

## OVERVIEW OF CSR ACTIVITIES IN INDIA

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### ABSTRACT

*The Companies Act, 2013, has mandated that certain corporates who meet criteria for net worth, sales or profits should spend 2% of their profits towards CSR activities. The CSR activities are broadly those activities which aim at giving back to the society. These activities are very broad in scope and include poverty alleviation, education, rural development, national heritage and art and culture, gender diversity etc. The eligible companies need to form a CSR committee and ensure that the mandated amount is spent. The board of directors have a responsibility to ensure CSR activity is fully implemented. Given the widespread inequality in India, this is a very good initiative. Large corporates, through trusts and foundations, are implementing their mandated CSR activities.*

**Keywords:** Corporate social responsibility, poverty, education, gender diversity, rural development

### Introduction

Corporate Social Responsibility (CSR) is a transformational initiative or movement practiced by Indian organizations. Mandated by the government, it is a positive advance towards aggregate upliftment and prosperity of the society. There is no conclusive depiction that can characterize Corporate Social Responsibility exercises totally. The meaning of CSR exercises is as per the following:

Projects or undertakings which are identifying with exercises indicated in the Schedule 7 of the Companies Act, 2013; or Programs or ventures which identifying with exercises that are attempted by the Board in that have been proposals of the CSR Committee according to the proclaimed CSR strategy. This would be dependent upon the condition that such arrangement covers subjects identified in the Schedule.

This meaning of CSR proposes that it permits organizations to engage in ventures or projects identifying with exercises enlisted under the Schedule. While qualifying listed organizations should engage in CSR exercises in India, adaptability has been given to the organization and CSR council to choose which spaces of improvement they need to contribute in (Chandra, 2019).

### Literature Review

CSR is a widely researched topic. Below are some of the abstracts from recent literature.

Aggarwal and Singh (2019), have posited that, the motivation behind this paper is to exhaustively examine the corporate social responsibility (CSR) and sustainability reporting (SR) practices of Indian organizations as far as disclosure quantity and quality, and to explore the distinctions in SR practices by SR measurement, industry, structure, firm size and profitability. Information is gathered from yearly reports/business responsibility reports (BRR)/CSR/sustainability reports of 60 top-recorded organizations in India. An extensive sustainability reporting list is created. Content investigation strategy is utilized. By and large, 18 things of the list are not uncovered by most of organizations in India. SR quality is found fundamentally lower than the SR quantity. Also, SR practices fundamentally contrast by measurement/classification, industry-type and firm-size yet are not affected by ownership structure. Nonetheless, the investigation neglects to set up any indisputable connection among SR and profitability.

Aggarwal and Jha (2019), have argued that, wide contrasts in the concentration and type of corporate social responsibility (CSR) exist among nations due to the distinctive institutional embeddedness of CSR practices. The reason for this paper is to look to clarify them inside the framework given by institutional theory by distinguishing significant pressures driving CSR practices. Further, it expects to expand theory by

proposing an applied model that relates institutional pressures, CSR practices, reputation and monetary execution of corporates in a non-industrial nation like India. Drawing upon the existing literature, the paper portrays their advancement through many years and weaves connection between them. Institutional theory gives the framework to create hypotheses. The model has its underlying foundations in Scott's institutional theory – connecting regulative, normative and cognitive pressures to CSR practices. Reputation mediates the connection among CSR and monetary execution.

Pradhan (2018), has opined that, the motivation behind this investigation is to catch the dynamic cycle of one of the major stakeholders, for example consumers, while buying from socially responsible firms. This investigation utilizes an exploratory way to deal with have an understanding of customers' assessment of their impression of an organization's CSR during the buying cycle. An aggregate of 60 respondents were met, and their reactions were deciphered. These messages were then investigated utilizing content examination. The assessment of CSR drives is a many-sided, coherent and organized interaction where purchasers consider factors that are esteemed by them. The discoveries support the idea of legitimacy theory, as most respondents trusted it was the obligation of a firm to reward the general public.

