

**Objectives of Research**

- To, Study the regulatory provisions related to CSR in Indian companies Act and Abroad.
- To study the various activities involved in CSR.
- To study the efforts taken by the companies in this field and their impacts on the company
- To find out how corporate social responsibility is serving as a determinant of corporate success.
- To comparative study of Indian and abroad CSR Status.

**Research Methodology**

Type of Research: Descriptive Research

Data collection method:

- a) The data is entirely secondary in scenery and the knowledge has been obtained only through various articles available on various websites.
- b) There is no capacity to collect primary data in any type as the topic is theoretical in nature and does not include any kind of questionnaire to be filled.
- c) The research begins by penetrating for the articles related to the topic CSR (Corporate Social Responsibility). Then having a comprehensive knowledge of the same.

Then, research the steps taken and efforts made in this field by various Listed Indian companies and abroad.

Taking some examples of Indian and Abroad companies and the different types of Activities made by the company and explaining the efforts made by listing their contributions. Later than identifying them, there is learning of the outcome it had on the business and what optimistic outcome came out.

**Scope and Limitations****Scope:**

The research will help in understanding the importance of CSR and various initiatives taken up by Listed Indian companies and abroad for promoting the welfare for the society.

**Limitations:**

Due to the time constraints of time and resources, the study is probable to undergo from certain limitations. Some of these are mentioned here below so that the result of the study may be understood in a proper viewpoint.

- One of the major limitations of the study was the limited period of time and financial resources.
- As the study was conducted on Listed Indian companies and abroad, the results could not be comprehensive to other and remained limited to this study only.

**Introduction**

“Corporate Social Responsibility (CSR)” has evolved into a pivotal component of contemporary business practices, representing a commitment by corporations to go beyond profit generation and contribute positively to society. This introduction explores the landscape of CSR practices, both in India and abroad, providing insights into the motivations, challenges, and impact of such initiatives on businesses and the broader community.

**Global Perspective:**

On the global stage, CSR has become a defining characteristic of responsible business conduct. Multinational corporations are increasingly acknowledging their role in addressing societal issues and environmental concerns. CSR practices abroad encompass a wide range of initiatives, from philanthropy and community development to sustainable business practices and ethical sourcing. Regulatory frameworks and industry standards vary across countries, influencing the scope and nature of CSR activities undertaken by corporations.

**CSR in India:**

In India, the concept of CSR has gained prominence, driven by legislative mandates and a growing recognition of the role businesses play in societal development. The Companies Act, 2013, has made it mandatory for certain companies to allocate a percentage of their profits towards CSR activities. This legal framework has significantly influenced the adoption and expansion of CSR initiatives across various sectors in India.

**Motivations for CSR:**

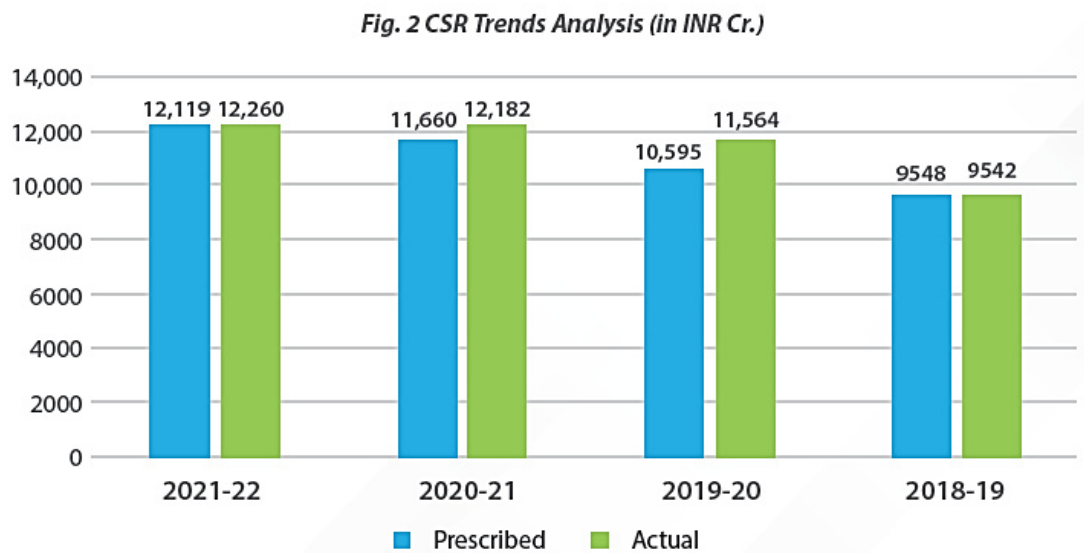
The motivations for embracing CSR practices are multifaceted. While ethical considerations and a sense of corporate responsibility play a role, businesses are increasingly realizing that sustainable and socially responsible practices can enhance long-term profitability. Reputation management, stakeholder engagement, and attracting socially conscious consumers are additional incentives that drive companies to integrate CSR into their core business strategies.

**Key CSR Areas:**

CSR initiatives span 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 300 listed Indian companies (BSE) on the basis of key CSR areas.

**Fig. 1 : CSR Trends Analysis (in INR Cr.)**

As per above bar diagramwe analysis, it was observed that in FY 2021-22 the net difference in Actual CSR spent to the prescribed CSR decreased with respect to the

last two years. Moreover, as per the trend, there has been an overall increase in prescribed CSR when compared to the last years.

\*NOTE -The CSR trend covers CSR fund of these 301 companies or 90% of the same set of companies with reference to previous reports.

### Type of Companies and CSR Expenditure

Type of Companies	No. of Companies	No. of Projects	Prescribed CSR (in INR Cr.)	Actual CSR Spent (in INR Cr.)
BSE/NSE Listed (Excluding PSUs)	278	5874	9082.25	9042.8
PSUs	23	1606	3036.67	3217.65

Fig. 3 Percentage of Companies' Type

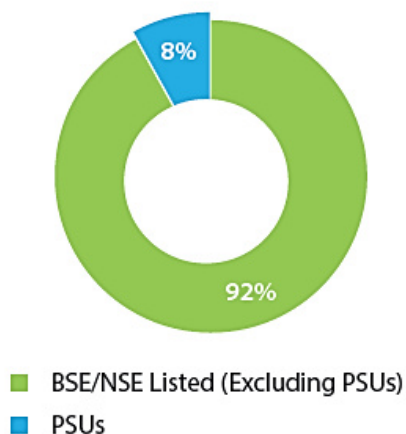
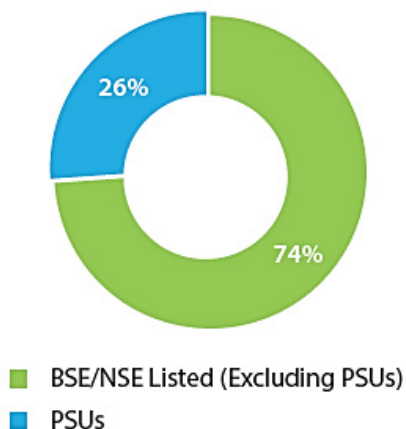


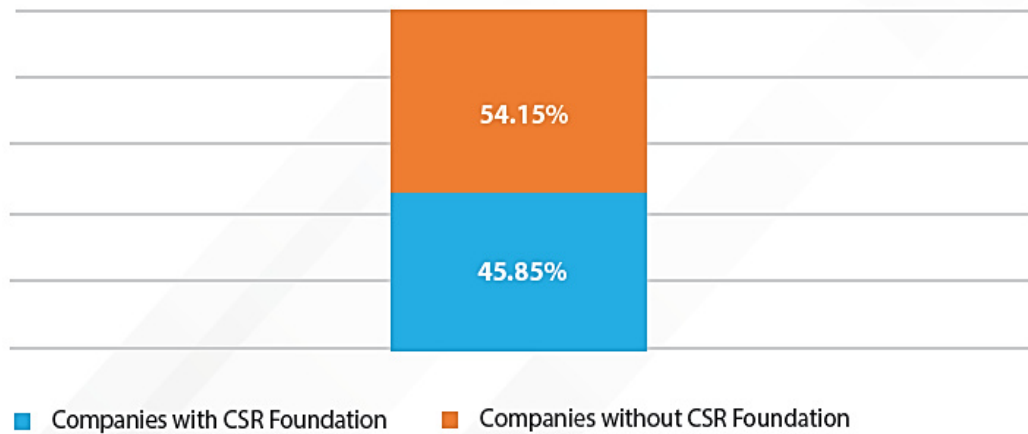
Fig. 4 Actual CSR Spent Contribution



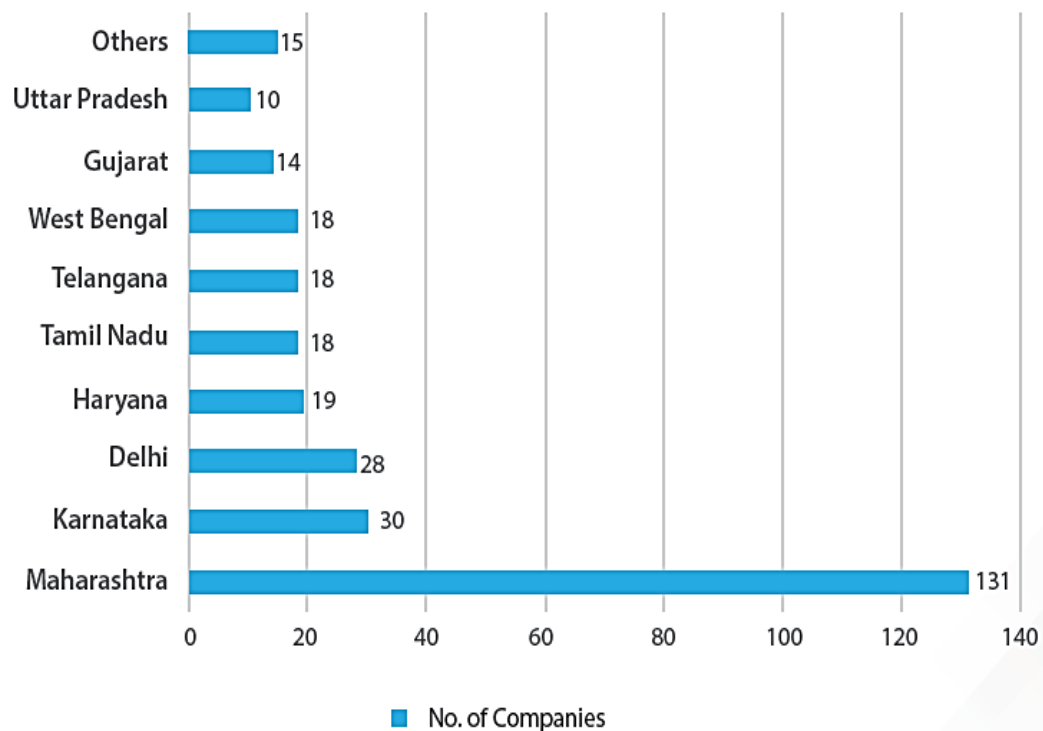
### Companies with CSR Foundation- Percentage of Number of Companies

**Companies with CSR Foundation:** 138 companies

**Companies without CSR Foundation:** 163 companies

**Fig. 5 Percentage of Companies with CSR Foundation**

As per above data from the analysis, it was observed that in FY 2021-22 the net difference in Actual CSR spent to the prescribed CSR decreased with respect to the last two years. Moreover, as per the trend, there has been an overall increase in prescribed CSR when compared to the last years.

**Fig. 6 Companies and their Headquarter State**

Maharashtra has a total of 131 companies headquartered in the state, followed by Karnataka and Delhi, having Headquarters of 30 and 28 companies, respectively.

### Companies going beyond the CSR Compliance

The table below represents the top 10 companies that have gone beyond their Prescribed CSR Amount for this financial year in terms of the percentage of the compliance.

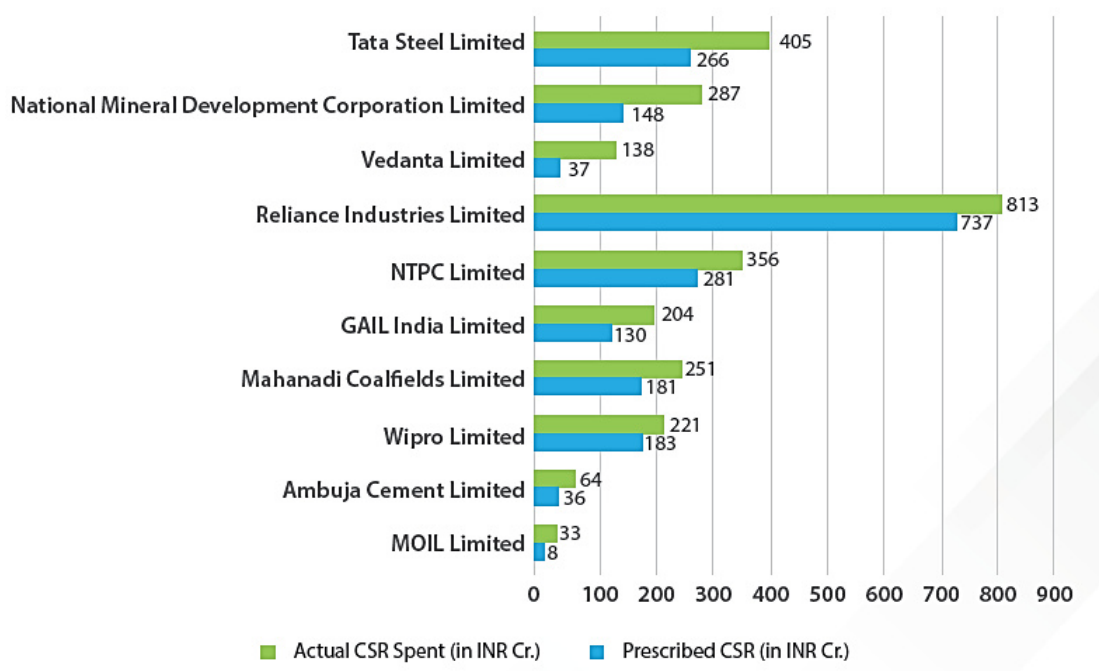
#### Top 10 Companies exceeding their Prescribed CSR (in terms of % Actual CSR Spent)

S. N.	Name of Company	Actual prescribe d %	Actual prescri bed	Actual CSR Spent in Rs Crs.
1	MOIL Limited	388.76%	8.54	33.2
2	Vedanta Limited	368.32%	37.5	138.12
3	KudremukhIronOre Company Limited	305.68%	4.39	13.41
4	UPL Limited	290.57%	9.33	27.11
5	Balmer Lawrie &Co. Ltd.	237.64%	4.41	10.48
6	United Spirits Limited	235.65%	7.49	17.65
7	Apollo Hospitals Enterprise Limited	195.37%	8.312	16.24
8	National Mineral Development Corporation Ltd	193.95%	148.15	287.33
9	Automotive Axles Limited	193.22%	1.87	3.62
10	Sobha Limited	190.72%	6.32	12.05

The above table is in descending order of their percentage spent beyond their prescribed amount. MOIL Limited has spent 388.76% of the prescribed amount under CSR, followed by Vedanta Limited and Kudremukh Iron Ore Company Limited with 368.32% and 305.68% respectively.

The below diagram shows that Tata Steel Ltd. has spent around INR 139.4 Cr. more than the prescribed for FY 21-22, followed by National Mineral Development Corporation Limited and Vedanta Limited with excess spending of INR 139 Cr. and INR 100.62 Cr. Respectively.

