5.1   Introduction

The conclusion of this study reveals that while many companies in India have embraced the concept of Corporate Social Responsibility (CSR), there remains a degree of confusion and inconsistency in its implementation. Each company defines CSR according to its own context and priorities, often resulting in activities that are perceived as mere philanthropy or extensions of philanthropic efforts. This suggests that CSR in India is still primarily seen as a means of profit distribution rather than a strategic approach to social development.

There is an urgent necessity to improve comprehension and active involvement of businesses in promoting equitable social development as a fundamental element of sound business practice. This entails recognizing that businesses have a responsibility beyond profit generation and should actively contribute to addressing social inequalities and promoting inclusivity. By prioritizing social development alongside financial gains, businesses can foster a more equitable society while also ensuring their own long-term sustainability and success. This involves moving beyond traditional philanthropy towards more impactful and sustainable CSR initiatives that address systemic issues and contribute to long-term societal progress.

Furthermore, it is essential to ensure that CSR reporting frameworks, such as the Global Reporting Initiative (GRI), adequately address human rights concerns. Human rights considerations should not be conflated with other CSR activities but should be given distinct attention and reporting mechanisms. A comprehensive overview of human rights performance, including both positive and negative impacts, should be integrated into CSR reporting practices.

Businesses worldwide are increasingly recognizing their role in society and are engaging in social and environmental management activities. CSR has emerged as a crucial tool for sustainable development, offering opportunities for companies to contribute positively to societal well-being while also enhancing their own long-term viability.

The fate of society is increasingly intertwined with the actions of corporate entities. As companies demonstrate greater concern for their communities and stakeholders, they have the potential to drive meaningful social change and contribute significantly

to sustainable development goals. Therefore, it is imperative for businesses to embrace CSR as a core aspect of their operations and leverage their resources and influence for the betterment of society.

The study emphasizes the need for effective strategic policies tailored to each company's history, context, and relationships with stakeholders to achieve the goals of sustained environmental, social, and economic growth through Corporate Social Responsibility (CSR). While many Indian companies opt for creating trusts and foundations as a common CSR practice, this approach often sidelines CSR from core business processes and limits its scope to community development.

In the competitive landscape of CSR, the imperative to showcase corporate responsibility is growing, driven by heightened expectations from stakeholders, customers, and the public. Being recognized as a responsible corporate entity is integral to achieving commercial success. Therefore, it's crucial for companies to align with public expectations and effectively communicate their CSR engagement and accomplishments. This not only enhances their reputation but also strengthens trust and loyalty among stakeholders, ultimately contributing to long-term sustainability and success.

The study identifies several factors that positively impact CSR practices in India, including statutory provisions, corporate citizenship, economic activities, profit-sharing with society, and opportunities to serve. Conversely, unwanted laws have a negative impact on CSR practices. To strengthen CSR in India, leveraging these positive factors and operationalizing them effectively is crucial for better outcomes in CSR initiatives.

The study highlights the distinct focus areas of CSR initiatives in both global and Indian contexts. In India, CSR practices prioritize societal welfare, health, safety awareness, community building, and basic education. Additionally, there's an emphasis on transparent corporate governance, dealings with creditors, and fostering healthy industrial relations. Companies in India primarily adhere to the provisions outlined in the Companies Act, 2013, and integrate industry best practices into their CSR strategies. Core initiatives often center around waste recycling, solid waste

treatment, and the utilization of renewable resources to align with sustainable development goals.

In conclusion, the study highlights the importance of strategic CSR policies tailored to company-specific contexts and stakeholder relationships. Emphasizing societal welfare, transparency, and compliance with regulations are crucial aspects of effective CSR practices in India.

The study highlights several areas where CSR initiatives in India are lagging or prioritizing certain issues over others. While initiatives related to energy saving, water pollution control, and soil protection are given less importance, issues such as child labor, industrial disputes, minimum wages, and employee health insurance are prevalent in the corporate sector. Additionally, concerns related to employee-community issues, retirement benefits, women's rights, and compensation for workplace accidents are not adequately addressed.

In terms of CSR practices, donations for school/college buildings, hospitals, mid-day meals, and educational resources receive more attention than initiatives for old age pension or housing for marginalized communities. CSR initiatives in India are often driven by regulatory compliance, branding, corporate image-building, and gaining societal support rather than genuine social impact.

