Critical Analysis of CSR in India

w.r.t.

The Companies Act 2013

DISSERTATION

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UNDER SUPERVISION OF:

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I wish him/her success in life.

Date :

Ms. Trishla Singh
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Abbreviation

CSR	Corporate Social Responsibility
BSE	Bombay Stock Exchange
BSR	Business for Social Responsibility
CED	Committee for Economic Development
CPSC	Consumer Product Safety Commission
EC	European Commission
EEOC	Equal Employment Opportunity Commission
EPA	Environmental Protection
EU	European Union
GDC	Guidelines Drafting Committee
GLCs	Government Linked Companies
GOI	Government of India
GRI	Global Reporting Initiative
ILO	Internationl Labour Organisation
IPCC	Intergovernmental Panel on Climate Change
ISO	International Organaisation On Standradiztion
LLP	Limited Liability Partnerships
MCA	Ministry of Corporate Affairs
MDGs	Millennium Development Goals
NSE	National Stock Exchange
OECD	Organisation for Economic Co-operation and Development
OSHA	Occupational Safety and Health Administration
PLCs	Public Listed Company's
SDGs	Sustainable Development Goals
UAE	United Arab Emirates
UK	United Kingdom
UN	United Nation
UNDP	United Nations Development Program
UNGC	United Nations Global Compact
UNIDO	United Nation Of Industrial Development Organisation)
USA	United State Of America

BACKGROUND OF STUDY

The Companies Act 2013 introduce the CSR activity is mandatory by certain corporate in India. Due change in law it is compulsory to certain business which is registered under this Act. People think it is new concept in the business which require to fulfill compliance which is actually not true it concept is not in the modern world it is exit in Vedic day or we can say evolution of human socialization.

Although it is exited in the every business but not known that term as CSR. No business is existed without the Business ethic. Business ethics include the social development activities by the business no business can grow and sustain without effective work in the society. Many business houses sustain due to their effective social behavior towards the society which help to develop their strong Brand an market share. The corporate social responsibility is one of the important tool of management to making effective policy to towards their business.

Corporate social responsibility activities by Indian enterprises toward the society development. there input in whereas area in the society. What they have done what need to focused in the future also.

Although in now the compulsory in certain business which are register under the company act 2013 is the way to understand the business responsibility towards the society also.it also understands whereas law requires upholding the corporate social responsibility activities. The business can make effective use of this tool to making their business polices. What are the compliance need to follow to do corporate social responsibility work and also provide its effect on the globalization.

Globalization effect on the corporate social responsibility legal aspect also with the other country law regarding the same with UNIDO (United Nation Of Industrial Development Organisation) prospective on the same

OBJECTIVE OF THE RESEARCH

Understand the term corporate social responsibility with including concept involve in decision making toward management core policy development. What are the importance of corporate social responsibility in an business.

History and evolution of corporate social responsibility in the corporate and business house. In India development of corporate social responsibility in corporate's and business houses. Legal environment to make companies to do corporate social responsibility. Recent changes in the business enterprise which are registered under The Companies Act 2013.

Due to globalization legal aspect on the corporate social responsibility activities. How internationally corporate are evaluate in in term of corporate social responsibility activity towards society. Legal environment corporate social responsibility India and world. Corporates effectively working on the same or it will work on the fulfill compliance only.

IDENTIFICATION OF PROBLEM

Before this research start I have the identified following problem to

- What is corporate social responsibility for the corporates?
- Define the term of corporate social responsibility.
- What is the area of work under corporate social responsibility?
- How corporate social responsibility is importance to society?
- Where the origin and various development in the corporate social responsibility India and Worldwide.
- Whereas policy related to corporate social responsibility of corporates in India and other countries

HYPOTHESIS

For this research report the following hypothesis has been formulated

Corporate social responsibility is the core part of any company or organization. Its create brand value and increase goodwill of organization.

The corporate social responsibility related law is not only parameter to fulfill company and organization responsibility towards the society.

RESEARCH METHODOLOGY

For the objective of this research the materials are from secondary source have been collected from the information, Gathering this information study on article, journals, published book, government notification, company website, and The Companies Act 2013. This research is partly doctrinal and non-doctrinal (empirical). In this research work, the doctrinal method of research, historical method of research and empirical method with random sampling technique are followed.