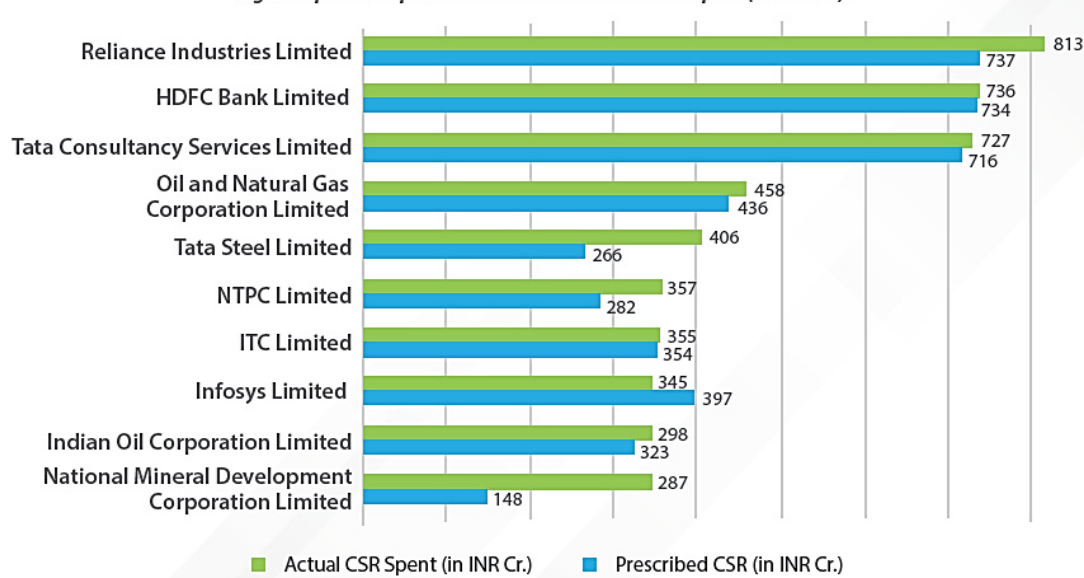
*Fig. 7 Top Companies Exceeding their Prescribed CSR (In terms of Amount Spent In INR Cr.)*



#### Top 10 Companies with Prescribed CSR Amount

S. N.	Name of Company	Prescribed CSR in Rs Crs.
1	Reliance Industries Limited	737
2	HDFC Bank Limited	733.86
3	Tata Consultancy Services Limited	716
4	Oil And Natural Gas Corporation Limited	436.02
5	Infosys Limited	396.7
6	ITC Limited	354.27
7	Indian Oil Corporation Limited	323.14
8	NTPC Limited	281.8
9	Tata Steel limited	266.57
10	ICICI Bank Limited	261.73

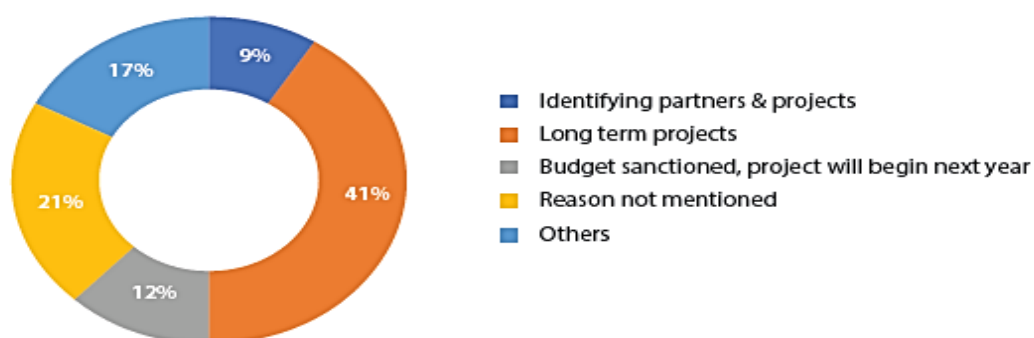
Fig. 8 Top 10 Companies with Actual CSR Amount Spent (in INR Cr.)



### Clarification of Unspent CSR Fund in FY 2021-22

In FY 21-22, there are 86 companies with unspent CSR funds. They gave the following reasons for their decision:

Fig. 9 Clarification for Unspent CSR Fund



Un Spent Reasons	No of Companies	% of Companies
Identifying partners & projects	8	9.30%
Long term projects	35	40.7%
Budget sanctioned; project will begin next year	10	11.63%

### Companies in Different Business Sectors



Business Sector	No. of Companies	Percentage of Companies
Banking and Finance	45	14.95%
Healthcare and Pharmaceuticals	26	8.64%
Consumer Goods	24	7.97%
Power and Heavy Engineering	21	6.98%
Auto and Auto Ancillaries	20	6.64%
Metals Mining's and Mineral	19	6.31%
Chemicals Pesticides and Fertilizers	19	6.31%
Computer Software and IT	17	5.65%
Textiles	14	4.65%
Oil Drilling Lubricants and Petrochemicals	10	3.32%
Construction Contracting and Infrastructure	8	2.66%
Food Processing and Beverages	8	2.66%
Cement	7	2.33%
Cables and Telecommunications	7	2.33%
Media and Entertainment	4	1.33%
Tyres	4	1.33%
Miscellaneous	48	15.95%

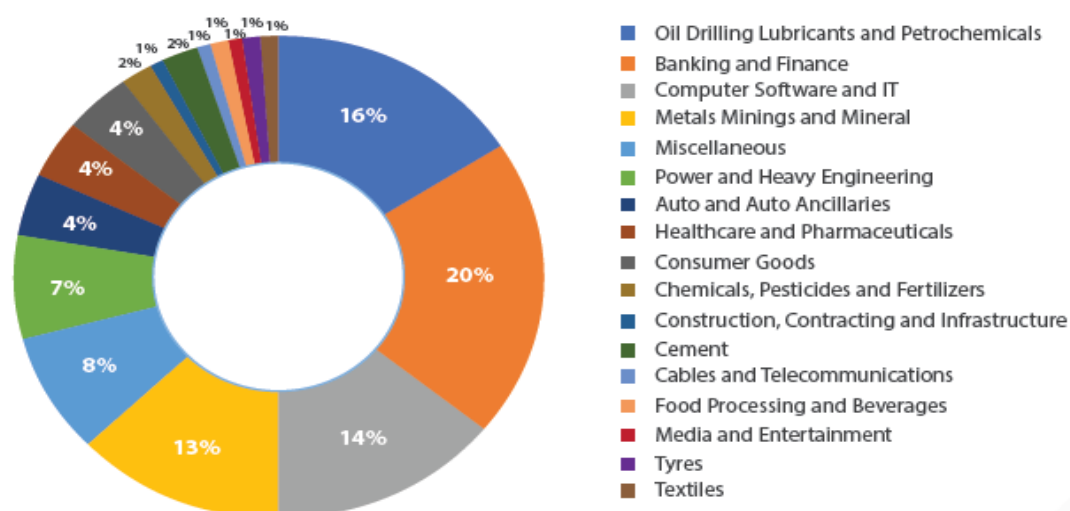
Of 301 companies under the research, around 16% fall under the miscellaneous sector consisting of Diversified, Paper, Breweries & Distilleries, Shipping, etc. Following it are Banking and Finance; and Healthcare & Pharmaceuticals, which have a representation of around 15% and 9%, respectively.

#### **Business Sector-wise shares in Actual CSR Spent in FY 2021-22 (in INR Cr.)**

While the sectoral representation by number of companies is comparably uniform, their CSR contribution is highly uneven. The top three sectors contributing more than 50% of CSR Spent in India Petrochemicals; and Computer Software and IT with 20%, 17%, and 15%, respectively.

<b>Business Sector</b>	<b>Actual CSR Fund Spent by the Sector in Rs Crs.</b>	<b>% Share in Total CSR Spent</b>
Banking and Finance	2441.49	19.91%
Oil Drilling Lubricants and Petrochemicals	2047.87	16.7%
Computer Software and IT	1811.52	14.78%
Metals Mining's and Mineral	1618.31	13.2%
Miscellaneous	1049.66	8.56%
Power and Heavy Engineering	914.27	7.46%
Auto and Auto Ancillaries	538.49	4.39%
Healthcare and Pharmaceuticals	435.06	3.55%
Consumer Goods	424.12	3.46%
Chemicals Pesticides and Fertilizers	215.4	1.76%
Construction Contracting and Infrastructure	178.93	1.46%
Cement	251.6	2.05%
Cables and Telecommunications	76.03	0.62%
Food Processing and Beverages	90.26	0.74%
Media and Entertainment	47.13	0.38%
Tyres	68.2	0.56%
Textiles	52.11	0.43%

Fig. 10 Business Sector-wise share in Actual CSR Spent in FY 2021-22 (in INR Cr.)



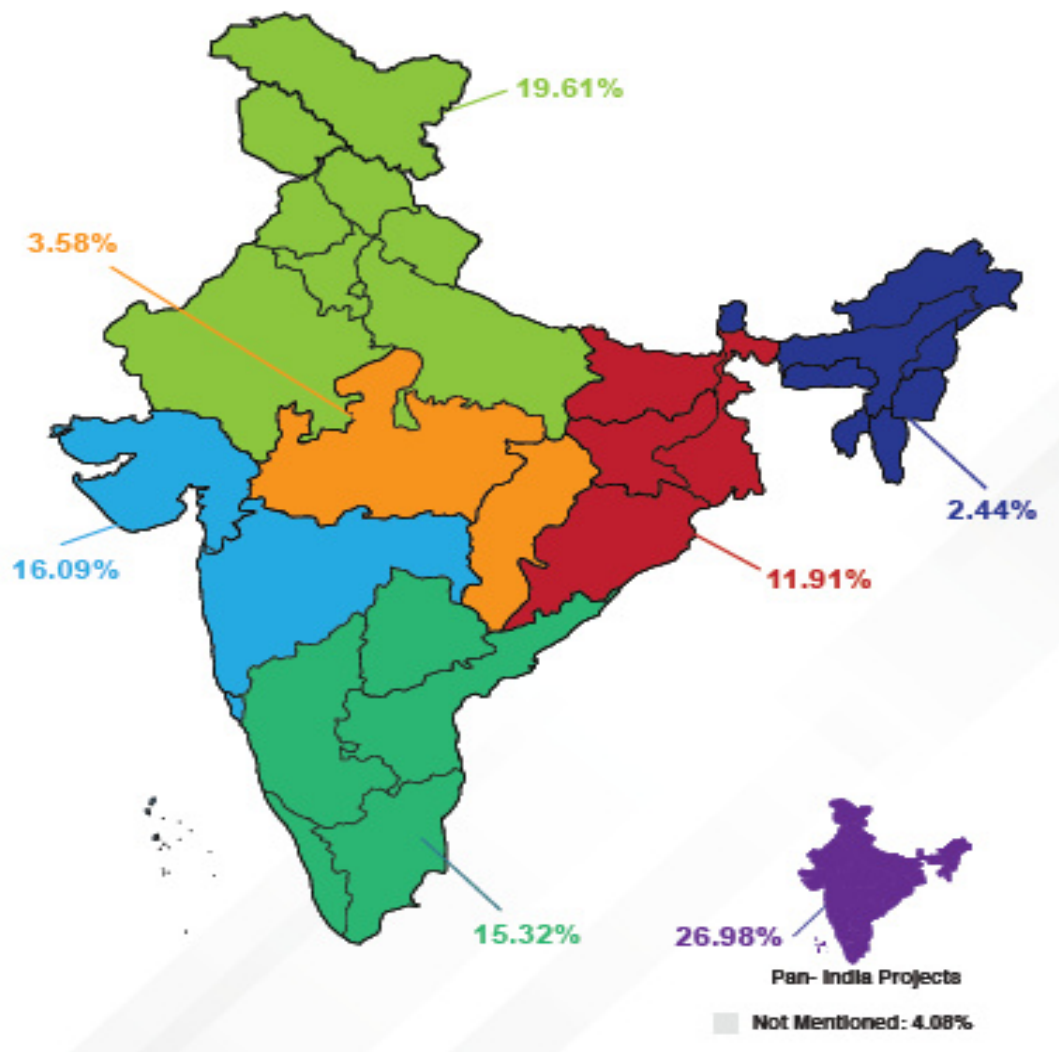
#### Business Sector-wise CSR Fund in FY 2021-22 (in INR Cr.)

Business Sectors	No. of Companies	Prescribed CSR in Rs Crs.	Actual CSR Spent in Rs Crs.
Banking and Finance	45	2693.37	2441.49
Oil Drilling Lubricants and Petrochemicals	10	2010.91	2047.87
Computer Software and IT	17	1835.74	1811.52
Metals Mining's and Mineral	19	1139.88	1618.31
Miscellaneous	48	1038.51	1049.66
Power and Heavy Engineering	21	901.85	914.27
Auto and Auto Ancillaries	20	620.54	538.49
Healthcare and Pharmaceuticals	26	483.16	435.06
Consumer Goods	24	426.4	424.12
Cement	7	215.93	251.6
Chemicals Pesticides and Fertilizers	19	201.68	215.4

Business Sectors	No. of Companies	Prescribed CSR in Rs Crs.	Actual CSR Spent in Rs Crs.
Construction Contracting and Infrastructure	8	171.35	178.93
Food Processing and Beverages	8	94.93	90.26
Cables and Telecommunications	7	98.98	76.03
Tyres	4	83.11	68.2
Textiles	14	55.8	52.11

### Regional Distribution of CSR Fund

Fig. 12 Regional Distribution of CSR Fund

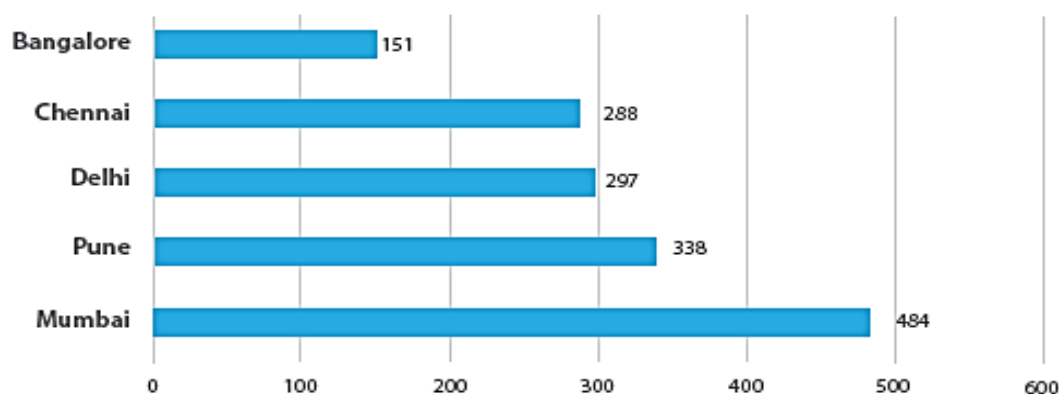




### Number of Projects in Large Cities of India

Out of total 7480 projects implemented, the number of projects implemented in the major cities of India is given here.

*Fig. 13 Number of Projects in Large Cities of India*



### Top 5 Companies (with respect to number of projects) in Top 3 States/UT

#### Maharashtra

S. N.	Name of Company	No. of Projects
1	Mahindra &Mahindra Limited	72
2	HDFC Bank Limited	60
3	Kansai Nerolac Paints Limited	46
4	Finolex Industries Limited	40
5 (i)	Crompton Greaves Consumer Electricals Limited	38
(ii)	Mahindra &Mahindra Financial Services Limited	38
(iii)	Persistent Systems Limited	38

#### Odisha

S. N.	Name of Company	No. of Projects
1	Mahanadi Coal fields Limited	359
2	Vedanta Limited	30
3	Power Grid Corporation of India Limited	26
4	HDFC Bank Limited	23
5	Nava Bharat Ventures Limited	16

**Delhi**

S. N.	Name of Company	No. of Projects
1	Oil & Natural Gas Corporation Limited	30
2	Indraprastha Gas Limited	23
3	GAIL India Limited	13
4 (i)	NTPC Limited	10
(ii)	Info Edge (India) Limited	10
(iii)	Petro net LNG Limited	10
(iv)	Gujarat State Petro net Limited	10
5 (i)	Housing Development Finance Corporation Limited	9
(ii)	KEI Industries Limited	9

**Thematic Distribution of CSR in FY 2021-22**

Thematic Distribution of CSR in FY2021-22	No of Projects Implemented	No. of Companies	Amount Spent in FY 2021-22 (in INR Cr.)	% of CSR Fund
Eradicating Hunger, Poverty and Malnutrition, Promoting HealthCare, Sanitation & Safe Drinking Water	2540	263	4532.31	35.87%
Promotion of Education, Special Education and Vocational Skills	2046	271	3196.7	25.3%
Rural Development Projects	649	134	1123.38	8.89%
Ensuring Environmental Sustainability, Ecological Balance, Wildlife & Natural Resources Conservation.	692	174	879.3	6.96%
Contribution to the Prime	73	49	867.1	6.86%