Several limiting factors hinder the adoption of robust CSR practices in India, including a lack of skilled personnel, cost constraints, and inadequate guidance. CSR delivery mechanisms typically involve middle-level management and hired consultants, with top management focusing on policy formulation. In-house capabilities for CSR activities are still underdeveloped.

Regarding accountability to stakeholders, Indian corporations prioritize accountability to employees, trade unions, and customers first, followed by financial institutions and creditors, and then the community and shareholders. This hierarchy reflects the current state of CSR practices and accountability structures in the corporate sector in India.

The impact of CSR practices in corporate India is assessed through various means, including customer satisfaction surveys and cause-related marketing campaigns. While some attention is given to employee capacity building through training

programs, it is not extensive. Companies formulate long-term CSR strategies based on feedback from investors, financial institutions, competitors, trade unions, media, government regulators, customers, suppliers, and chambers of commerce.

Certain factors such as provisions of the Companies Act, 2013, environmental issues, human rights issues, industrial relations, and human resource policies are found to significantly influence corporate performance. Benchmarking of CSR practices against global standards emphasizes transparency in corporate governance, mission, vision, objectives, and dealings with government and regulatory authorities. However, mechanisms for grievance control and transparency in welfare policies are not widely practiced.

Many Indian companies feel that the mandatory CSR provision in the Companies Act, 2013, imposes burdens on them and prefer CSR to be voluntary rather than legally binding. Despite ethical issues gaining importance, India, as a developing country with a labor-intensive economy, struggles to meet economic, legal, and philanthropic needs. It lags behind economically advanced countries in CSR practices.

Given this context, a definition of CSR tailored to Indian practices may be appropriate.

CSR in India can be characterized as the commitment of corporate entities to adopt policies and pursue activities that positively impact the welfare of people and the environment within the country. This definition reflects the current landscape of CSR practices in India, highlighting the importance of corporate responsibility towards society and the environment. The Three P Model, which focuses on 'People, Planet, and Profit,' serves as an effective framework for CSR practices in the Indian corporate sector. Prioritizing the well-being of people and the environment alongside profitability ensures long-term sustainability and success. CSR initiatives not only benefit society and the environment but also offer various advantages for businesses. One notable advantage is the higher employee retention observed in socially responsible Indian firms, indicating that CSR practices contribute to employee satisfaction and commitment.

Providing a conducive work environment and treating employees with dignity fosters a sense of belonging and encourages loyalty. Motivated employees are more productive and dedicated, enhancing overall organizational performance.

However, companies face challenges such as cost inefficiencies and ineffectiveness due to intense market competition, which may hinder their CSR efforts. Despite this, allocating a fixed budget for CSR activities can uplift marginalized sections of society and contribute to sustainable socio-economic development.

Public sector enterprises in India are leading the way by committing a significant portion of their net profit to CSR activities, setting an example for private sector and multinational companies. Strategic integration of CSR into core business operations is essential for its effectiveness and long-term impact.

In conclusion, CSR in India is evolving and requires strategic planning and integration with core business activities. By prioritizing the Three P Model and adopting proactive CSR initiatives, businesses can enhance their corporate image, contribute to societal well-being, and achieve sustainable growth.

In my thesis, I underscored the pivotal importance of Corporate Social Responsibility (CSR) for both the public and private sectors, encompassing multinational corporations (MNCs) as well. I highlighted the disparity between developed nations like the USA, UK, Germany, France, Canada, and Japan, where CSR is deeply ingrained in corporate culture and viewed as a moral and ethical obligation. In these countries, CSR efforts are driven by a sense of social responsibility rather than mere compliance with legal mandates.

Conversely, in countries such as "India, Sri Lanka, Bangladesh, South Africa, and Pakistan," CSR adoption may be less widespread, with some questioning its necessity in the absence of legal requirements. However, I also noted the growing momentum of CSR initiatives in countries like China, Malaysia, and South Korea, where voluntary efforts and substantial contributions from businesses are driving positive change.

Throughout my research, I underscored the importance of nurturing a culture of social responsibility and encouraging businesses to acknowledge their role in fostering a sustainable and equitable society. By embracing CSR practices voluntarily, businesses

can contribute significantly to creating a more sustainable and inclusive society for all stakeholders.