SUMMARY

"Corporate social responsibility" term which define the responsibility of corporate. It is the responsibility of corporate towards its owner i.e. shareholder, employee, customer, supplier, distributer, competitor, society, human being, nation, environment, economy and the Planet. Its also we can relate to ethics of business also. It is the core concept in the management. Without the corporate social responsibility the business cannot sustain in the environment. The ***Howard*** R. ***Bowen*** was known as father morden concept of corporate social responsibility as they published in there book *Social Responsibilities of the Businessman* in 1953 after that there is more concept developed by many researcher and authors but in the actually the corporate social responsibility term exited in the Vedic period till now. Many business and Government policy are tangibly of non-tangibly is around this concept. Its is the cycle of business that what we give actually we can get

India the corporate social responsibility was always present for business men to running there business as, no business was run with unethical activity which harms the socity. The UN Conference on Human Environment and Development held at Stockholm and 'Stockholm Declaration on the Human Environment' 1972 Conference on the environment. It is widely recognized as the beginning of modern political and public awareness of global environmental problems.

It brought Countries together in proclaiming that the preservation of the environment is essential to the continued enjoyment of life itself. The Declaration contains 26 principles concerning the environment and development; an Action Plan with 109 recommendations, and a Resolution.

The Ministry of Corporate Affairs, Govt. of India had notified the Corporate Social Responsibility Voluntary Guidelines 2009 on 21st November 2009 to be followed by the corporate. The corporate were required therein to formulate a CSR Policy according to Voluntary Guidelines 2009 as an integral part of the overall business policy in order to provide a road map for the CSR initiatives and efforts and guide to its strategic planning[1].

[1] https://www.icsi.edu/media/webmodules/companiesact2013/CSR%20Final%2002022015.pdf pg7

This policy is based on four core element i.e.

- Protection to Stakeholders,
- Protective Ethical Functions,
- Respect for Workers' Rights and
- Welfare, Respect for Environment.

The GOI make committee to formulated the guidelines titled "National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business" t hese guide line base on the principle these are

Principle 1:

Businesses should conduct and govern themselves with Ethics, Transparency and Accountability. The principle recognizes that ethical conduct in all functions and processes is the cornerstone of responsible business.

Principle 2:

Businesses should provide goods and services that are safe and contribute to sustainability throughout the business lives. The principle recognizes that all stages of the product life cycle, right from design to final disposal of the goods and services after use, have an impact on society and the environment.

Principle 3:

Businesses should promote the well being of all employees. The principle go through to the all policies and practices relating to the dignity and well being of employees engaged within a business or in its value chain.

Principle 4:

Businesses should respect the interests of, and responsible towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized. The principle recognizes that businesses have a responsibility to think and act beyond the interests of its shareholders to including employees, suppliers, project affecting people and others who have an interest on the operations of the business.

Principle 5:

Businesses should respect and promote human rights. The principle takes into account the “Corporate Responsibility to Respect Human Rights”, as referred in the United Nations “Protect, Respect, Remedy” Framework.

Principle 6:

Business should respect, protect, and make efforts to restore the environment. The principle is to enlighten the environmental responsibility to the corporate which is a prerequisite for sustainable economic growth and for the well being of society.

Principle 7:

Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner. The principle recognizes that businesses operate within the specified legislative and policy frameworks prescribed by the Government, which guide their growth and also provide for certain desirable restrictions and boundaries.

Principle 8:

Businesses should support inclusive growth and equitable development. The principle recognizes the value of the energy and enterprise of businesses and encourages them to innovate and contribute to the overall development of the country, especially to that of the disadvantaged, vulnerable and marginalized sections of society.

Principle 9:

Businesses should engage with and provide value to their customers and consumers in a responsible manner. This principle is based on the fact that the basic aim of a business entity is to provide goods and services to its customers in a manner that creates value for both.

The GOI introduced the concept of CSR was under section 135 (1) of the Companies Act, 2013 so as to encourage corporation to actively participate in sustainable development. On 27th February, 2014, the Government of India has notified the Companies (Corporate Social Responsibility Policy) Rules, 2014 for CSR spending to be effective from 1stApril 2014

Where under The Companies Act 2013 definition of CSR, applicability, responsibility, minimum spending amount, area for CSR activity, compliance and the penalty toward not doing the CSR activity. There also the amendment in the law related to CSR.

Due to current epidemic of COVID 9 several steps are being taken by the Indian Government to tackle the spread of novel coronavirus in the country which has been termed by many as the greatest epidemic faced by the world. the Ministry of Corporate Affairs (MCA) has also released a number of circulars and notices in this regard considering the problems being faced by Corporations and Limited Liability Partnerships (LLP) in the wake of this crisis.

