

## PREFACE

Corporate Social Responsibility (CSR) refers to the practices and policies undertaken by corporations to have a positive influence on the world. CSR encompasses a wide range of activities, including ethical labour practices, environmental sustainability, philanthropy, and community development. This study explores CSR practices in India and contrasts them with those in other parts of the world, highlighting key trends, regulations, and the impact of these practices.

**CSR Practices in India, Regulatory Framework: Companies Act, 2013:** India has a unique regulatory framework mandating CSR. Under Section 135 of the Companies Act, 2013, companies meeting certain criteria (net worth, turnover, or profit) are required to spend at least 2% of their average net profits of the preceding three years on CSR activities.

**CSR Committee and Policy:** Companies must form a CSR committee to formulate and recommend a CSR policy, monitor its implementation, and ensure compliance with legal requirements.

### Key Areas of Focus

- i) **Education:** Many Indian companies invest in educational initiatives, including building schools, providing scholarships, and supporting educational programs.
- ii) **Healthcare:** Companies engage in health-related CSR activities such as organizing health camps, supporting hospitals, and funding medical research,
- iii) **Environmental Sustainability:** Efforts include afforestation projects, water conservation, and renewable energy initiatives.
- iv) **Community Development:** Corporations work on rural development, infrastructure improvement, and livelihood enhancement projects.

### Examples of CSR Initiatives;

- i) **Tata Group:** The Tata Group is renowned for its CSR efforts, focusing on education, healthcare, and rural development.
- ii) **Infosys Foundation:** Infosys supports a range of activities including education, healthcare, rural development, and the arts.

iii) Reliance Industries: Through the Reliance Foundation, the company invests in health, education, rural transformation, urban renewal, and arts, culture, and heritage.

### **CSR Practices Abroad:**

#### **a) United States-**

- i) Philanthropy:** American companies are known for their philanthropic efforts. For example, Microsoft and the Bill & Melinda Gates Foundation focus heavily on global health and education.
- ii) Environmental Initiatives:** Companies like Tesla and Google invest in renewable energy and sustainability projects.
- iii) Diversity and Inclusion:** Corporations emphasize workplace diversity, equality, and inclusion through various programs and policies.

**b) Europe-Sustainability:** European companies often lead in sustainability practices. For instance, Unilever's Sustainable Living Plan aims to reduce the company's environmental footprint. **Human Rights:** Many European firms are active in promoting human rights and fair labour practices across their supply chains. **Community Engagement:** Companies like IKEA engage in community development and support refugee programs.

**c) Asia-Pacific-Community Development:** Japanese companies like Toyota focus on community development and disaster relief. **Environmental Efforts:** Corporations in this region, such as Samsung, engage heavily in environmental sustainability and technological innovation for social good. **Employee Welfare:** There is a strong emphasis on employee welfare and training programs to enhance skills and productivity.

In this research, CSR initiatives spanning diverse areas such as education, healthcare, environmental sustainability, poverty alleviation, and skill development. Companies often tailor their CSR programs to align with their industry, values, and the needs of the communities in which they operate. Prescribed and Actual CSR Trends Analysis (Last 4 Financial Years 2018-19 TO 2021-22) \* (in Cr.)-CSR data analysis last four

financial years from 2018-19 to 2021-22 of 301 listed Indian companies on the basis of key CSR areas.

### **Comparison and Analysis:**

**a) Regulatory Differences-Mandatory vs. Voluntary:** India's CSR mandate through the Companies Act, 2013, stands in contrast to the largely voluntary CSR practices observed in many other countries, particularly in the U.S. and Europe. Tax Incentives: Some countries provide tax incentives for CSR activities, which can encourage more corporations to engage in such practices.

**focus on covid-19 activities:** Corporate Social Responsibility (CSR), is playing a crucial role in the age of this pandemic COVID-19, where business is trying their best to cope up this tremendous challenging time. CSR is a “self-regulating business model” which implies that the procedures of interaction by a company with its stakeholders and the general public at large for creating a scenario of being socially responsible. Over 90% of the companies fall under the sales bracket of 1000 crores. 88% of this CSR budget was contributed towards the PM Cares Fund while the remaining 12% was spent on supplying other relief funds like masks, sanitizers, food rations, oxygen cylinders and other medical supplies.

On March 23, 2020, all expenditures incurred on activities related to COVID-19, were announced to be added as the permissible avenues for CSR expenditure. It was further informed that the funds may be spent on activities relating to promotion of healthcare, including preventive health care and sanitation and disaster management. The CSR community quickly took up the mantle to drive up its response initiatives with internal approval processes.

Even before this announcement was made, we saw some examples of benevolent individual corporate leaders offering resources to combat COVID-19. Companies have been motivated to participate in COVID-19 responses by not only funding non-profits and PM CARES Funds but also by taking part themselves, whether it be through manufacturing PPE kits or through driving relief efforts in their community. Since the announcement of the PM CARES fund and its inclusion in Schedule VII of

the Companies Act, 2013 through a subsequent amendment, a huge amount of funding has also been directed from corporates to the PM Cares Fund.

Analysis of several surveys conducted in India suggest that though many companies in India have taken on board the universal practice of CSR, but CSR still seems to be in a confused state. Individual companies define CSR in their own limited ways and contexts. The end result being that all activities undertaken in the name of CSR are merely philanthropy or an extension of philanthropy. It seems that CSR in India has been evolving in the domain of profit distribution.

The present study examined and assessed the current status of CSR under global and Indian perspectives and contexts. A sincere attempt has also been made to identify CSR framework in terms of legal, economic and social perspectives and assessing the degree of international practice of CSR in general with special emphasis on legal issues mainly it covers CSR issues after enactment of the new Companies Act, 2013 where it made CSR compliance mandatory for the Indian companies in terms of the provisions of Section 135 of the said Act.

**Areas of Focus: Local Needs:** CSR activities often reflect the local needs and priorities. In India, this includes a strong emphasis on basic education and healthcare, while in developed nations, there may be more focus on advanced sustainability initiatives and technological innovation. **Global Impact:** Multinational companies often align their CSR activities with global standards and frameworks, such as the United Nations Sustainable Development Goals (SDGs).

**Effectiveness and Impact-Measurement and Reporting:** The effectiveness of CSR initiatives can be challenging to measure. Companies globally are increasingly adopting standardized reporting frameworks like the Global Reporting Initiative (GRI) to assess and communicate their CSR impact. **Stakeholder Engagement:** Successful CSR programs often involve robust stakeholder engagement, ensuring that the needs and perspectives of local communities, employees, and other stakeholders are considered.