Suggestions in General

As we consider the findings of this study, here are some general suggestions for users and decision-makers:

1. Implement Anti-Corruption Measures: CSR initiatives should include measures aimed at curbing corrupt practices, particularly by multinational corporations operating in developing countries. Legal provisions within the Companies Act, 2013 or other relevant laws should be established to regulate and control corruption effectively.

2. Flexible Approach to CSR Criteria: According to A. B. Carroll's CSR definition, companies must address economic, legal, ethical, and discretionary dimensions of CSR. Recognizing the challenges of simultaneously meeting all these dimensions, flexibility should be allowed for companies to prioritize one dimension over another at different times. The list of CSR activities outlined in the Companies Act, 2013 and CSR Rules, 2014 should be comprehensive and broad-based to accommodate diverse CSR efforts.

   Focus on Economic and Ethical Compliance: Complying with economic and ethical dimensions of CSR may be more straightforward compared to legal and discretionary dimensions. Therefore, emphasis should be placed on ensuring companies adhere to economic and ethical responsibilities while working towards meeting legal and discretionary obligations.

3. Incentives for CSR Activities: Decision-makers and governments should provide adequate incentives, such as tax deductions, exemptions, or rebates, to encourage companies to undertake CSR activities and fulfill their social responsibilities.

4. Embrace Voluntary CSR Initiatives: Instead of mandating CSR compliance, encourage a culture of voluntary CSR practices. Many countries demonstrate effective CSR initiatives voluntarily, indicating that it can be more impactful when driven by corporate culture rather than strict legal requirements.

5. Utilize CSR for Branding, Innovation, and Sustainability: Companies should leverage CSR as a tool for enhancing their brand image, fostering innovation,

promoting sustainability, and maximizing value for shareholders. Fair treatment of employees and suppliers, along with compliance with regulations, should be integral parts of CSR efforts.

6. Enhance Commercial Performance through CSR: Voluntary CSR practices can positively impact commercial performance by enabling companies to offer innovative products and value-added services, enhancing their competitiveness in the market.

7. Contribute to Nation Building: CSR initiatives can contribute to nation building by fostering social capital, expanding business opportunities, and earning the trust and confidence of society through meaningful contributions to social welfare.

8. Align CSR with Business Objectives: Ensure that CSR practices are aligned with the mission, vision, and objectives of the company. Top management support is crucial for effective formulation and execution of CSR initiatives that align with business goals.

9. Reduce Inequality through CSR: CSR initiatives have the potential to contribute to reducing inequality. Therefore, companies should feel a moral obligation to adopt CSR practices, and they can seek guidance from reputable institutions like the Indian Institute of Corporate Affairs (IICA), Ministry of Corporate Affairs, and Department of Public Enterprises, Government of India, to ensure the implementation of effective CSR practices.

10. Utilize Case-Law Precedents: Companies can utilize case-law decisions handed down by the Supreme Court of India and High Courts as foundational guidance for implementing CSR initiatives. These legal precedents provide clear directions and standards for ensuring compliance with CSR obligations, and companies should consider them as essential references.

11. Enact Separate CSR Legislation: To streamline and enhance CSR practices, it is recommended to enact a comprehensive legislation specifically focused on CSR. This legislation should be harmonized with relevant provisions of existing laws such as the Companies Act, 2013, Foreign Exchange Management Act, 2000, Consumer Protection Act, 1986, Air Pollution Control Act, 1980, and other relevant statutes. A dedicated CSR law would

provide clarity and guidance for companies in managing their CSR activities effectively.

12. Foster Overall Social Development: CSR initiatives should prioritize rural development, education, livelihood enhancement, healthcare, environmental protection, and ecological balance. These areas should receive significant attention in CSR strategies, as the ultimate goal of CSR practices is to contribute to overall social development and welfare.