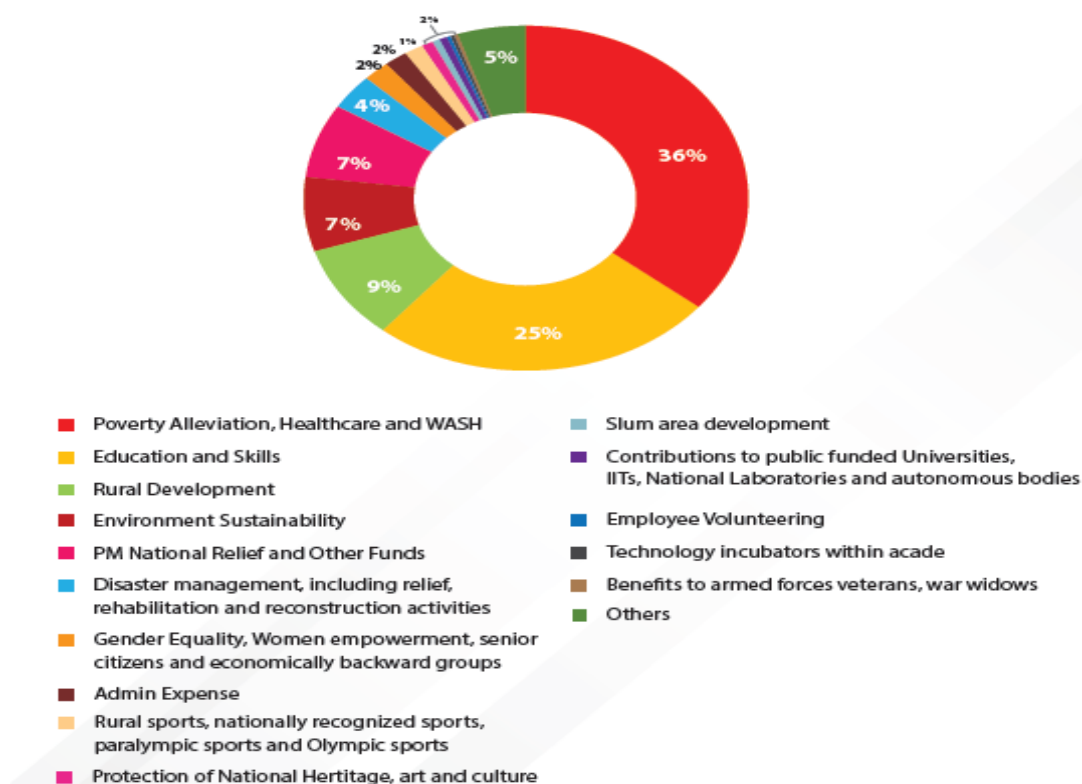
<b>Thematic Distribution of CSR in FY2021-22</b>	<b>No of Projects Implemented</b>	<b>No. of Companies</b>	<b>Amount Spent in FY 2021-22 (in INR Cr.)</b>	<b>% of CSR Fund</b>
Minister's National Relief Fund, (PM-CARES) or any other funds setup by the Central Govt. for Socioeconomic Development & Welfare of SC/ST/OBC				
Disaster Management, including Relief, Rehabilitation and Reconstruction Activities	331	86	443.67	3.51%
Gender Equality, Women Empowerment, Senior Citizens and Economically Backward Groups	272	116	244.03	1.93%
Training to Stimulate Rural Sports, Nationally Recognized Sports, Paralympics Sports and Olympic Sports.	125	78	177.32	1.4%
Protection of National Heritage, Art and Culture	111	51	91.05	0.72%
Slum Area Development	32	22	86.69	0.69%
Contributions to Public Funded Universities, IITs, National Laboratories and Autonomous Bodies	29	22	70.02	0.55%
Employee Volunteering	5	3	39.94	0.32%
Technology in incubator with in	21	14	24.3	0.19%



Thematic Distribution of CSR in FY2021-22	No of Projects Implemented	No. of Companies	Amount Spent in FY 2021-22 (in INR Cr.)	% of CSR Fund
academic institutions				
Benefit storned for cesveterans, war widows	37	28	22.18	0.18%
Corpus Fund	1	1	0.5	0.004%
Others	460	109	630.26	4.99%
EradicatingHunger,Povertyand Malnutrition,PromotingHealth Care,Sanitation&SafeDrinking Water	2540	263	4532.31	35.87%

As reported by the companies, approximately 1.6% of the total CSR spent is allocated to admin expenses.

Fig. 14 Thematic Distribution of CSR Funds



**CSR Fund Distribution in Education & Skill Sector (in FY 21-22)**

<b>Education &amp; Skills Sector Projects</b>	<b>No. of Projects Implemented</b>	<b>Actual CSR Spent (Rs in Crs.)</b>
Education Projects	1706	2448.16
Skills Development	3400	748.54
<b>Total</b>	<b>2046</b>	<b>3196</b>

Among CSR spent in Education and Skill sector, Ed Tech received around 4% (more than Rs 507Cr. Of the Actual CSR spent in FY21-22.)

**CSR Fund Distribution in Health Sector**

No. of Projects Implemented	1232
Amount of CSR Spent Rs in Cr.	2411.52
% of total CSR Spent on Health care projects	19.68

**Thematic Areas & Cumulative CSR Spent Between FY 2019-2022 (in INR Cr.)**

<b>The Matic Area</b>	<b>Amount Spent 2021</b>	<b>Amount Spent 2020</b>	<b>Amount Spent 2019</b>	<b>% of CSR fund spent in 2021</b>	<b>% of CSR fund spent in 2020</b>	<b>% of CSR fund spent in 2019</b>
Poverty Alleviation, Healthcare and WASH	4532.31	4406.99	3222.47	35.87%	36.18%	27.87%
Education and Skills	3196.7	3082.37	3631.82	25.30%	25.30%	31.41%
Gender Equality, Women Empowerment, Senior Citizens and Economically Backward Groups	244.03	105.41	167.98	1.93%	0.87%	1.45%
Environment	879.3	571.93	668.56	6.96%	4.69%	5.78%

<b>The Matic Area</b>	<b>Amount Spent 2021</b>	<b>Amount Spent 2020</b>	<b>Amount Spent 2019</b>	<b>% of CSR fund spent in 2021</b>	<b>% of CSR fund spent in 2020</b>	<b>% of CSR fund spent in 2019</b>
Sustainability						
Protection of National Heritage, Art and Culture	91.05	135.62	109.89	0.72%	1.11%	0.95%
Benefits to Armed Forces Veterans, War Widows	22.18	21.86	36.13	0.18%	0.18%	0.31%
Rural Sports and Paralympics	177.32	154.56	180.10	1.40%	1.27%	1.56%
PM National Relief and Other Funds	867.1	2009.06	1053.70	6.86%	16.49%	9.11%
Technology Incubators with in Academic Institutions	24.3	31.37	23.92	0.19%	0.26%	0.21%
Slum area Development	86.69	2.37	20.42	0.69%	0.02%	0.18%
Others (Including disaster relief and management & contributions to public funded Universities, Its, National Laboratories and autonomous bodies)	1143.95	392.53	1045.18	9.05%	3.22%	9.04%

Fig. 15 Thematic Areas & Cumulative CSR Spent Trend for Last 3 Years (in INR Cr.)

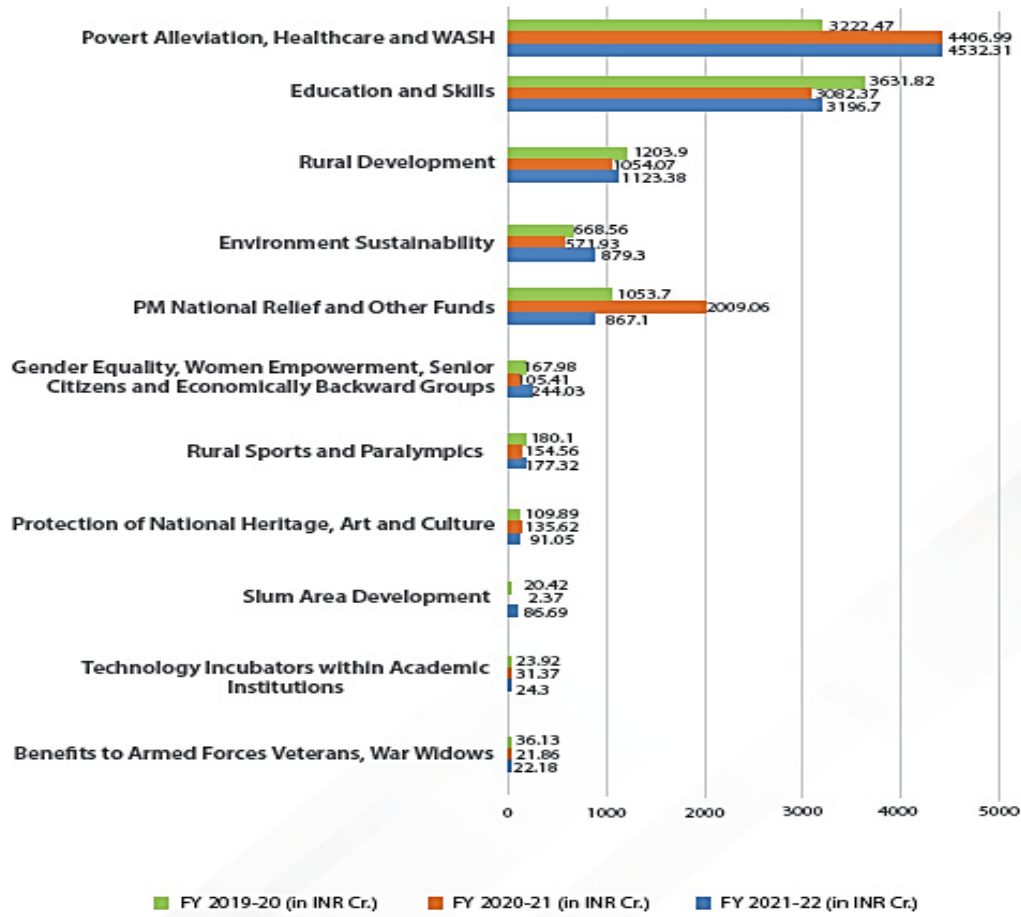
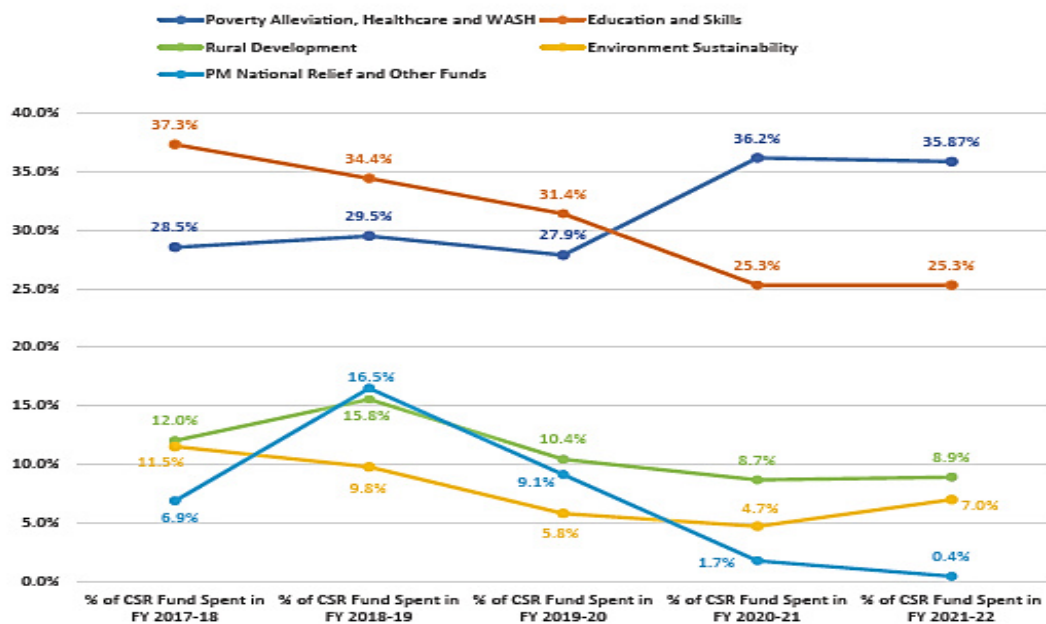


Fig. 16 Trend Analysis Of Last 5 Years of Percentage of Total CSR Funds allocated to Large Thematic Areas



**Top 5 Companies (with respect to number of Projects) in Top 3 Thematic Areas  
in FY 21-22**

**Poverty Alleviation, Healthcare and WASH**

<b>Name of Companies</b>	<b>No. of Projects with poverty alleviation, healthcare and wash</b>	<b>Amount Spent in the thematic area</b>	<b>% share of Actual CSR report of the company</b>
Mahanadi Coal fields Limited	203	107	85.63
HDFC Bank Limited	146	120.2	16.33
Power Grid Corporation of India Limited	136	118.26	43.62
HCL Technologies	105	96.87	44.78
The Federal Bank Limited	78	3.75	9.36

**Education and Skills**

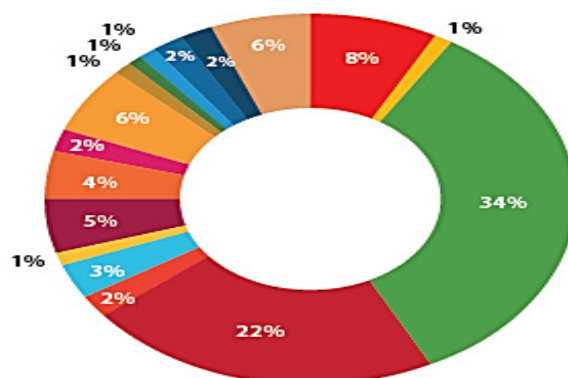
<b>Name of the companies</b>	<b>No. of Projects (Education and Skills)</b>	<b>Amount Spent in the thematic area</b>	<b>% share of Actual CSR report of the company</b>
HDFC Bank Limited	129	184.41	25.06%
Larsen & Toubro Ltd	85	60.63	44.69%
HCL Technologies	77	60.68	28.05%
Power Grid corporation of India Limited	64	46.23	17.05%
Mahindra & Mahindra Limited	50	42.36	43.64%

### Rural Development

Name of the companies	No. of Projects with (Education and Skills)	Amount Spent in the matic area	% share of Actual CSR report of the company
HDFC Bank Limited	162	385.65	52.40
Power Grid Corporation of India Limited	46	12.51	4.61
Kansai Nerolac Paints Limited	41	1.58	11.24
Mahanadi Coal fields Limited	41	14.02	5.57
South Eastern Coal fields Limited	28	8.33	11.87

### SDG-specific CSR Contributions in FY 21-22

Fig. 17 SDG-specific CSR Contributions in FY 21-22



- SDG 1. No Poverty
- SDG 2. Zero Hunger
- SDG 3. Good Health and Well Being
- SDG 4. Quality Education
- SDG 5. Gender Equality
- SDG 6. Clean Water And Sanitation
- SDG 7. Affordable and Clean Energy
- SDG 8. Decent Work and Economic Growth
- SDG 9. Industry Innovation and Infrastructure
- SDG 10. Reduced Inequalities
- SDG 11. Sustainable Cities and Communities
- SDG 12. Reduced Inequalities
- SDG 13. Climate Action
- SDG 14. Life Below Water
- SDG 15. Life on Land
- SDG 16. Peace Justice and Strong Institutions
- SDG 17. Partnerships for the Goals
- Miscellaneous



SDGs	No of Companies	No of Projects Implemented	Amount Spent in the matic area	% of Amount spent in SDG total Actual CSR
SDGI No Poverty	63	182	1042.16	8.51
SDG2.Zero Hunger	54	135	149. 73	12. 2
SDG3.GoodHealthand Well Being	280	2433	4194.49	34.24
SDG4.QualityEducation	267	1923	2725.17	22.24
SDG5.GenderEquality	80	199	211.58	17.3
SDG6.CleanWaterAndSanitation	105	553	421.22	0,68
SDG7.Affordable and Clean Energy	38	85	82.84	0.68
SDG8.Decent Work and Economic Growth	100	27	563.5	4.60
SDG9.IndustryInnovationandInfrastructure	43	262	514.69	4.20
SDG10.ReducedInequalities	64	117	200.68	1.64
SDG11.SustainableCitiesa	94	331	779.47	6.36

SDGs	No of Companies	No of Projects Implemented	Amount Spent in the thematic area	% of Amount spent in SDG total Actual CSR
and Communities				
SDG12.SustainableConsumption and Production	27	80	97.91	0.8
SDG13.ClimateAction	59	146	136.07	1.11
SDG14.LifeBelowWater	12	18	10.64	0.09
SDG15.LifeonLand	77	228	187.73	1.53
SDG16.PeaceJusticeandStrong Institutions	14	20	12.57	0.10
SDG17.Partnershipsforthe Goals	27	76	243.71	1.99
Miscellaneous	195	438	692.74	5.65

### SDG 3. Good Health and Well Being

Name of Companies	No of Projects
HDFC Bank Ltd	147
Power Grid Corporation of India Ltd	101
The Federal Bank Ltd	80
Hindustan Petroleum Corporation Ltd	66
HCL Technologies	65

