

CORPORATE SOCIAL RESPONSIBILITY IN INDIA

Smt. Renu B. Ghugare

Lecturer

Department of Commerce

KLE's G I Bagewadi Arts, Science And
Commerce College, Nipani

Miss Namita Naik

Lecturer

Department of Commerce

KLE's G I Bagewadi Arts, Science And
Commerce College, Nipani

Abstract

Corporate Social Responsibility (CSR) in India is mandatory by the Companies Act, 2013, Section 135 indicates certain criteria. When company meet criteria must establish a CSR committee and allocate a specified percentage of their net profit to CSR activities. This research paper focusing on how Indian companies integrate with social, environmental, and ethical practices into their business activities. It analysis the effectiveness CSR activities on sustainable development of a country exploring challenges faced by companies and CSR activities by various companies in India. The study concludes CSR reflects on long-time sustainability, reputation, growth and inclusive development of a country. Corporate Social Responsibility (CSR) in India has evolved significantly, especially after the introduction of the **Companies Act, 2013**, which made CSR spending mandatory for certain companies. India is one of the first countries to legally mandate CSR. According to this law, every company meeting any of the following criteria must comply with Net worth of **₹500 crore or more**, Turnover of **₹1,000 crore or more**, and Net profit of **₹5 crore or more** during any financial year. Such companies are required to form a **CSR Committee**, Spend at least **2% of their average net profits** (from the last 3 years) on CSR activities and report CSR activities annually in the board's report and on the company website.

Key Words:

Corporate social responsibility, society, environment, ethical practices, stakeholders

Introduction:

Corporate Social Responsibility (CSR) has emerged as a crucial part of modern business practices and reflecting the growing recognition that companies have responsibilities beyond the profit-making and wealth maximization towards general public, local community, environment protection and internal and external stakeholder in society. To make sure companies give back to society, encourage ethical business practices, solve social problems

and support inclusive growth CSR activities are essential. CSR activities included eradication of hunger and poverty , health care and sanitization, promoting education and gender equality, women's empowerment, protection of national heritage, art and culture, rural and slum area development projects, contribution to government funds, environmental sustainability etc.

Meaning:

CSR refers to the responsibility of businesses have to operate in an ethical and sustainable manner and considering their impact on society, local community, environment and economy beyond profit-making.

Objectives:

- 1) To study the CSR in India
- 2) To explore benefits of CSR
- 3) To identify challenges faced by companies in implementing CSR effectively.

Research design:

The data of this study is based on secondary data gathered from companies annual report, CSR disclosures, government publications, research articles, news reports and online references from various websites.

Benefits of CSR:

The benefits of CSR to companies, local communities and the general public are listed as follow.

1. To Companies:

- Improves brand image and reputation.
- Builds customer trust and loyalty.
- Attract new customers and retain existing customers.
- Increase employees satisfaction and retention.
- Attracts investors to invest funds in ethical businesses.
- Boosts innovation and sustainable practices.
- Reduces risk by legal compliances
- Strengthens relationships with government and stakeholders.

- Competitive advantage
- Maintain good relationship with customers, suppliers, government and local community

2. To Local Communities:

- Promoting education, healthcare and sanitation.
- Creates job opportunities and skill development trainings
- Support local infrastructure like roads, water, and electricity supply.
- Boosts the local economy through livelihood programs.
- Increase standard of living of local community
- Promote self generated business
- Protects local heritage, traditions and art forms.
- Promotes environmental protection, tree planting, clean up camps and waste management activities.

3. To the General Public:

- Raises awareness about social and environmental issues.
- Reduced pollution, better waste management, and renewable energy projects benefit everyone.
- Improves overall quality of life and well-being.
- Reduces inequality by supporting underprivileged groups.
- Encourages responsible consumption and ethical business practices.
- Supports national development goals like poverty reduction and sustainability.
- Special programs target women's empowerment, girl child education, nutrition and protection from exploitation
- CSR reaches backward classes, differently-abled people and tribal communities, reducing inequality.
- Companies contribute during floods, earthquakes or pandemics by providing funds, materials or services.

Challenges faced by companies in implementing CSR

1. Lack of Clear Goals:

Many companies in India practices CSR due to mandatory by the law, without any clear long-term plan or vision. Also conducting activities intended to documentation and attraction of stakeholders. Without clear goal effort is meaningless and not effect on long-time growth of company. Before implementing activities company frame a committee to analyses requirements and results.

