitation, and poverty eradication projects and the third area which attracts the maximum attention was Rural Development and Environment sustainability. The rest of the areas are getting low to moderate CSR spend.

Reliance Industries is on the top of the list among companies that spend the highest on CSR projects in the rupee denomination. In the year 2019-20 Reliance Industries limited spent 908.71Crore. Other companies who are spending rigorously and are among the top 10 positions are ONGC, TCS, IOC, HDFC Bank, Infosys, Power grid corporation, BPCL, ITC, and REC Ltd. This way CSR depth and spread in India were studied.

VI. CONCLUSION

With its inherent values and practices, India has a vast and diversified background of corporate responsibility (Chahoud et al., 2007; Mohan, 2001; Sood and Arora, 2006). India rise as a global player after making CSR a mandate. In this study, the current status of CSR in India was presented from the year 2014-15 to 2019-20 which is known as a transition period from voluntary to mandatory CSR. Business social responsibility has evolved from a restricted and sometimes stigmatized idea to a complex and multifaceted concept that is extremely important to most contemporary corporate decision-making. Existing literature provides considerable evidence that CSR

initiatives may play a significant influence in increasing the value of a business. The Brundtland Commission proposed the concept of sustainable development in the late 1980s, and then it was adopted by the 1992 Earth Summit (Srivastava and Ramachandran, 2016). The goal of sustainable development is not only to preserve the environment, but also to develop a solid, wholesome, and just society. In concluding remarks it can be interpreted that, conserving natural resources, fostering social well-being via inclusive growth, and establishing equitable opportunities for present and future communities, in addition to corporate practices, became important in the present scenario.

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