### SDG 4. Quality Education

Name of Companies	No of Projects
HDFC Bank Ltd	127
HCL Technologies	73
The Federal Bank Ltd	59

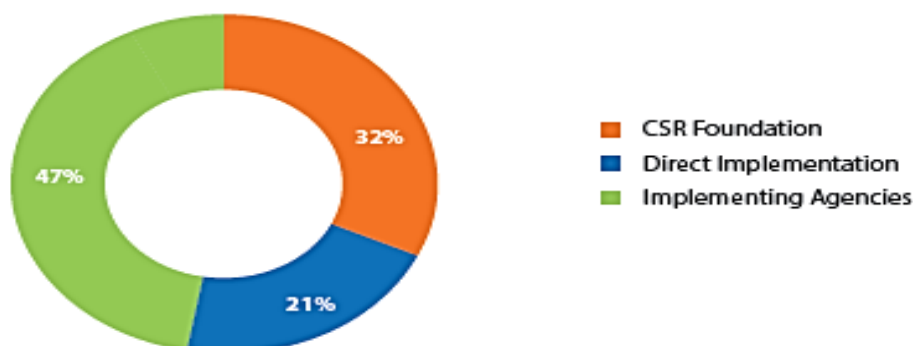


Name of Companies	No of Projects
Larsen & Toubro Ltd	54
Power Grid Corporation of India Ltd	52

### SDG 1. No Poverty

Name of Companies	No of Projects
Mahanadi Coal Field Ltd	43
Vedanta Ltd	14
Larsen & Toubro Ltd	13
South Eastern Coal Field Ltd	11
NOCIL Ltd	6

Fig. 18 CSR Fund Implementation Mode

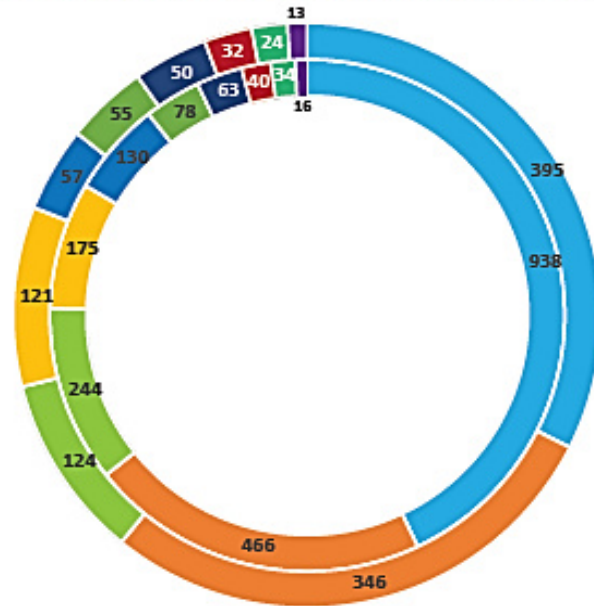


### Mode of Project Implementation

Mode of implementation	No. of Companies	Amounts(Rs)	% of CSR Fund	CSR Amount spent per project
CSR Foundation	100	3910.04	32.6	3.16
Direct implementation	163	258.68	21.33	1.15
Implementation Agencies	303	5621.15	48.85	1.47

Out of total 7480 projects, 2223 projects are directly implemented by Companies and 1238 projects are implemented by CSR Foundation. The detail theme wise distribution (for Top 10 thematic areas) of number of projects is given below:

**Fig. 19 Number of Projects In Top 10 Thematic Areas**  
*Outer Circle - Number of Projects Implemented by CSR Foundation*  
*Inner Circle - Number of Projects Directly Implemented by Company*

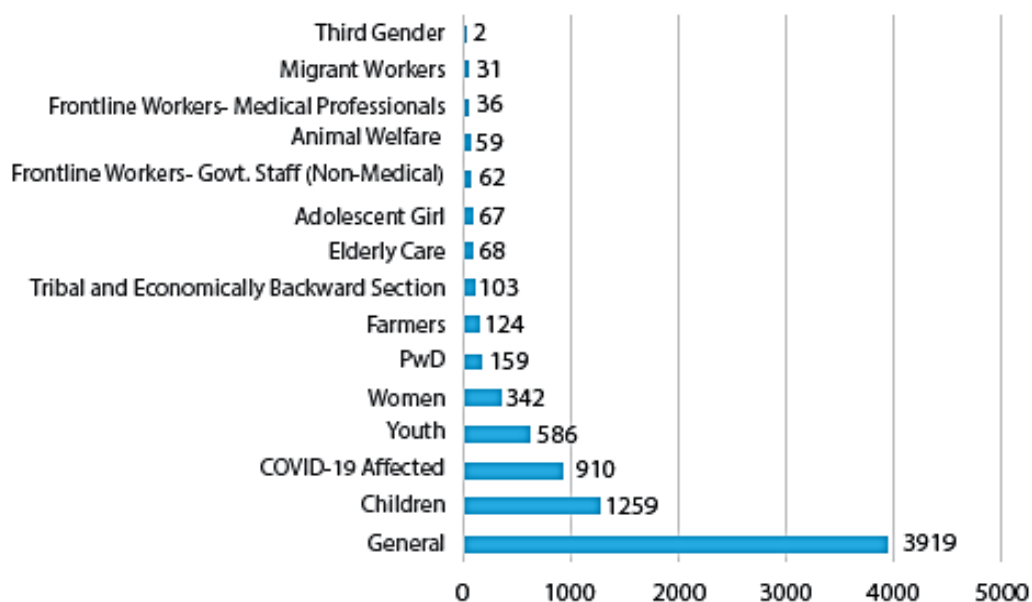


- Eradicating hunger, poverty and malnutrition, promoting health care, sanitation & safe drinking water
- Promotion of education, special education and vocational skills
- Ensuring environmental sustainability, ecological balance, wildlife & natural resources conservation.
- Rural development projects
- Disaster management, including relief, rehabilitation and reconstruction activities.
- Others
- Gender Equality, Women empowerment, senior citizens and economically backward groups
- Protection of National Heritage, art and culture
- Training to stimulate rural sports, nationally recognized sports, Paralympic sports and Olympic sports.
- Contribution to the Prime Minister's National Relief Fund, (PM-CARES) or any other funds setup by the Central Govt. for socio economic development & welfare of SC/ST/OBC

\*\*Projects with Others Category include projects for categories - Slum area development, Technology incubators within academic institutions, Employee Volunteering, Corpus Fund, Benefits to armed forces veterans, war widows, Admin Expense, Contributions to public funded Universities, IITs, National Laboratories and autonomous bodies and Contribution to the Prime Minister's National Relief Fund.

### Target groups addressed through CSR projects in FY 21-22

Fig. 20 Number of Project Implemented Focusing on Different Target Groups



### About CSRBOX

CSRBOX is India's leading CSR knowledge and impact intelligence-driven platform that supports and assists mission-driven organizations and philanthropists in achieving breakthrough impact. We acquaint them with communities' "challenges, opportunities, and needs, followed by finding and implementing the most impactful solutions to community problems."

Our dedicated team of young professionals, including social sector experts, data analysts, and researchers, possesses a deep understanding of community needs across various thematic areas. Through targeted research, including in-depth fieldwork and structured interviews, we gain valuable insights that inform the development and implementation of effective solutions.

Drawing on our extensive experience in the Indian development sector and beyond, we have successfully executed numerous projects in collaboration with major corporations. Our core activities include conducting impact assessments, performing due diligence on NGO partners, crafting CSR policies and strategies, facilitating employee volunteering initiatives, conducting Social Return on Investment (SROI) analyses, and overseeing program implementation.



NGOBOX, “a venture of Renalysis Consultants Pvt. Ltd, specializes in enhancing the resource mobilization processes of CSR foundations, NGOs, and social enterprises. We offer well-researched knowledge and skills to support their growth and sustainability. Development practitioners worldwide rely on us for relevant tools and techniques.”

Our services range from online outreach to recruitment support, catering to a diverse range of organizations in India. “We assist companies and CSR foundations in identifying credible implementing agencies aligned with their thematic and geographic priorities. With a vast database of over 100,000 nonprofits, CSR teams, and social enterprises, we are the leading platform in the development sector.”

The India CSR Summit & Exhibition, hosted by CSRBOX, marks a significant milestone in the evolution of India's CSR landscape. Over the past eight years, CSR has transitioned from philanthropy to impactful projects driving shared value creation. As the largest CSR event in India, the Summit serves as a platform for meaningful dialogue and collaboration.

Scheduled for the 15th and 16th of November, 2022, at Hotel Pullman, New Delhi, the 9th edition of the Summit anticipates over 2500 delegates, including corporate CSR heads and representatives from non-profits. Among the highlights of the event is

the 8th CSR Impact Awards 2022, an initiative aimed at recognizing and celebrating organizations that have demonstrated exceptional impact through their CSR projects. Through a multi-stakeholder approach, these awards honor projects that have made a tangible difference in specific thematic areas.

### **About BharatCares**

Bharat Cares, the social impact arm of CSRBOX, is a not-for-profit organization dedicated to making sustainable and holistic interventions in various sectors. “Our initiatives in Education, Healthcare, Livelihood, Skill Development, WASH, and Environment are aimed at benefiting underprivileged communities in remote villages and urban slums across 14 states of India.”

With over 26 welfare projects implemented at the grassroots level, we strive to help thousands of people lead lives of dignity. “Our programs are meticulously designed based on demographic needs assessments and are co-created with communities to ensure equity, acceptance, and long-term sustainability. We refer to this approach as a social impact experience canvas.”

Over the years, we have successfully implemented CSR projects for corporates such as IBM, Diageo, Cadila Pharma, Arvind Ltd, Airbus, and PNB Housing, among others.

### **Comparative analysis of CSR policies**

The comparative analysis of CSR policies involves examining the CSR frameworks of India, Norway, and the USA. Norway and the USA are chosen for comparison with India due to their rankings and specific attributes.

Norway's inclusion in the comparison is justified by its increasing corporate investment in India and its status as one of the largest investors from Northern Europe. This influx of investment underscores the need for Norwegian companies to understand and comply with Indian CSR policies. Furthermore, Norway represents a civil law system, offering insights into the differences and synergies.

The USA is selected for comparison due to its significant foreign direct investment (FDI) in India, making it one of the largest non-Asian investors in the country. Additionally, the USA serves as a strong representative of a common law system, providing valuable contrasts with India's legal framework.

India is chosen as the base country for comparison for several reasons. Firstly, the authors are from India and possess a deep understanding of the country's CSR policies. Secondly, analyzing India's CSR framework alongside those of Norway and the USA can offer insights to enhance India's CSR policies.

Overall, the comparison aims to provide a comprehensive understanding of the strengths, weaknesses, and potential improvements of CSR policies across different legal systems and economic contexts.

### **1 Indian CSR policy**

“The Companies Act, 2013 (CA, 2013) introduced the concept of Corporate Social Responsibility (CSR) in India, shifting from a voluntary to a mandatory regime. Under the 2006 Voluntary CSR Guidelines, companies were encouraged to allocate funds for CSR activities. However, the 2013 Act mandates CSR for companies meeting certain financial criteria: a net worth of at least 500 crore rupees, turnover of 1000 crores or more, or a net profit of 5 crore rupees or more. Such companies must allocate at least 2% of their average net profits over the preceding three financial years towards CSR.”

“The CSR expenditure cannot be considered as a business expense, and there are no tax exemptions specifically for CSR. Companies must establish a CSR committee comprising three or more directors to formulate the CSR policy. They are also required to maintain records of CSR spending in their annual reports and give preference to local areas where they operate.” Failure to comply results in penalties, such as transferring unspent funds to specified accounts within a set timeframe, with fines ranging from 25,000 to 25 lakhs rupees, and potential imprisonment for defaulting officers.

The amendment in 2019 made CSR compliance more stringent, requiring timely transfer of unutilized funds and imposing harsh “penalties for non-compliance, including fines and imprisonment for defaulting officers.” Overall, these provisions aim to ensure corporate accountability and encourage meaningful CSR contributions towards social welfare and development in India.

In addition to the Companies Act, 2013, the government also enacted the CSR Rules, 2014, which underwent amendments in 2021, providing detailed guidelines for CSR

implementation in India. These rules define CSR as activities undertaken by corporations in accordance with Section 135 of the Companies Act, 2013, excluding routine business activities, political contributions, employee benefits, and other specified activities. This definition underscores the role of corporations as partners in social welfare initiatives.

Schedule VII of the Companies Act, 2013, outlines broader agendas aligned with socio-economic promises in the Indian Constitution's Directive Principles of State Policy (DPSP). For instance, spending on education is listed as a CSR activity, reflecting constitutional mandates like free and compulsory education. This clarifies that CSR spending must align with Schedule VII activities, reinforcing the mandatory role of corporations in socio-economic development.

The government can extend CSR activities through rule-making powers to address evolving societal needs. For example, a 2020 notification extended the routine business of companies engaged in COVID-19-related research and development for three financial years. Amendments to Schedule VII from April 2020 to March 2021 encouraged funding towards national issues, including contributions to relief funds, public universities, and research institutions promoting sustainable development goals.

These amendments reflect India's responsive approach to CSR, acknowledging public-private partnerships in societal transformation. The official Indian CSR website recognizes the role of CSR in India's development journey, highlighting the importance of collaboration between the public and private sectors.

### **3.2 Norwegian CSR policy**

“Gro Harlem Brundtland, who served as Norway's Prime Minister three times between 1974 and 1979, and also as Environment Affairs Minister, advocated for Norway to become a leading role model in Corporate Social Responsibility (CSR). However, Norway's ethical approach to CSR predates Brundtland's leadership and can be traced back to the Hague movement of the early 19th century. This movement promoted conducting business with a higher purpose, including fair treatment of employees. Today, echoes of this movement can still be seen in Norway's approach to CSR.”

Norway's strong involvement in CSR is due to its significant ownership of major corporations, either directly or indirectly. These corporations often voluntarily contribute to local communities without necessarily labeling it as CSR. This aligns with Norway's well-being and democratic values, fostering a robust sentiment for societal welfare.

In 2007, Norway organized an international conference on CSR and sustainable development, affirming its commitment to maintaining strong CSR processes both domestically and internationally.

The culture of Norway serves as the dominant driver of its CSR ecosystem. This cultural ethos is reflected in various legislations aimed at ensuring socially responsible behavior by corporations. For example, the Gender Equality Act of 1978 promotes gender equality and the advancement of women in education, employment, and professional advancement. Similarly, the Pollution Control Act of 1981 encourages corporations to participate in environmental assessment schemes. Several other legislations, such as the Human Rights Act of 1991, the Greenhouse Gas Emission Trading Act of 2004, the Labor Market Act of 2004, and The Social Welfare Act of 2009, address important CSR issues in a comprehensive manner.

Norway's CSR landscape is deeply rooted in its cultural values and reinforced by robust legislative frameworks aimed at promoting socially responsible behavior by corporations.

“The primary legislation governing Corporate Social Responsibility (CSR) disclosures in Norway is the Accounting Act of 1998 (AA, 1998), which mandates the disclosure of CSR activities by corporations. In 2013, the Norwegian Parliament amended the AA, 1998 to strengthen these disclosures, requiring large corporations to provide detailed information on their efforts to integrate considerations such as human and labor rights, social issues, environmentally friendly practices, and anti-corruption strategies. The disclosure must be of high quality, enabling stakeholders to understand the corporation's development, results, position, and consequences of its activities. Large corporations are defined as those meeting at least two of the three criteria: a sales revenue of 70 million NOK or more, a balance sheet total of 35 million NOK or more, or 50 or more full-time employees in the financial year.”



While the role of Small and Medium Enterprises (SMEs) in Norway's CSR landscape is significant, there is no legal obligation for them to comply with CSR reporting. Nevertheless, many SMEs in Norway voluntarily integrate CSR elements into their business strategies, focusing on environmental impact or “human rights obligations in consultation with stakeholders. Given that legally defined large corporations represent only about 2% of Norway's business landscape, the role of SMEs becomes central to the country's overall CSR performance. This suggests that Norway's business culture, rather than its legal framework, plays a crucial role in driving CSR engagement.”

“However, despite the strong cultural emphasis on CSR, there are weaknesses in CSR monitoring and enforcement mechanisms in Norway. A 2009 study revealed that only 10% of companies comply with environmental reporting laws, and half adhere to legal provisions on working conditions and gender equality. One key reason for this is the lack of monitoring and enforcement by Norwegian authorities. Additionally, the wording of the legislation, such as the requirement for information that could cause a not insignificant impact on the external environment, may allow companies to exploit loopholes and evade reporting requirements by categorizing their practices as causing insignificant harm to the environment.”