According to Fahad and Nidheesh (2020), this study attempts an observational examination on firm attributes deciding corporate social responsibility (CSR) disclosure and its subcategories like environmental, social and governance disclosures. The example comprised of listed organizations in BSE 500 record for a time of 10 years from 2007 to 2016. Panel data regression technique is utilized for the investigation. Seven factors are dissected, in particular, firm age, financial leverage, firm size, foreign ownership, promoter ownership, export performance, innovation and firm popularity. The result shows that firm age and financial leverage are decidedly affecting CSR, environmental and social disclosure score yet both are contrarily impacting governance score. Firm size is

decidedly connected with every one of the four disclosure scores. Among ownership factors, foreign ownership shows a positive impact and promoters ownership shows a negative impact towards CSR, climate and social disclosures. No affiliation is found between both ownership factors and governance disclosure score. Further examination likewise finds that there is a distinction in this relationship during emergency period.

This investigation by Singh et al. (2018), looks at the continuum of sustainability and corporate social responsibility (CSR) strategies, and dissects expansive examples that have arisen as for monitoring and evaluation practices in the CSR projects of Indian organizations under new CSR guidelines. Under these guidelines, the Indian firms are mandated to spend in any event 2% of their benefits on social and improvement areas. We explicitly dissect (i) how Indian organizations have conceptualized the possibility of sustainability in their yearly sustainability reports, and how these thoughts get reflected in their CSR arrangements, and (ii) the monitoring and evaluation practices in CSR mediations. The investigation utilizes both essential and optional information sources, and utilizes text network analysis and narratives-based content analysis to break down the information. We track down that the conceptualization of sustainability is a to a great extent way of talking and standard exercise that doesn't consider varieties in firms' organizations. This methodology toward sustainability drives presents genuine difficulties to sustainability, including social sustainability. The examination likewise finds that there is absence of 'ability' and 'availability' among Indian organizations to gauge and screen the results of CSR mediations, which is seemingly perhaps the strongest approaches to flag their responsibility toward corporate sustainability. Albeit mandatory CSR spending is a new marvel in India, our investigation builds up that it is just through the plan of viable CSR approaches that the prescribed procedures for Indian business local area can arise sooner rather than later.

### The Companies Act, 2013

According to the Companies Act 2013, all companies whether public or private need to follow CSR if they meet the following criteria:

1. Net worth of Rs.500 Cr. or more, or,
2. Annual Turnover Rs. 1,000 Cr. or more, or,
3. Profit of Rs. 5 Cr. or more.

The qualifying companies are required to form a CSR committee. They are needed to spend at least 2% of its average net profit for the 3 previous consecutive financial years on CSR initiatives.

#### Role of Board of Directors

The board of directors' role is very important for the CSR policy implementation. Below are the duties of the board:

1. Approval of CSR policy
2. Ensuring CSR plan is implemented
3. Full disclosure of the spends and the plan
4. Ensuring specified amount is spent by the company

#### Types of CSR Activities

The following are the CSR activities according to the Companies Act:

1. Eradication of hunger, poverty and malnutrition
2. Promotion of education
3. Gender equality
4. Environment
5. National heritage, art and culture
6. Benefit and support of armed forces veterans, war widows and families
7. Contribution to PM National Relief Fund or other such funds
8. Rural development projects

### Case Study – Infosys

The average three-year profit for Infosys was Rs.17,978 Crores. Accordingly, Rs.360 Cr. needed to be spent for FY20 and the company has met its target (Infosys, 2021).

Some of the areas where the Company has spent the CSR amount is as follows:

1. COVID related support
2. Construction of dharmshala at AIIMS, Jhajjar
3. Providing training to teachers in Andhra Pradesh and Odisha

Infosys conducts its CSR activities through Infosys Foundation. The key focus areas for the foundation are:

1. Destitute care and rehabilitation
2. Environment
3. Education
4. Health care
5. Rural development

#### Conclusion

Corporate Social Responsibility in the context of corporate India is the activity aimed at giving back to the society. The Companies Act, 2013, has mandated certain corporates to spend around 2% of their profit on CSR activities. CSR covers broad range of areas such as poverty alleviation, education, gender equality etc. The board of directors have the responsibility to ensure that the CSR activities are implemented. Given that India is a developing country with widespread inequality, this is a novel attempt to give back to the society.

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