13. The National Voluntary Guidelines on CSR, established by the Ministry of Corporate Affairs, serve as a crucial framework for guiding CSR practices and compliance. These guidelines encompass nine principles that outline the fundamental values and responsibilities that businesses should uphold in their CSR endeavors:

   a. Ethical Conduct: Businesses should uphold integrity, transparency, and accountability across all aspects of their operations.

   b. Sustainable Products and Services: Businesses should provide goods and services that are safe and contribute to sustainability throughout their lifecycle.

   c. Employee Wellbeing: Businesses should prioritize the wellbeing of their employees and provide a supportive work environment.

   d. Stakeholder Engagement: Businesses should consider the interests of all stakeholders, especially those who are disadvantaged, vulnerable, or marginalized, and respond to their needs.

   e. Human Rights: Businesses should uphold and promote human rights in all their activities and operations.

   f. Environmental Responsibility: Businesses should respect, protect, and actively work towards restoring the environment.

   g. Responsible Advocacy: When engaging in public and regulatory policy, businesses should do so responsibly and ethically.

   h. Inclusive Growth: Businesses should actively support inclusive growth and contribute to equitable development within society.

i. Customer Value: Businesses ought to interact with their customers and consumers in a responsible manner, delivering value while upholding ethical standards.

These principles serve as guiding pillars for CSR practices until dedicated CSR legislation is enacted in the country. Following these guidelines can enable businesses to synchronize their CSR endeavors with societal needs and expectations, nurturing sustainable development and generating a positive social impact.

14. Embracing Social Inclusion: CSR initiatives should adapt to the evolving policy landscape to ensure they are socially inclusive and address the needs of all stakeholders.

15. Ethical Profit Maximization: Companies should pursue lawful methods to maximize profits, alongside improving product quality, managing costs efficiently, and monitoring employee productivity with the assistance of Cost & Management Accountants from reputable institutions.

16. Stay Informed: Managers, acting on behalf of shareholders, must stay informed about recent economic, commercial, and environmental legislation. They should ensure products meet legal standards and adhere to evolving regulatory requirements.

17. Comprehensive Code of Conduct: Businesses should develop a robust code of conduct to earn trust and maintain transparency with all stakeholders. Accurate disclosure of information to stakeholders is essential for ethical CSR practices.

18. Fair Compensation: Companies are encouraged to offer competitive salaries to employees, at least meeting industry standards if not exceeding them. Additionally, businesses should allocate resources for charitable contributions.

19. CSR for Employee Retention: CSR initiatives, addressing both legal and discretionary factors, can significantly reduce employee turnover. Recognizing and implementing these factors practically can enhance employee satisfaction and retention.

20. Enhancing Customer Satisfaction: Economic, legal, and discretionary dimensions of CSR play a crucial role in generating customer satisfaction. By

offering value-added products, meeting legal standards, and providing competitive salaries to employees, companies can ensure customer satisfaction and economic success. Happy employees contribute to happy customers, thereby benefiting the business.

Specific Suggestions

To strengthen Corporate Social Responsibility (CSR) practices in India, it is essential to prioritize the positive factors identified through logistic regression analysis, including "SP (Statutory Provision), CCZ (Corporate Citizenship), EA (Economic Activities), PS (Profit Share with Society), and OS (Opportunity to Serve)." These factors have demonstrated a positive impact on CSR practices and should receive greater attention for improving CSR implementation in India. Conversely, negative factors such as UL (Unwanted Law) should be addressed to mitigate their adverse effects on CSR practices.

In less developed countries like Pakistan, Bangladesh, South Africa, Sri Lanka, and Malaysia, where CSR adoption is not as prevalent, there should be a concerted effort to emphasize and promote better CSR practices. This may involve awareness campaigns, capacity building initiatives, and incentivizing CSR activities to encourage greater participation from businesses in these regions.

Furthermore, factor analysis has highlighted various aspects that contribute to effective CSR practices, including corporate governance, transparency, environmental sustainability, philanthropy, human rights, and employee welfare. These factors should be strengthened through targeted interventions and policies to enhance CSR practices across industries.

Specific areas of focus should include:

- Enhancing corporate governance standards to ensure transparency and accountability.
- Implementing measures to address environmental issues, such as waste treatment, pollution control, and renewable resource utilization.
- Promoting gender equality and ensuring special rights for women employees.
- Providing adequate compensation and support for employees, including health insurance and welfare programs.

- Addressing child labor issues and promoting ethical labor practices.

- Strengthening partnerships with civil society organizations and regulatory bodies to foster collaboration and compliance with CSR guidelines.

- Investing in training and development programs to enhance the skills and expertise of CSR practitioners.

- Integrating CSR principles into supply chain management practices to promote responsible sourcing and production.

- Encouraging philanthropic activities that benefit local communities and society at large.