### **3.3 American CSR policy**

The US economy operates within a relatively unregulated framework, where the forces of labor and capital are predominantly driven by free market dynamics. Unlike some other countries, there are fewer state provisions mandating specific corporate social responsibility (CSR) activities. Instead, the primary impetus for CSR in the US stems from the legitimate expectations of the public.

“This notion of societal expectation has been widely recognized as the driving force behind CSR initiatives in the US. As far back as 1971, the Committee for Economic Development articulated the concept of a social contract between businesses and society. According to this perspective, businesses operate with the tacit consent of the public, and therefore, they have a duty to actively contribute to the betterment of society.”

The social contract delineates three key responsibilities for corporations. Firstly, they are expected to create jobs and foster economic growth through their business

activities. Secondly, they are obligated to treat their employees fairly and ethically. Lastly, and perhaps most significantly, they are called upon to engage in initiatives that enhance the well-being of the communities and environment surrounding their operations.

The social contract framework establishes a reciprocal relationship between businesses and society, whereby corporations are not only expected to generate profits but also to act as responsible stewards of social and environmental welfare. This expectation forms the foundation of CSR practices in the US, guiding companies to align their operations with broader societal interests and values.

“A defining characteristic of CSR policy in the US is its voluntary nature, despite the absence of legislation mandating it. This voluntariness has led scholars to conceptualize corporations as citizens with a responsibility to assist other citizens. However, while CSR activities are voluntary, there are soft pressures created by the government to encourage corporations to be socially responsible.”

“Various policies and voluntary checks, including soft laws, require large corporations to report their CSR-related activities. Government agencies, such as the US Bureau of Economic and Business Affairs, have CSR teams dedicated to promoting responsible business practices and sustainable development while ensuring economic security. These agencies provide support to corporations to engage in areas such as human rights, women's rights, local economies, and industrial relations.”

Although the US lacks a comprehensive legal framework like Norway's, there are fragmented laws aimed at ensuring “good and socially responsible behavior by corporations. For example, the Patient Protection and Affordable Care Act, 2010, and the Health Care and Education Reconciliation Act, 2010,” targeted bad practices of insurance companies, leading to increased social responsibility in the industry. Bureaucratic setups, such as the US Bureau of Energy Resources, also promote socially responsible behavior, such as the use of clean energy sources.

The US CSR landscape is primarily driven by public expectations and supported by government initiatives, with legislation playing a lesser role. While there has been “an upward trajectory in reporting CSR activities, the accuracy of these reports may be questionable as only a few are audited. Despite CSR efforts, the US faces challenges

in addressing climate change, with environmental lobbyists advocating for stricter environmental policies and compliance by companies.”

### **3.4(1) Comparison of India with Norway and US**

CSR policies in the three studied jurisdictions have evolved based on different concerns and historical contexts, reflecting the varying roles of government in shaping these policies. While each jurisdiction has its unique approach, there are lessons that India can draw from the experiences of the US and Norway. This is not to imply that the CSR policies of the US or Norway are flawless, but rather that they may offer valuable insights for improvement.

The US and Norway have established CSR frameworks that, while not perfect, have shown relative success in promoting corporate social responsibility. By studying these frameworks, India can identify best practices and areas for improvement in its own CSR policy. This includes aspects such as voluntary reporting mechanisms, government support for CSR initiatives, and the use of soft pressures to encourage socially responsible behavior among corporations.

By learning from the experiences of these jurisdictions, India can refine its CSR policies and address any shortcomings or gaps. This may involve incorporating elements of successful policies from the US and Norway, adapting them to suit the Indian context, and implementing measures to enhance transparency, accountability, and effectiveness in CSR practices. Overall, leveraging the lessons learned from other jurisdictions can contribute to the continuous improvement of CSR policies in India.

### **3.4(2) Comparison between CSR practices in India and European countries and which is better**

Comparing CSR (Corporate Social Responsibility) practices between India and European countries involves understanding the contexts, priorities, and regulatory frameworks in each region. Here's a general comparison based on common trends:

#### **CSR Practices in India:**

- 1. Regulatory Framework:** In India, CSR is mandatory for certain companies under the Companies Act, 2013, requiring firms meeting certain criteria to

spend at least 2% of their average net profits over three preceding years on CSR activities.

2. **Focus Areas:** CSR activities in India often emphasize issues like education, healthcare, sanitation, and poverty alleviation due to significant social challenges and economic disparities.
3. **Implementation Challenges:** Despite regulatory mandates, there can be variations in the quality and impact of CSR initiatives due to enforcement issues, varying levels of commitment, and challenges in monitoring effectiveness.
4. **Integration with Business Strategy:** Increasingly, Indian companies are aligning CSR with their core business strategies to enhance sustainability and long-term profitability.

#### **CSR Practices in European Countries (Generalized):**

1. **Voluntary vs. Mandatory:** In many European countries, CSR practices are typically more voluntary compared to India, although there are varying degrees of national regulations and guidelines encouraging responsible business conduct.
2. **Broader Scope:** European companies often focus on a broader range of CSR issues beyond immediate social concerns, including environmental sustainability, human rights, supply chain ethics, and corporate governance.
3. **Stakeholder Engagement:** There is a strong emphasis on stakeholder engagement and transparency in CSR reporting, often driven by standards like the Global Reporting Initiative (GRI) and United Nations Global Compact principles.
4. **Innovation and Research:** European companies frequently invest in CSR as a driver of innovation, competitiveness, and reputation enhancement in global markets.

#### **Which is better?**

The effectiveness of CSR practices cannot be universally declared as better or worse between India and European countries due to differing contexts and objectives:

- **Impact vs. Compliance:** Indian CSR may have a direct impact on alleviating poverty and improving basic infrastructure, addressing critical local needs. However, it can sometimes be driven more by compliance than strategic alignment.
- **Holistic Approach:** European CSR tends to be more holistic, addressing a wider spectrum of issues and integrating CSR deeply into corporate strategy and governance. This can lead to broader and potentially more sustainable impacts over the long term.
- **Regulatory Influence:** India's mandatory CSR spending ensures a baseline level of corporate involvement in social issues, but the quality and innovation in CSR activities can vary. In contrast, European voluntary initiatives often reflect a deeper cultural and ethical commitment but may lack universal compliance.

**Conclusion:**

The 'better' approach to CSR depends on the goals and challenges faced by each region. India's mandatory CSR can ensure a minimum level of corporate responsibility and direct social impact, while European voluntary CSR often leads to more comprehensive and integrated practices that benefit broader stakeholder groups and align with global sustainability goals. Ultimately, the effectiveness of CSR depends on how well it addresses local needs, aligns with business strategy, and contributes to sustainable development goals.

**3.4(3) Comparison between CSR practices in India and Britain and which is better**

Comparing CSR (Corporate Social Responsibility) practices between India and Britain involves understanding the regulatory frameworks, cultural contexts, and priorities in each region. Here's a comparison based on common trends:

CSR Practices in India:

1. **Regulatory Framework:** CSR activities in India are mandated for certain companies under the Companies Act, 2013, which requires qualifying firms to spend at least 2% of their average net profits on CSR initiatives. This legal

requirement ensures a baseline level of corporate involvement in social welfare activities.

2. **Focus Areas:** CSR initiatives in India often focus on addressing local socio-economic challenges such as poverty alleviation, education, healthcare, sanitation, and rural development. These initiatives aim to directly benefit marginalized communities and improve their quality of life.
3. **Challenges:** Implementation of CSR in India can face challenges such as varying levels of commitment, issues with monitoring and evaluation, and disparities in the quality and impact of initiatives across different companies.
4. **Integration with Business Strategy:** Increasingly, Indian companies are aligning CSR activities with their core business strategies to enhance sustainability, build trust with stakeholders, and contribute to long-term societal development.

CSR Practices in Britain:

1. **Regulatory Framework:** In Britain, CSR practices are primarily voluntary, with companies encouraged to adopt responsible business practices through frameworks like the UK Corporate Governance Code and reporting standards like the Global Reporting Initiative (GRI) or United Nations Global Compact principles.
2. **Focus Areas:** CSR initiatives in Britain typically address a broader range of issues including environmental sustainability, climate change mitigation, diversity and inclusion, employee welfare, ethical sourcing, and community engagement. Companies often prioritize initiatives that align with global sustainability goals and stakeholder expectations.
3. **Stakeholder Engagement:** British companies place a strong emphasis on stakeholder engagement, transparency, and accountability in their CSR activities. They often involve stakeholders in decision-making processes and regularly report on their CSR efforts to demonstrate accountability.
4. **Innovation and Research:** British companies frequently innovate in CSR, integrating it deeply into their corporate strategy to drive competitiveness, enhance reputation, and foster long-term sustainability.

Which is better?

The effectiveness of CSR practices cannot be definitively declared as better in one region over the other, as it depends on various factors:

- **Impact and Focus:** Indian CSR practices may have a more immediate impact on addressing pressing socio-economic challenges within the country, such as poverty and education. This is crucial in a developing economy with significant social disparities.
- **Compliance and Innovation:** British CSR practices, being voluntary, often lead to innovative and comprehensive approaches that address a broader spectrum of issues, including global sustainability challenges. Companies in Britain may have more flexibility to tailor CSR initiatives to specific stakeholder interests and strategic goals.
- **Regulatory Influence vs. Voluntary Commitment:** India's mandatory CSR spending ensures a minimum level of corporate involvement in social welfare, whereas British companies' voluntary approach reflects a deeper cultural and ethical commitment to responsible business practices.

**Conclusion:**

The 'better' approach to CSR depends on the specific goals, challenges, and cultural contexts of each region. India's mandatory CSR ensures a baseline commitment to social welfare and addresses critical local needs, whereas Britain's voluntary CSR practices allow for more innovative and flexible approaches that can align with global sustainability agendas. Ultimately, the effectiveness of CSR practices hinges on their alignment with business strategy, impact on stakeholders, and contribution to sustainable development goals both locally and globally

**3.4(4) Comparison between CSR practices in India and other Asian countries and which is better**

Comparing CSR (Corporate Social Responsibility) practices between India and other Asian countries involves looking at the regulatory frameworks, cultural contexts, priorities, and effectiveness of CSR initiatives. Here's a general comparison and considerations on which might be deemed "better":

**CSR Practices in India:**

1. **Regulatory Framework:** CSR in India is mandatory for certain companies under the Companies Act, 2013, requiring them to spend at least 2% of their average net profits on CSR activities. This legal mandate ensures a minimum level of corporate involvement in social welfare.
2. **Focus Areas:** Indian CSR initiatives often prioritize issues like education, healthcare, poverty alleviation, rural development, and environmental sustainability. These align with the country's socio-economic challenges and developmental needs.
3. **Challenges:** Implementation challenges in India include variations in the quality and impact of CSR activities, issues with monitoring and evaluation, and disparities in commitment across different companies.
4. **Integration with Business Strategy:** Indian companies are increasingly integrating CSR into their core business strategies to enhance sustainability, reputation, and stakeholder trust.

**CSR Practices in Other Asian Countries (Generalized):**

1. **Regulatory Framework:** CSR regulations across Asian countries vary widely. Some countries have mandatory CSR requirements, while others rely on voluntary initiatives. For example, countries like Indonesia and Malaysia have introduced regulations requiring companies to disclose their CSR activities.
2. **Focus Areas:** CSR initiatives in Asian countries often focus on addressing local socio-economic issues such as poverty, education, healthcare, infrastructure development, and environmental conservation. The focus may also include cultural heritage preservation and disaster relief efforts.
3. **Stakeholder Engagement:** Many Asian companies prioritize stakeholder engagement and transparency in CSR practices. They involve local communities, NGOs, and government agencies in decision-making processes to ensure relevance and effectiveness.
4. **Innovation and Sustainability:** Asian companies increasingly view CSR as a driver of innovation, competitiveness, and sustainability. They integrate CSR



into their business models to create shared value and enhance long-term viability.

Which is better?

Determining which CSR practices are "better" between India and other Asian countries depends on several factors:

- **Impact and Alignment:** Indian CSR practices may have a more direct impact on addressing urgent socio-economic challenges within the country, given its specific developmental needs. However, other Asian countries may excel in different areas such as environmental sustainability or community engagement.
- **Regulatory vs. Voluntary Approaches:** India's mandatory CSR spending ensures a baseline commitment to social welfare, whereas voluntary CSR initiatives in other Asian countries may reflect deeper cultural and ethical commitments to responsible business practices.
- **Innovation and Adaptability:** Some Asian countries might demonstrate innovative approaches to CSR that are adaptable to local contexts and global challenges, potentially setting benchmarks for sustainability and stakeholder engagement.

Conclusion:

The effectiveness of CSR practices in India and other Asian countries cannot be universally declared as better or worse due to diverse regulatory environments, cultural contexts, and developmental priorities. Each region's CSR practices should be evaluated based on their impact on stakeholders, alignment with business strategy, sustainability outcomes, and adherence to ethical standards. Ultimately, the "better" CSR practices are those that effectively address local socio-economic challenges, contribute to sustainable development goals, and enhance stakeholder value over the long term.

### 3.4.1 Sentiment of CSR policy

The sentiment underlying a CSR policy framework is crucial as it shapes the direction and effectiveness of the policy. In India, the mandatory CSR introduced in 2013 was driven by the sentiment of co-partnering businesses in national development efforts.

Section 135 of the Companies Act, 2013, along with the CSR Rules, 2014, reflect the government's intention for large companies to actively participate as partners in socio-economic development, rather than relying solely on intrinsic motivations to give back to society.

In Norway, CSR is deeply embedded within the business culture, reflecting a belief in serving a higher purpose and a commitment to societal well-being. This cultural ecosystem encourages not only large corporations but also SMEs to engage in CSR activities, even though it is not mandatory.

On the other hand, the US adopts a more hands-off approach to CSR policy, with CSR activities driven by societal expectations rather than legal mandates. The social contract between corporations and society serves as the foundation for CSR practices, with limited government intervention. However, there is room for improvement in monitoring mechanisms to ensure genuine compliance with CSR initiatives in both the US and Norway.

Overall, while each country has its own approach to CSR policy, there is potential for all to enhance their frameworks by learning from each other's experiences and implementing measures to strengthen CSR practices and accountability.

### **3.4.2 Regulatory framework**

The USA and Norway share a common characteristic in their fragmented CSR policy frameworks, where CSR requirements are dispersed across various statutory provisions rather than consolidated into a single dedicated law. Norway's Accounting Act of 1998 includes some disclosure and mandatory CSR requirements, while the US lacks mandatory CSR provisions altogether.

In Norway, CSR is integrated into business operations, with significant government involvement in promoting CSR activities. In contrast, in the US, CSR activities are often driven by societal pressures rather than legal mandates.

India's approach to CSR differs significantly, as it is mandated through the Companies Act of 2013 and CSR Rules of 2014. Non-compliance with CSR obligations in India results in funds being earmarked for CSR activities in subsequent years or redirected to specified activities outlined in Schedule VII of the Companies Act. This regulatory framework limits potential regulatory arbitrage by corporations and reduces the

government's flexibility in fostering a culture of CSR. Additionally, Section 135 of the Companies Act mandates CSR only for larger businesses, limiting the government's ability to involve SMEs in CSR initiatives without risking legal challenges.

### **Conclusion and suggestions for reform**

In this chapter, the authors delve into a comparative analysis of CSR practices across different countries. They explore the role of government intervention in shaping CSR policies, which can range from co-partnering with corporations in socio-economic development to responding to political considerations and societal expectations.

India stands out for mandating CSR through law, albeit with certain conditions, while the US lacks specific legislation requiring CSR performance. Norway takes a middle ground, mandating CSR for large corporations while also integrating CSR into business culture.

Drawing from these examples, India can adopt several strategies to enhance its CSR landscape. First, the government can organize seminars to raise corporate awareness about CSR and incentivize SMEs to engage in CSR activities. Second, active monitoring of CSR activities is essential to ensure compliance, as the current system relies heavily on self-discipline. Third, flexibility should be introduced in CSR project timelines, allowing for multi-phased projects over several years. Fourth, involving local communities in CSR activities fosters meaningful stakeholder consultation, particularly for projects impacting those communities. Fifth, clear rules should govern Public-Private Partnership projects as part of CSR initiatives.

In the era of globalization, businesses play a crucial role in both economic development and addressing social concerns through CSR. A synchronized and supportive CSR system encourages businesses to pursue socially responsible practices while maximizing their positive impact on society.