The Corporate Social Responsibility is not only extended to India but it has a worldwide accepted concept. There are other countries that also follow the concept of Corporate Social Responsibility in their country in their own way. The international perspective to Corporate Social Responsibility which leads to many organization worldwide making policy and tool to identify and analysis CSR activity by the corporate to the society. Not in India the others countries like UK, Singapore, Malaysia, Australia, Canada, U.A.E. and Denmark also promoted the CSR policy and activity.

CORPORATE SOCIAL RESPONSIBILTY
AN INRODUCTION

“Corporate social responsibility” term which define the responsibility of corporate or businiess. It is the responsibility of corporate towards its owner i.e. shareholder, employee, customer, supplier, distributer, competitor, society, human being, nation, environment, economy and the Planet. It’s also we can relate to ethics of business also.

No business are to be establish to generate profit only, But it also somewhat towards welfare and up-gradation of society which shown in their vision and mission Statement. Its existence in the Vedic era where businesses which effect are harmful towards the society it is restricted to do the same. In the ancient ages people in the economic activity of a business should be used for good rather than to simply make a profit. Through that the concept of true merchant was developed. The corporate social responsibility shows the morality of the business or corporate houses.

Every business wants to generate money but money the way people earn should be in ethical way which is accepted by the society and the customs. Like McDonald when came in India they change there menu for removing beef product and also add more option for vegetarians.

The term corporate social responsibility is also help to improve and developed strong Brand image, brand loyalty, Brand value which are not in tangible assets of business but its affect the business model is that successful or fail. It’s also one of the factors to the consumer decision process to purchase of product. Many business top management have the core policy making include responsibility of corporate in there road map to future planning. Even now a day corporate uses the corporate social responsibility activity initiative towards their product or brand promotion campaign to attract consumer and improve strong brand value.

Corporate Social Responsibility is a concept of the management which involves integration between social factor and environmental factor in to the business.

Corporate social responsibility is we normally understood as being the way through which a company fulfill a balance of economic, environmental and social imperatives while at the same time addressing the to achieve shareholders and stakeholders hope.

Corporate social responsibility is think as **a** commitment to certain company rules define under law but it is more than state laws and standards. It's that companies that operate responsibly and morally can often use their Corporate social responsibility for public relationship purposes as well. If it becomes known that a company voluntarily commits itself to a good cause, this improves their public image.

Every corporation owes obligation towards society which is known as corporate social responsibility. It is no longer a profit making unit beneficiary for owners, workers and consumers but it has a wider impact on financial institutions and society at large. Thus the meaning of CSR is two-fold. On one hand, it exhibits the ethical behavior that an organisation exhibits towards its internal and external stakeholders. On the other hand, it denotes the responsibility of an organisation towards the environment and society in which it operates[2].

The Corporate Social Responsibility term in the corporate business is exiting from the US industrial revolution in the 18th century. The modern term of Corporate Social Responsibility of corporate business is first time in published by economist ***Howard*** R. ***Bowen in there book*** *Social Responsibilities of the Businessman*. Which is also known as the father of this term in corporate business

"The term social responsibility of businessmen will be used frequently. It refers to the obligations of businessmento pursue those policies, to make those decision, or to follow those line of action which are desirable in term of the objective and value of society. This definiation does not imply that businessmes as members of society lack right to criticize the value above those of socially accepted value or place their value above those os socity"- Howarad R. Brwen1953[3]

[2] . *http://icaiejournal.org/Journal/1855_2010_12.pdf*

[3] Bowen H.R. 1953 Social responsibility of businessmen. New York Harper & Row see page 6

Various associations have developed their own definitions of CSR.

Business for Social Responsibility (BSR) 2 defines CSR as "… operating a business in a manner that meets or exceeds the ethical, legal, commercial and public expectations that society has of business. CSR is seen by leadership companies as more than a collection of discrete practices or occasional gestures, or initiatives motivated by marketing, public relations or other business benefits. Rather, it is viewed as a comprehensive set of policies, practices and programs that are integrated throughout business operations, and decision-making processes that are supported and rewarded by top management…"[4]

The World Business Council for Sustainable Development stresses, "CSR is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families, as well as of the local community and society at large...".[5]

Finally, the European Union defines CSR as "… the concept that an enterprise is accountable for its impact on all relevant stakeholders. It is the continuing commitment by business to behave fairly and responsibly and contribute to economic development while improving the quality of life of the work force and their families as well as of the local community and society at large…".[6]