2. Not Enough Skilled People:

Many smaller companies don't have awareness about CSR concept and lack of trained staff or experts to frame and execute CSR activities effectively and efficiently. Without proper knowledge companies faces difficulties regarding selection of right project, right actions, right groups and right places. Some companies may not know how to identify the right local partners or assess which projects will have the most impact.

3. Focus on Compliance, Not Impact:

Many firms focus only on meeting regulatory compliances rather than making a real and effective difference in society. According to companies law firms effort to reach certain percentage target and maintenance of required documents rather than effective implementation of responsibility. Instead of seeing CSR as a way to meaningfully contribute to society, they treat it as just another item on their checklist, leading to superficial or short-term efforts.

4. Difficult to Measure Results:

It's hard to track whether CSR projects are actually helping or how much impact they create. There is no particular format or measures to analyses result. Companies face many challenges regarding projects truly implemented or not, what is the outcome and feedback from target group. Without good measurement tools or data, companies may continue spending without knowing if their projects are truly effective.

5. Weak Community Connections:

Companies often don't engage properly with local communities, leading to projects that don't match real local needs. Without proper consultant or required needs analyses firms implements projects to reach certain obligations. It leads failure or rejection by local community.

6. Financial Challenges:

When companies face losses and market uncertainties, CSR investment reduced. Even large companies may take action regarding disinvestment or reduce funds on CSR. CSR spending required permission from higher authority in the organization and leads to create differences. This creates inconsistency and makes long-term social projects hard to sustain.

7. Regulatory and Bureaucratic Issues:

Rules and approvals can be confusing or slow, making it harder to implement projects smoothly. Government rules on CSR can be complex and sometimes unclear. Companies may face delays in getting approvals, confusion over compliance requirements or burdensome paperwork. This can slow down or discourage CSR initiatives.

8. Scattered Efforts:

Without proper coordination in an organization leads to conduct same activities or work in the same areas, reducing overall effectiveness. Many companies work on similar projects in the same areas without talking to each other. For example, several firms might build schools in one region while ignoring healthcare needs in another. Without coordination, resources get wasted and social problems remain unsolved.

9. Cultural Barriers:

CSR projects sometimes fail because companies don't understand local customs, culture, practices or social needs. India is diverse, what works in one state or community might not work in another. Companies that don't understand local customs, languages or cultural sensitivities may launch CSR projects that are inappropriate or unwanted, leading to rejection or failure.

10. Fear of Negative Publicity:

Companies worry that if their CSR projects fail or seem fake, it will harm their reputation. People think that just done for publicity or marketing and the public and media will criticize them. There's also a risk that if a CSR project fails or causes harm, it will damage the company's image, making them hesitant to take bold or innovative actions.

Conclusion :

Corporate Social Responsibility (CSR) in India has grown a lot over the years. Earlier, companies mostly gave money to charity but now they are taking a more planned, thoughtful actions and ready to social contribution. To bring social changes companies required support from general public, government and communities be more transparent and focus on real and long-term social reforms. Future efforts should make sure that CSR activities meet the real needs of people and help build a fairer and more sustainable future for individuals and country. Companies involve in CSR by shifting from mandatory spending to meaningful engagement. CSR in India can create a sustainable and inclusive growth benefiting both business and society.

References:

- 1) DR. Parvat R. Patel (2020) Corporate Social Responsibility in India- A path to achieve sustainable development goal, International Journal of Creative Research Thoughts (IJCRT), (Volume 8).
- 2) Prof. Vishal V. Benchalli (2018) Corporate Social Responsibility: issues, challenges and strategies for Indian corporates, International Journal of Creative Research Thoughts (IJCRT) (Volume 6).
- 3) Dr. Punita Uppal (2024) Corporate Social Responsibility and Sustainable Development in India, International Journal for Multidisciplinary Research (IJFMR) (Volume 6).
- 4) <https://www.csr.gov.in/content/csr/global/master/home/home.html>
- 5) <https://cleartax.in/s/corporate-social-responsibility>
- 6) <https://timesofindia.indiatimes.com/blogs/voices/corporate-social-responsibility-and-corporate-reputation-the-correlation/>
- 7) <https://corporatefinanceinstitute.com/resources/esg/corporate-social-responsibility-csr/>
- 8) Focus on CSR performance, rural impact, and sectoral insights
- 9) <https://home.kpmg/in/en/home.html>
- 10) <https://doi.org/10.1016/j.iimb.2020.03.002>