### **EU Strategy on Corporate Social Responsibility**

The European Commission emphasizes the significance of Corporate Social Responsibility (CSR) for EU enterprises and the broader economy. CSR entails companies acknowledging and addressing their societal impact, contributing to sustainability, competitiveness, and innovation. Embracing CSR offers numerous

benefits such as improved risk management, cost efficiencies, better access to capital, strengthened customer relations, and enhanced human resource management.

To advance CSR practices, the European Commission advocates adherence to international guidelines and principles among enterprises within the EU. EU policy on CSR focuses on promoting action to increase the visibility of CSR and disseminate exemplary practices. This agenda aims to foster a culture of responsible business conduct and encourage companies to integrate CSR into their operations.

- “improving self and co-regulation processes;”
- “enhancing market rewards for CSR;”
- “improving company disclosure of social and environmental information;”
- “further integrating CSR into education, training, and research;”
- “emphasizing the importance of national and sub-national CSR policies;”
- “better aligning European and global approaches to CSR.”

Corporate Social Responsibility (CSR) typically originates from within companies, but public authorities can provide support through a strategic combination of voluntary policies and, when needed, supplementary regulations.

CSR involves companies voluntarily exceeding legal obligations to pursue social and environmental goals while conducting their regular business operations. In Europe, CSR encompasses various domains:

- “Europe 2020 (especially new skills and jobs, youth, local development)”
- “Business and human rights”
- “CSR reporting”
- “Socially responsible public procurement”

The EU Strategy on CSR has delivered a number of achievements, notably:

- “the European CSR Awards;”
- “the European Directive on Non-Financial Reporting, and”
- “the EC initiative on the Product Environmental Footprint.”

### **INTERNATIONAL DIMENSION**

“As much of Europe's consumption involves products either entirely imported or manufactured with components sourced from other regions worldwide, the scope of

Corporate Social Responsibility (CSR) for European companies or retailers often extends beyond the borders of the EU. This entails ensuring that supply chains are thoroughly certified or audited to uphold environmental, occupational health, and safety standards in the companies supplying goods to EU markets.”

“In this context, the European Commission collaborates with international organizations such as the International Labour Organization (ILO), Organisation for Economic Co-operation and Development (OECD), United Nations (UN), as well as with the G20 and other relevant international forums to:”

“Promote the social dimension of globalisation;”

- A. “Promote decent work for all covering:”
- B. “productive and freely chosen employment;”
  - “rights at work including the core labour standards;”
  - “social protection;”
  - “social dialogue;”
- C. “Implement the external dimension of the Europe 2020 strategy for growth and jobs.”

These points outline the multifaceted impact and responsibilities of international businesses in the realm of Corporate Social Responsibility (CSR):

### 1. “Global Impact of Business Operations”

- **Social and Environmental Footprint:**“International businesses wield influence that transcends borders, necessitating responsible practices to mitigate adverse effects on local communities and ecosystems.”
- **“Cultural Sensitivity:”** Operating in diverse cultural landscapes demands an understanding and adaptation to local norms and values, ensuring CSR initiatives align with community needs.

### 2. Supply Chain Ethics

- **Global Supply Chains:** Complex supply chains span across countries, requiring CSR practices to ensure ethical sourcing, fair labor conditions, and sustainable production methods.

- **Combatting Modern Slavery:**“International businesses must actively combat issues like modern slavery by promoting transparency and responsible supplier selection.”
3. **Community Engagement and Development**
- **Community Investment:** “Engaging with local communities fosters trust and addresses social challenges, with CSR initiatives focusing on areas such as education, healthcare, and economic development.”
  - **Capacity Building:** Supporting skill enhancement and job creation contributes to the development of local communities, empowering individuals and promoting sustainable growth.
4. **Respecting Human Rights**
- **Responsible Business Conduct:**“Adherence to international human rights standards ensures fair treatment of employees and stakeholders affected by business operations.”
  - **Conflict Zones and Humanitarian Efforts:**“Businesses operating in conflict-affected regions must exercise diligence to prevent contributions to human rights abuses.”
5. **Environmental Stewardship**
- **Climate Action:** Contributions to global climate efforts through sustainable practices and support for renewable energy initiatives are essential for combatting climate change.
  - **Biodiversity Conservation:**“Protection of natural habitats and biodiversity is vital, particularly for industries impacting delicate ecosystems.”
6. **Global Partnerships for Sustainable Development**
- **UN Sustainable Development Goals (SDGs):**“Aligning CSR efforts with UN SDGs addresses global challenges and promotes sustainable development.”
  - **Public-Private Partnerships:**“Collaboration with governments, NGOs, and international organizations amplifies CSR impact and addresses complex global issues effectively.”

### **CSR from a shareholder to stakeholder primacy**

“Corporate Social Responsibility (CSR)” has evolved from its traditional focus on shareholder primacy to embracing a broader perspective known as stakeholder primacy. While shareholder primacy emphasizes maximizing profits for shareholders, stakeholder primacy recognizes “the interests of all stakeholders, including employees, customers, communities, and the environment. This shift reflects a growing recognition of the impact businesses have on society and the importance of responsible and sustainable practices.” Let’s explore the transition from shareholder to stakeholder primacy in CSR and its implications for businesses and society.

#### **Shareholder Primacy**

Historically, businesses operated with the primary objective of maximizing profits for shareholders. Profitability and shareholder value were the main indicators of success. This narrow focus often led to decisions that prioritized short-term financial gains over broader social and environmental considerations.

#### **The Emergence of Stakeholder Primacy**

In recent decades, societal expectations have evolved, demanding that businesses take a more responsible and sustainable approach. The stakeholder primacy model emerged to address the following factors:

1. **Impact on Multiple Stakeholders:** “Businesses impact not only shareholders but also employees, customers, suppliers, communities, and the environment. Recognizing the interests of all stakeholders is essential for sustainable development.”
2. **Reputation and Public Trust:** Businesses operating with a broader social purpose often enjoy a positive reputation and greater public trust, benefiting their long-term success.
3. **Regulatory Pressures:** Governments and regulatory bodies have imposed stricter requirements on businesses, emphasizing social and environmental responsibility.
4. **Investor Preferences:** “Investors are increasingly considering environmental, social,” and governance (ESG) factors when making investment decisions, aligning their choices with responsible businesses.

### **Implications of Stakeholder Primacy**

Embracing stakeholder primacy in CSR has several implications for businesses and society:

**Responsible Business Practices:** Businesses must adopt responsible practices that consider the interests of all stakeholders, from fair treatment of employees to environmental sustainability.

**Transparency and Reporting:** Transparent reporting on CSR initiatives and progress toward stakeholder-related goals enhances accountability and public trust.

**Long-Term Orientation:** Stakeholder primacy encourages a long-term approach, balancing short-term profits with sustainable growth and societal impact.

**Risk Management:** Addressing stakeholders' concerns and anticipating societal expectations helps mitigate potential risks and reputational damage.

**Positive Social Impact:** Businesses that prioritize stakeholder primacy contribute positively to society by addressing social and environmental challenges.

### **Integrating Stakeholder Primacy in CSR Strategies**

To effectively integrate stakeholder primacy in CSR strategies, businesses can:

**Engage with Stakeholders:** Actively engage with stakeholders to understand their needs and expectations, incorporating their perspectives into decision-making.

**Align Business Goals with Social Impact:** Align CSR initiatives with the company's core values and business objectives, focusing on both profitability and social impact.

**Inclusive Decision-Making:** Include diverse perspectives in decision-making processes to ensure balanced and informed choices.

**Invest in Employee Welfare:** Prioritize employee welfare, development, and workplace satisfaction to foster a positive work environment.

**Sustainable Supply Chain:** "Collaborate with suppliers to ensure responsible sourcing and ethical practices throughout the supply chain."

### **B. Stakeholder relation to the firm**

"Stakeholders are individuals or groups that have a vested interest in a firm's activities, decisions, and performance." They can significantly impact the firm's



success and are essential in shaping its reputation, long-term sustainability, and overall social impact. Understanding and managing stakeholder relations are critical for businesses to thrive in a dynamic and interconnected world. Let's explore the significance of stakeholders and their relationships with the firm, along with strategies for fostering effective collaboration and responsibility.

### **Identifying Stakeholders**

Stakeholders of a firm encompass a wide range of entities, including:

**Shareholders/Investors:** The owners of the company who provide capital and expect a return on their investment.

**Employees:** The workforce contributing to the firm's operations, growth, and success.

**Customers:** The individuals or organizations purchasing the firm's products or services.

**Suppliers:** The entities providing goods, services, or raw materials necessary for the firm's operations.

**Communities:** The local communities where the firm operates, impacted by its activities.

**Government and Regulatory Bodies:** Authorities responsible for overseeing the firm's compliance with laws and regulations.

**Non-Governmental Organizations (NGOs):** Civil society organizations that advocate for social, environmental, or humanitarian causes.

**Media and Public:** The public and media that influence the firm's reputation and public perception.

### **Importance of Stakeholder Relations**

**Long-Term Success:** Positive stakeholder relationships contribute to the firm's long-term success, as satisfied stakeholders are more likely to support the business.

**Risk Management:** "Engaging with stakeholders helps identify potential risks and issues early on, enabling proactive risk management."

**Reputation and Trust:** Good stakeholder relations build a positive reputation and trust, benefiting the firm's brand image.

**Innovation and Feedback:** Stakeholder input can drive innovation, providing valuable insights and feedback for improvement.

**License to Operate:** Maintaining positive relationships with stakeholders is crucial for securing the “license to operate” in a community or industry.

### **Fostering Effective Stakeholder Collaboration**

**Engagement and Communication:** Actively engage with stakeholders through regular communication, seeking feedback and addressing concerns.

**Understanding Needs and Expectations:** Identify and understand the needs, expectations, and interests of different stakeholder groups.

**Ethical Decision-Making:** Ensure ethical decision-making that considers the impact on stakeholders and broader society.

**Transparency and Accountability:** Be transparent about the firm’s actions, performance, and social responsibility initiatives.

**CSR and Social Impact:** Develop robust “Corporate Social Responsibility (CSR)” initiatives that align with stakeholder interests and societal needs.

### **Balancing Stakeholder Interests**

Balancing the often divergent interests of stakeholders can be challenging. The firm must prioritize responsible practices that consider the concerns of multiple stakeholders while aligning with its core values and business objective

### **Stakeholders and Corporate Social Responsibility**

“Corporate Social Responsibility (CSR) is a business approach that goes beyond profit-making and encompasses ethical practices, sustainability, and the well-being of society. At the heart of CSR lies the recognition of stakeholders—individuals, groups, or entities that have a significant interest in a company’s operations and outcomes. Building strong relationships with stakeholders is essential for successful CSR initiatives, as it allows businesses to align their efforts with societal needs and foster sustainable impact. Let’s delve into the role of stakeholders in corporate social responsibility and how businesses can collaborate with them to create positive change.”

**Stakeholders in CSR**

“Stakeholders play a crucial role in Corporate Social Responsibility (CSR) initiatives, contributing to their success and impact. Here are some key stakeholders relevant to CSR initiatives:”

- “Employees: Engaging employees and prioritizing their welfare fosters a positive work environment and enhances their commitment to CSR.” Companies can involve employees in volunteer activities, offer training on sustainability practices, and provide opportunities for personal growth and development.
- “Customers: Listening to customer feedback and providing sustainable and socially responsible products or services contribute to customer loyalty.” Companies can engage with customers through surveys, feedback mechanisms, and transparency in product labeling to ensure alignment with their values and preferences.
- “Suppliers: Collaborating with suppliers who adhere to ethical and sustainable practices strengthens the entire supply chain's social impact. Companies can work closely with suppliers to ensure fair labor practices, environmental sustainability, and adherence to ethical standards throughout the supply chain.”
- “Communities: Understanding the needs of local communities and actively supporting their development builds meaningful relationships and trust.” Companies can engage in community development projects, support local initiatives, and involve community members in decision-making processes to address their specific needs and priorities.
- “Investors/Shareholders: Transparent reporting on CSR efforts keeps investors informed and aligned with the company's social responsibility goals.” Companies can provide regular updates on their CSR initiatives, performance metrics, and impact assessments to demonstrate their commitment to sustainable and responsible business practices.
- “NGOs and Civil Society: Partnering with NGOs and civil society organizations leverages their expertise and extends the reach of CSR initiatives.” Companies can collaborate with NGOs on specific projects, share resources and knowledge, and engage in dialogue to address social and environmental challenges effectively.

- “Government and Regulators: Complying with laws and regulations while actively engaging with government agencies promotes responsible business practices.” Companies can participate in policy discussions, advocate for regulatory reforms, and ensure compliance with relevant CSR legislation to contribute to the broader societal goals and objectives.

### **Importance of Stakeholder Collaboration**

Stakeholder collaboration is integral to the success of CSR initiatives for several reasons:

Stakeholder collaboration is integral to the success of CSR initiatives for several reasons:

- **Effective CSR Strategy:** Involving stakeholders ensures that CSR initiatives address real societal needs. By understanding community priorities, companies can design programs that have a meaningful impact.
- **Mutual Benefits:** Collaboration with stakeholders creates shared value, aligning company interests with those of society. This partnership fosters innovation, resource-sharing, and capacity-building, resulting in positive outcomes for all parties involved.
- **Risk Management:** Stakeholder involvement helps identify and mitigate potential risks early on. By engaging with diverse stakeholders, companies can anticipate challenges, address concerns, and build resilience to external pressures.
- **Innovation and Creativity:** Stakeholders bring diverse perspectives and expertise, driving innovation in CSR programs. By tapping into this collective wisdom, companies can develop creative solutions to complex social and environmental issues, leading to more sustainable outcomes.
- **Building Trust:** Transparent and collaborative CSR efforts build trust and credibility with stakeholders. By demonstrating commitment to responsible business practices and social impact, companies enhance their reputation and foster stronger relationships for the long term.

### **Collaboration Strategies**

**Open Dialogue:** Establish transparent communication channels to listen actively to stakeholders' concerns and suggestions. Through open dialogue, companies gain valuable insights into community needs, guiding the development of impactful CSR initiatives.

**Partnerships:** Collaborate with NGOs, local organizations, and government agencies to co-create and implement sustainable social projects. Leveraging partners' expertise and networks amplifies the impact of CSR efforts, reaching a broader audience and fostering lasting change.

**Employee Engagement:** Empower employees to participate in CSR activities through volunteering, skill-based initiatives, and employee-led projects. Engaged employees are more motivated and committed to social responsibility goals, contributing to a positive work culture and bolstering corporate reputation.

**Supply Chain Management:** Set ethical standards for suppliers and ensure compliance with social and environmental responsibilities. By integrating CSR criteria into procurement processes and supplier contracts, companies promote responsible sourcing practices throughout the supply chain, mitigating risks and upholding ethical business conduct.

**Community Involvement:** Engage local communities through participatory approaches such as needs assessments and community consultations. By involving community members in CSR program planning and implementation, companies ensure initiatives are culturally sensitive, socially relevant, and sustainable in the long term.

### **Measuring Impact**

- **Key Performance Indicators (KPIs):** Establish measurable KPIs aligned with the objectives of CSR initiatives, such as the number of beneficiaries reached, percentage increase in employee engagement, reduction in carbon footprint, or improvement in community well-being indicators.
- **Impact Assessment:** Utilize qualitative and quantitative methods to assess the impact of CSR projects, including surveys, interviews, focus groups, and data

analysis. Evaluate both short-term and long-term outcomes to understand the effectiveness and sustainability of initiatives.

- **Transparency in Reporting:** Communicate CSR progress, achievements, and challenges through comprehensive and transparent reporting mechanisms, such as annual CSR reports, sustainability reports, and online dashboards. Provide stakeholders with access to relevant data and information to foster accountability and trust.

### **Business strategy for CSR- Integrating Business and Society**

“Integrating Corporate Social Responsibility (CSR) into a company’s business strategy goes beyond mere philanthropy. It involves aligning the company’s core values, operations, and decision-making with social and environmental responsibilities. By integrating business and society, businesses can drive positive change, foster sustainable impact, and build stronger relationships with stakeholders. Let’s explore how businesses can effectively integrate CSR into their overall business strategy, creating a purposeful and socially responsible approach.”

#### **1. Defining Purpose and Values**

- **Identify Social Purpose:** Define the company’s social purpose by identifying key societal challenges that align with the company’s expertise and industry.
- **Embed CSR in Core Values:** Integrate CSR principles into the company’s core values, reflecting a commitment to social and environmental responsibility.

#### **2. Stakeholder-Centric Approach**

- **Engage Stakeholders:** Involve stakeholders, including employees, customers, communities, suppliers, NGOs, and investors, in shaping CSR initiatives. Understand their needs and concerns to design impactful programs.
- **Co-Create Solutions:** Collaborate with stakeholders to co-create and implement CSR projects that address shared challenges and maximize social impact.