- Building trust and confidence among stakeholders through transparent communication and ethical business practices.

By prioritizing these areas and implementing targeted strategies, India can strengthen its CSR practices and contribute to sustainable social, economic, and environmental development. 6:

Limitations

The study acknowledges several limitations that warrant consideration. Primarily, the sample size, comprising 450 samples from diverse sectors across India, may not adequately represent the entire population, potentially impacting the generalizability of the findings to a broader context.

Additionally, due to constraints such as time and financial resources, some important explanatory variables may have been overlooked in the analysis. This omission could potentially impact the comprehensiveness and accuracy of the study's findings.

Furthermore, while the study aimed to examine CSR frameworks from legal, economic, and social perspectives, it may not have fully captured all relevant variables and nuances within each perspective. This limitation could restrict the depth of understanding and analysis of CSR practices.

Moreover, the study primarily focused on CSR issues following the enactment of the Companies Act, 2013, which made CSR compliance mandatory for Indian companies. As a result, it may have overlooked historical or pre-existing CSR practices and their implications.

These limitations highlight the need for future research to address these gaps and constraints, thereby enhancing the understanding and evaluation of CSR practices in India and globally.

Scope for Further Research

The study has opened avenues for further research in the field of Corporate Social Responsibility (CSR). Here are some potential areas for future research:

- Comparative Analysis: Conduct a comparative analysis of CSR practices between the pre and post-reform era to understand the impact of regulatory changes on CSR initiatives in India.

- Sector-Specific Study: Undertake sector-specific studies to assess the status of CSR practices across different industries, identifying sector-specific challenges and best practices.

- International Comparison: Conduct a comparative micro-level study comparing CSR practices in India with those in China or other emerging economies to understand cross-country variations and factors influencing CSR implementation.

- Legal Analysis: Investigate whether Section 135 of the Companies Act, 2013, violates constitutional provisions such as Article 14 (equality before law) and Article 19(1)(g) (freedom of trade, commerce, and profession), considering its mandatory CSR provisions for certain companies.

- Impact Assessment: Evaluate the social, economic, and environmental impact of CSR initiatives undertaken by companies in India, examining the effectiveness and sustainability of CSR programs.

- Stakeholder Perspectives: Explore the perspectives of different stakeholders, including employees, customers, communities, and investors, on CSR practices to understand their perceptions and expectations.

- Longitudinal Studies: Conduct longitudinal studies to track the evolution of CSR practices over time, identifying trends, challenges, and opportunities for improvement.

By addressing these areas of research, scholars can contribute to a deeper understanding of CSR dynamics and its implications for businesses, society, and governance in India.

Indeed, exploring the legal and constitutional implications of Section 135 of the Companies Act, 2013, presents a valuable area for further research in the field of Corporate Social Responsibility (CSR). Here are some potential avenues for future investigation:

- Legal Analysis: Conduct a comprehensive legal analysis to determine whether the mandatory CSR provisions of Section 135 of the Companies Act, 2013, infringe upon constitutional rights such as Article 19(1)(g) (freedom of trade, commerce, and profession) and Article 16(1)(g) (right to practice any profession).

- Reasonable Restrictions: Evaluate whether the imposition of CSR obligations on companies constitutes a reasonable restriction under Article 19(6) of the Constitution, considering the interests of the general public and the objectives of CSR.

- Corporate Governance: Investigate the impact of CSR mandates on corporate governance practices, particularly examining the role and discretion of the Board of Directors in determining CSR expenditures and activities.

- Conflict of Interest: Explore the potential for conflicts of interest within corporate boards regarding CSR decisions, particularly regarding directors' personal interests in certain CSR initiatives.

- Corporate Democracy: Examine the implications of CSR requirements on corporate democracy, considering whether mandatory CSR provisions restrict shareholders' rights or interfere with the democratic functioning of corporate governance structures.

- Stakeholder Perspectives: Gather stakeholders' perspectives, including shareholders, directors, employees, and community members, on the implications of CSR mandates for corporate governance and democratic decision-making.

- Comparative Analysis: Conduct a comparative analysis of CSR regulations and practices in other jurisdictions to identify alternative approaches to balancing CSR requirements with corporate governance principles.

By delving into these areas of inquiry, future researchers can contribute to a deeper understanding of the legal, ethical, and governance dimensions of CSR mandates within the corporate context.