#### **3. Sustainable Supply Chain**

- **Ethical Sourcing:** Develop a responsible sourcing strategy that ensures suppliers adhere to ethical and sustainable practices.

- **Supplier Collaboration:** Collaborate with suppliers to promote sustainability throughout the supply chain, fostering a collective commitment to social and environmental responsibility.

#### 4. Innovation for Social Progress

- **Incorporate Social Innovation:** Foster a culture of innovation that seeks solutions to societal challenges. Leverage the company's expertise to develop products and services that contribute to social progress.
- **Research and Development:** Allocate resources to research and development projects focused on sustainable technologies and practices.

#### 5. Employee Empowerment

- **CSR Training and Education:** Provide employees with CSR training to enhance their understanding of social and environmental issues, fostering a shared commitment to responsible practices.
- **Employee Volunteer Programs:** Encourage employees to participate in volunteer programs that address local community needs.

#### 6. Transparent Reporting

- **CSR Reporting:** Communicate CSR initiatives and their impact transparently to stakeholders through regular reporting. Highlight progress, challenges, and lessons learned.
- **Accountability:** Hold the company accountable for its CSR commitments and demonstrate continuous improvement in social and environmental performance.

#### 7. Shared Value Creation

- **Aligning Business Goals:** Identify opportunities where societal needs intersect with business objectives, creating shared value for the company and society.
- **Inclusive Business Models:** Develop inclusive business models that benefit underserved communities while driving business growth.

#### 8. Long-Term Vision

- **Sustainability at the Core:** Integrate sustainability considerations into long-term business planning and decision-making processes.

- **Social Impact Metrics:** Set measurable social impact metrics to track progress and ensure that CSR initiatives remain aligned with the company's long-term vision.

### **FOCUS ON COVID-19 ACTIVITIES**

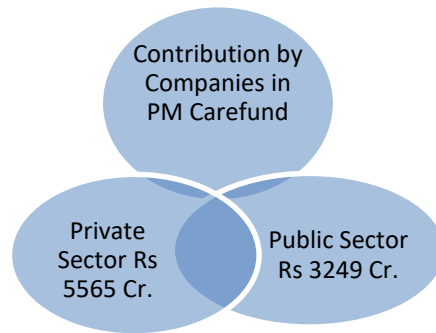
Corporate Social Responsibility (CSR) has taken on an unprecedented significance during the COVID-19 pandemic, as businesses strive to navigate through these challenging times while remaining socially responsible. CSR, essentially a self-regulating business model, involves companies engaging with stakeholders and the broader public to foster a culture of social responsibility.

A majority of companies, approximately 90%, fall within the sales bracket of 1000 crores. During the pandemic, 88% of the CSR budget was directed towards the PM Cares Fund, with the remaining 12% allocated to supplying other relief funds, including essential items such as masks, sanitizers, food rations, oxygen cylinders, and medical supplies.

In response to the COVID-19 crisis, the Indian government announced on March 23, 2020, that all expenditures related to COVID-19 would be considered permissible avenues for CSR expenditure. This included activities related to healthcare promotion, preventive healthcare, sanitation, and disaster management. The CSR community swiftly mobilized its response initiatives, implementing internal approval processes to facilitate their contributions.

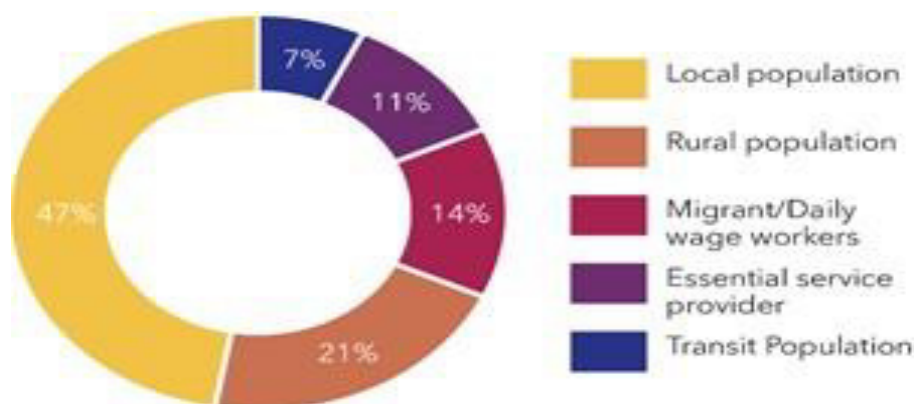
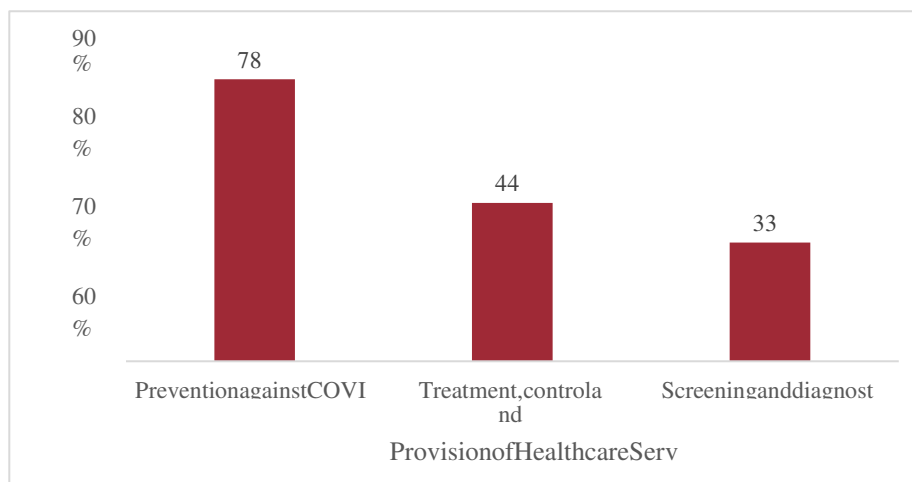
“Even prior to this announcement, several corporate leaders demonstrated benevolence by offering resources to combat COVID-19. Companies have been spurred to participate in COVID-19 responses not only by funding non-profits and contributing to the PM CARES Fund but also by actively engaging in initiatives such as manufacturing PPE kits and organizing relief efforts within their communities. Following the inclusion of the PM CARES Fund in Schedule VII of the Companies Act, 2013, through a subsequent amendment, a significant amount of funding has been directed from corporates to support this initiative.”



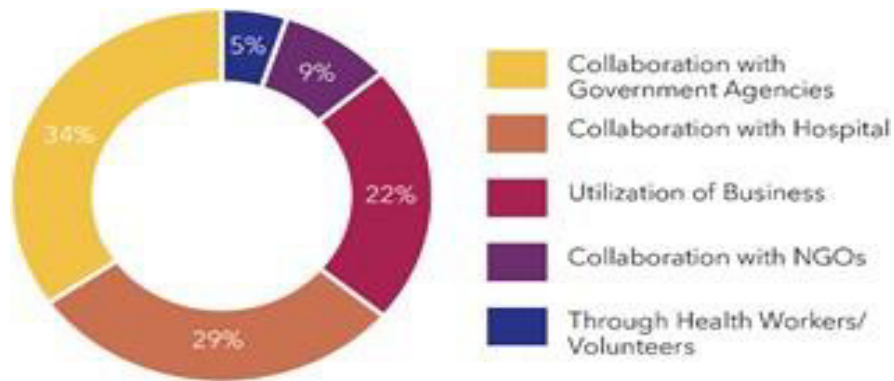


**Major Expenditure on Five Activities during COVID- 19**

**A: PROVISION OF HEALTHCARE SERVICE**

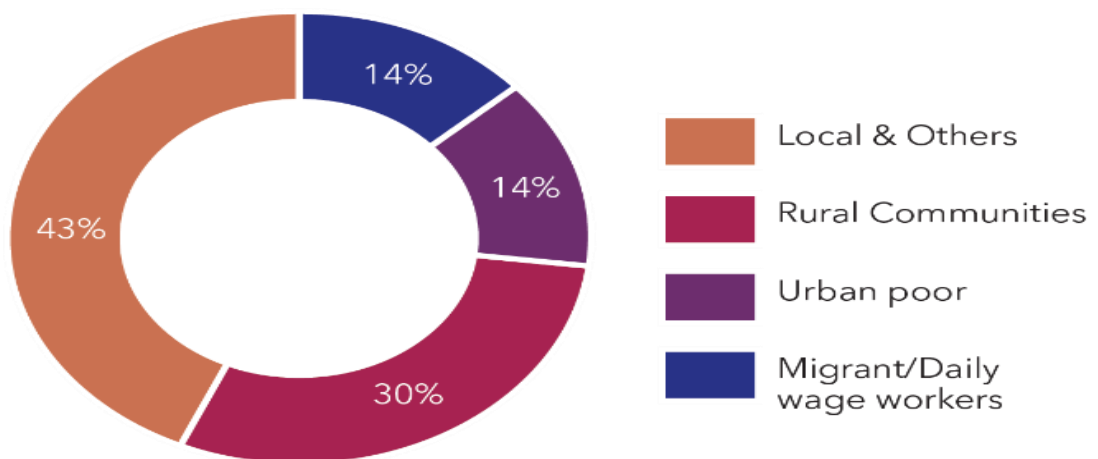
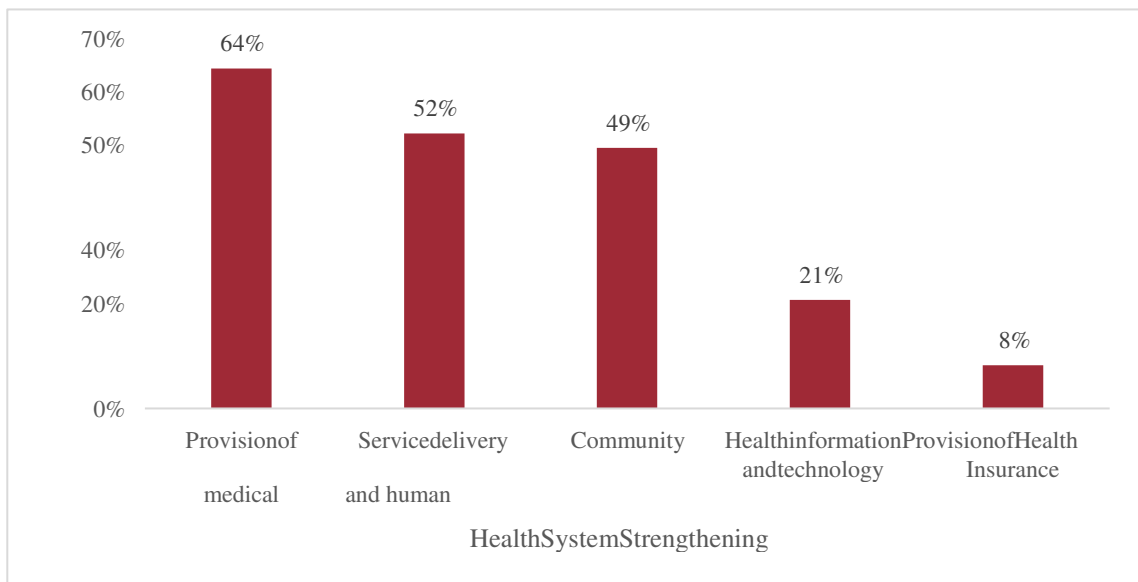


**Targetted Beneficiary for Preventive Health**

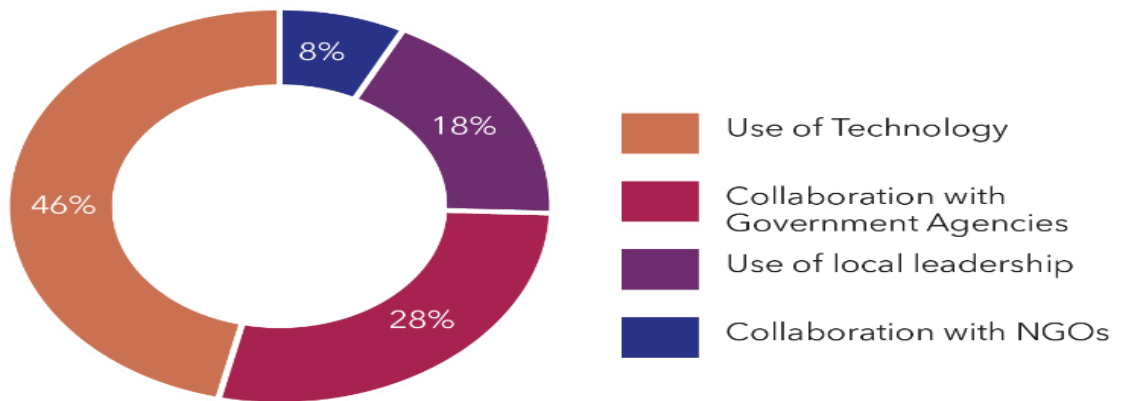


**Mode of Implementation of Preventive Health**

**B: HEALTHSYSTEMSSTRENGTHENING**

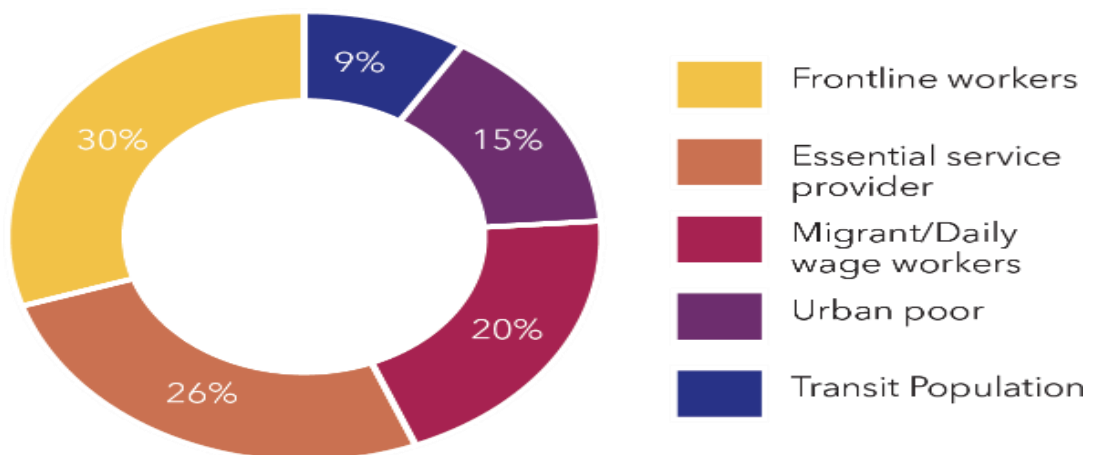
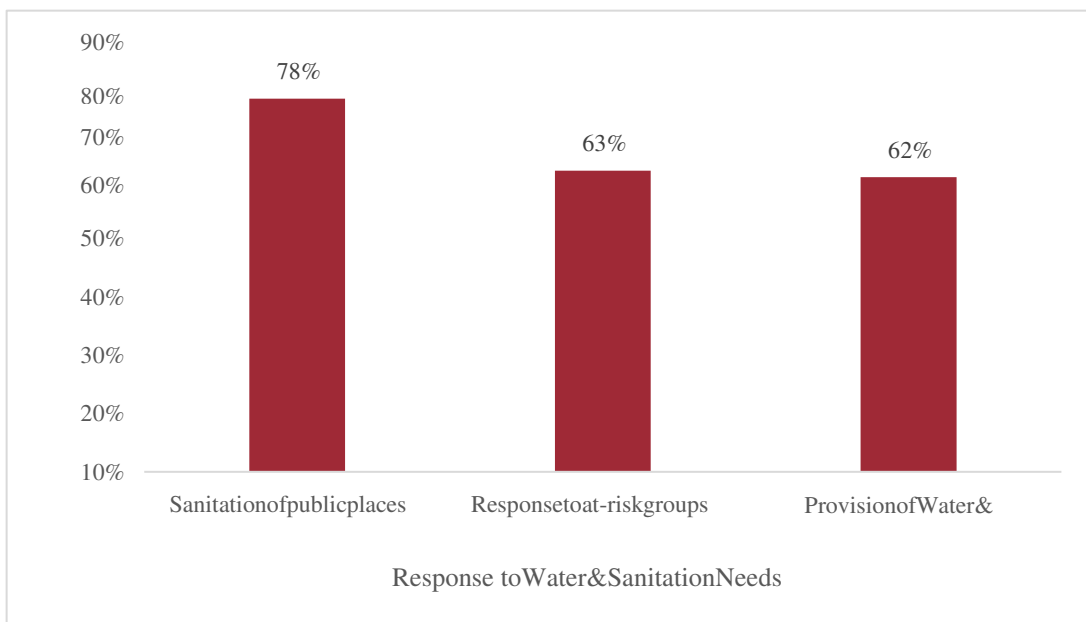


**Targetted Beneficiaries for Community Engagement**



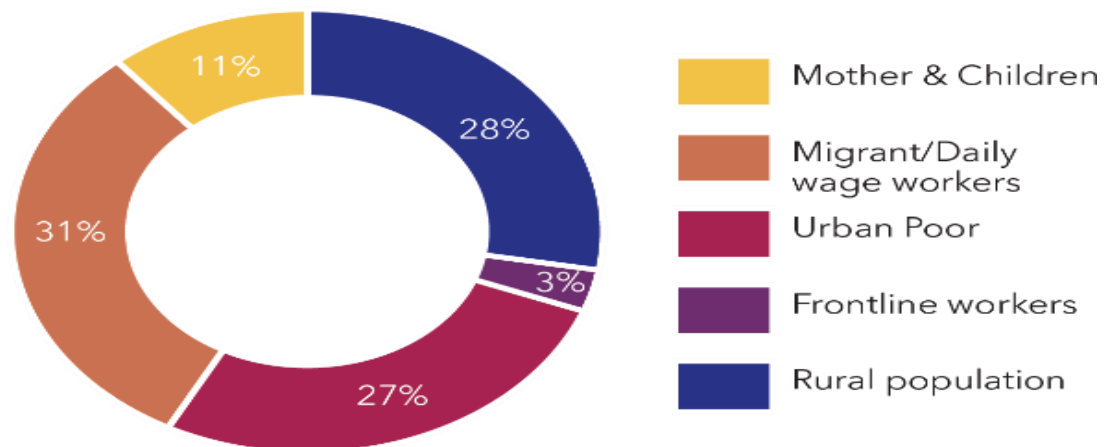
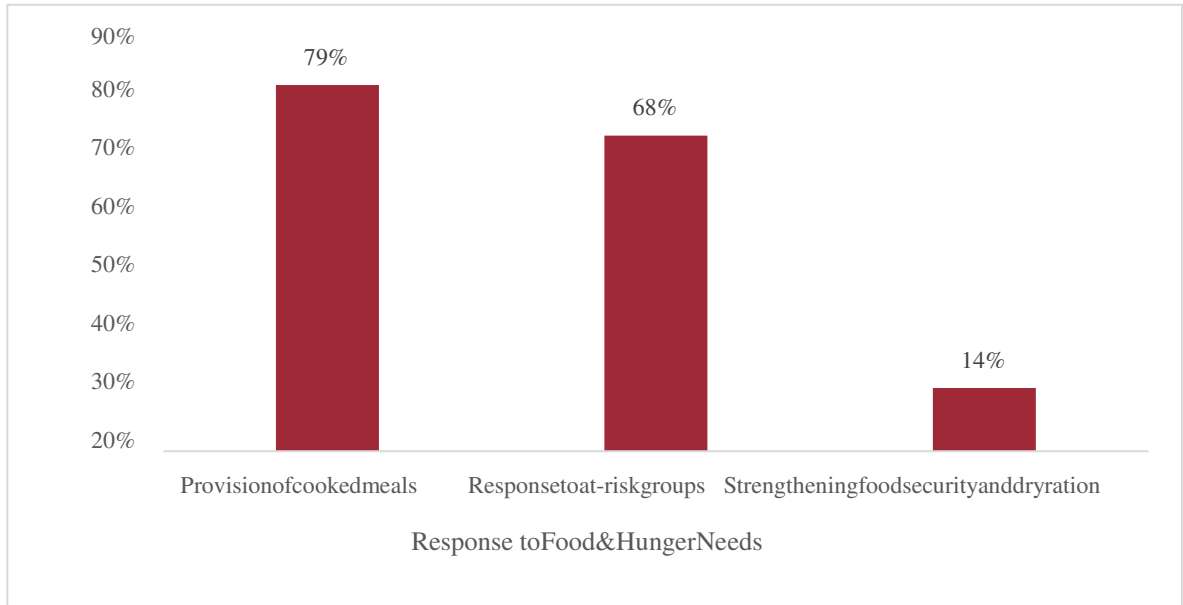
**Mode of Implementation for Community Engagement**

**C: RESPONSE TO WATER & SANITATION NEEDS**

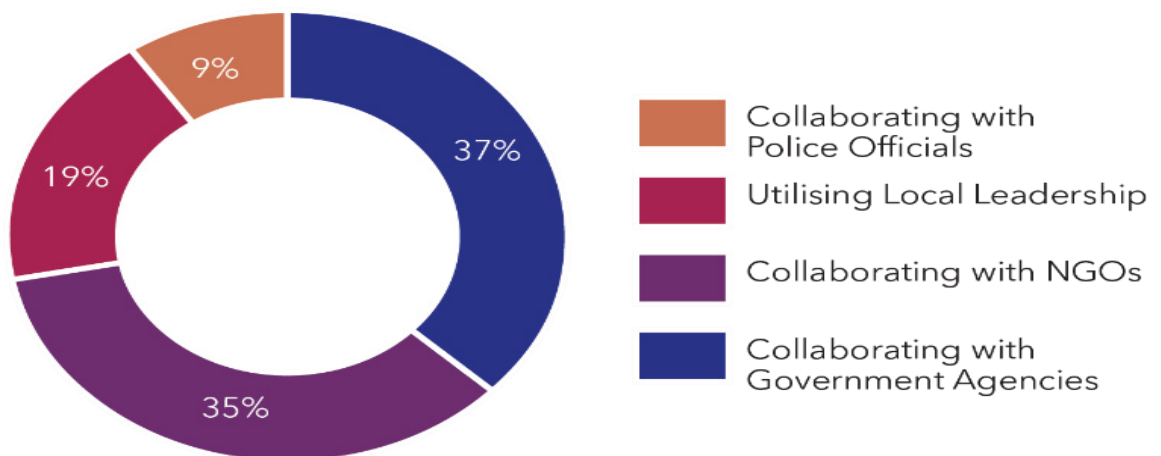


**Targetted Beneficiaries of WASH Products**

**D: RESPONSE TO FOOD SECURITY AND HUNGER**

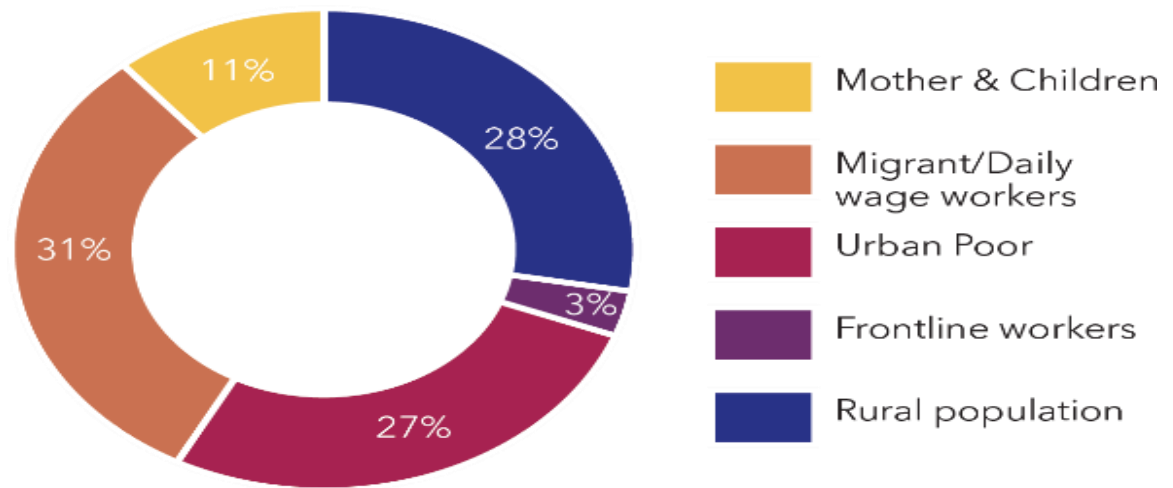
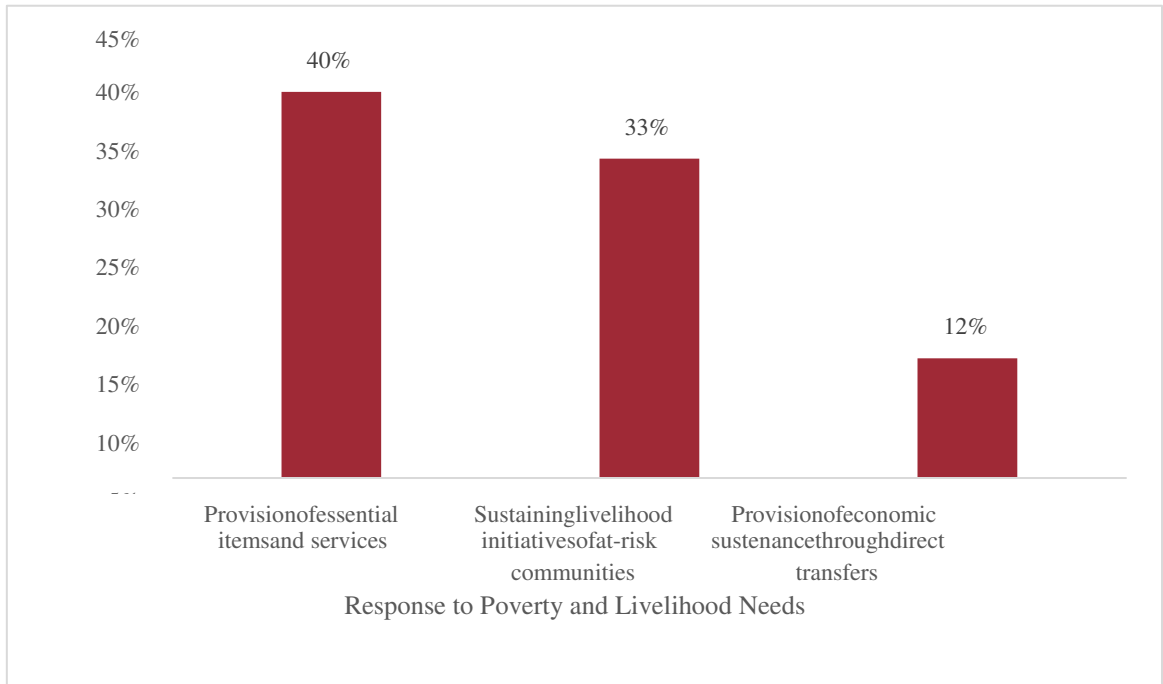


**Targetted Beneficiaries for Food/Ration Relief**



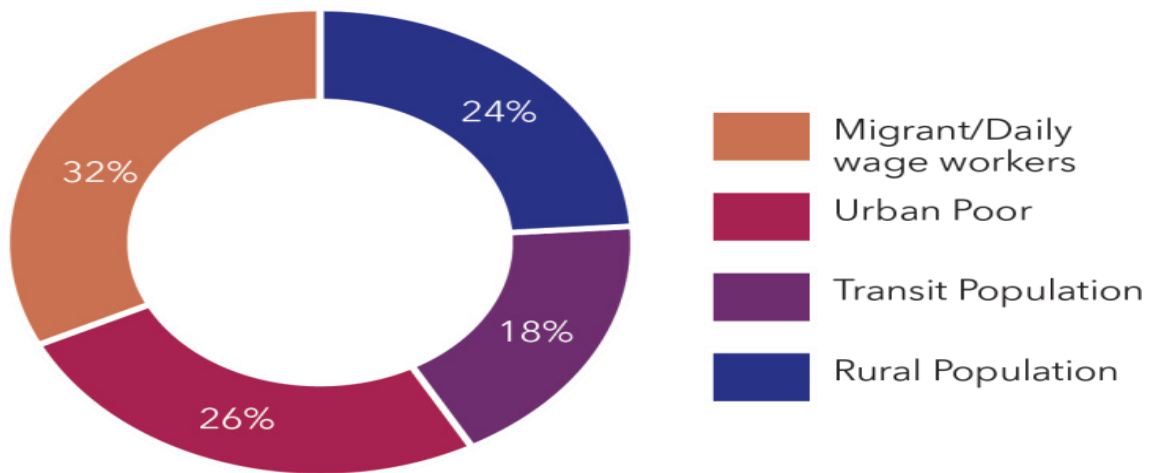
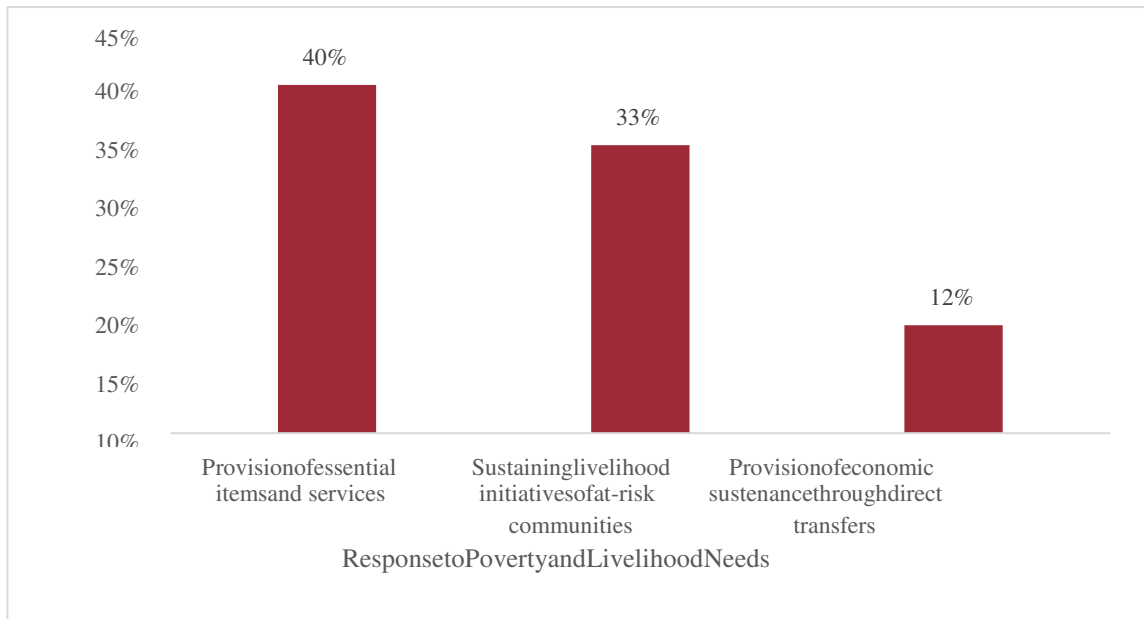
**Mode of Providing Food Relief**

**E: RESPONSE TO POVERTY AND LIVELIHOOD NEEDS**



**Targetted Beneficiaries for Food/Ration Relief**

**E: RESPONSE TO POVERTY AND LIVELIHOOD NEEDS**



**Targetted Beneficiaries Provided with Groceries/Essentials**

### At Global Perspectives

Examples of corporate COVID-19-related CSR activities				
Employees	Customers	Suppliers	Government	Community
“Starbucks (extended mental health benefits to employees and their families)”	“First National Bank (waived ATM fees and consumer loan late fees and refunded overdraft fees)”	“Unilever (provided US\$775 million of cash flow relief for early payment to its small suppliers)”	“Google (provided US\$800 million to support governments as well as small business, the WHO, and health workers)”	“Zoom (removed its 40-min time limit for schools to teach uninterrupted)”
“Tim Hortons (mask purchases and sick leave guarantees for employees)”	“Wendy’s (expanded digital offerings to provide safe, contactless options like curbside pickup and delivery)”	“Primark (a fashion, beauty, and homeware retailer, paid its COVID-19-affected suppliers £370 million in additional orders)”	“SAP (launched its “SAP Purpose Network Live,” a virtual platform that brings together government, companies, and others to find COVID solutions)”	“AT&T (opened up Wi-Fi hotspots around the USA)”
“Owens Corning (instructed their employees to work from home wherever possible)”	“General Mills (assured its customers of maintaining a steady and reliable food supply for people and pets as before)”	“Walmart (worked with national banks to allow qualified suppliers to get faster payments and eliminated an eligibility requirement)”	“The Adecco Group (released a study comparing government responses to the COVID-19 crisis in order to assist governments in determining best policies)”	“Door Dash (joined forces with community organizations to deliver an estimated one million pounds of groceries and prepared food to seniors and low-income families)”