William C. Frederick was also an influential contributor to the early definitions of social responsibility as he defines, "[Social responsibilities] mean that businessmen should oversee the operation of an economic system that fulfils the expectations of the public. And this means in turn that the economy's means of production should be employed in such a way that production and distribution should enhance total socio-economic welfare. Social responsibility in the final analysis implies a public posture toward society's economic and human resources and a willingness to see that those resources are used for broad social ends and not simply for the narrowly circumscribed interests of private persons and firms".[7]

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[4] See www.bsr.org

[5] This definition was developed in 1998 for the first WBCSD CSR dialogue in The Netherlands. For more see www.wbcsd.org

[6] See the EU Green Paper: Promoting a European Framework for Corporate Social Responsibility (18/07/2001) http://europa.eu.int/comm/employment_social/soc-dial/csr/greenpaper_en.pdf

[7] Frederick,W. C. (1960). The growing concern over business responsibility. *California Management Review*, *2*, 54-61.

Another major contributor to the definition of social responsibility during the 1960s was Joseph W. McGuire. In his book *Business and Society* (1963), he says "The idea of social responsibilities supposes that the corporation has not only economic and legal obligations but also certain responsibilities to society which extend beyond these obligations"[8].

The meaning and scope of corporate social responsibility is undergoing major changes.

Corporate Social Responsibility is a commitment made by corporation to behave ethically and create a balance in improvement of quality of life on one hand and economic development on the other. "Corporate Social Responsibility is used for defining the responsibilities of corporate world towards the society & environment and duties of the corporate towards the outer world".5 Media is now and then highlighting certain issues i.e. environmental damages, faulty production leading to customer's inconvenience or danger and improper treatment of workers. This holistic approach to business regards organizations as being full partners in their communities, rather than seeing them more narrowly as being primarily to make profits and serve the needs of their shareholders.[9].

Therefore a company according to the 'New Socio-Economic Thinking' is a social institution having duties and responsibilities towards the communities in which it functions. This necessarily involves re-orientation of thinking in regard to the duties and obligations of a company not only vis-à-vis the shareholders but also vis-à-vis the rest of the community affected by its operators, such as workers, consumers and the government representing the society.[10]

The EC defines CSR as "The responsibility of enterprises for their impacts on society". To completely meet their social responsibility, enterprises "should have in place a process to integrate social, environmental, ethical human rights and consumer concerns into their business operations and core strategy in close collaboration with their stakeholders"[11]

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[8] McGuire Joseph W. *Business and Society* (1963), pg 144
[9] *R. Ramachandran, "Corporate Social Responsibility and Corporate Governance: New Dimensions", Prabandhan: Indian journal of Management, Vol. 03, No. 08, August 2010, p. 25*
[10] *National Textile Workers' Union vs. P.R. Ramakrishnan and others, AIR*
[11] *http://ec.europa.eu/enterprise/policies/sustainablebusiness/corporate-social-responsibility/index_ en.htm*

According to the UNIDO "Corporate social responsibility is a management concept whereby companies integrate social and environmental concerns in their business operations and interactions with their stakeholders. CSR is generally understood as being the way through which a company achieves a balance of economic, environmental and social imperatives (Triple-Bottom-Line Approach), while at the same time addressing the expectations of shareholders and stakeholders. In this sense it is important to draw a distinction between CSR, which can be a strategic business management concept, and charity, sponsorships or philanthropy. Even though the latter can also make a valuable contribution to poverty reduction, will directly enhance the reputation of a company and strengthen its brand, the concept of CSR clearly goes beyond that."[12]

This "richness" of approaches creates confusions, among businesses, governments or consumers. Performance reporting management systems Performance standards codes of conduct governance standards/ principles assurance standards However, a closer collaboration of initiatives, addressing specific aspects of the implementation of the CSR agenda: what has to be done (codes, standards, governance principles), how to be done (management and assurance standards), and how to measure progress (reporting) on a global scale could lead to emergence of the global commonly accepted CSR framework.[13]

Core Focus of Corporate Responsibility

The three core focuses of corporate responsibility[14]as per IONOS

Corporate social responsibility is a somewhat unclear concept, and consequently there are several ways of understanding the corporate social responsibility concept. A relatively popular model is the **responsibility model** mapped out by Stefanie Hiss. She separates CSR into three core areas, which are each named according to the nature of their work:

[12] *http://www.unido.org/what-we-do/trade/csr/whatis-csr.html#pp1[g1]/0/*

[13] Based on Global Reporting Initiative's (GRI) development update presented to the World Bank Environmental Board on January 15, 2004

[14] https://www.ionos.com/startupguide/fileadmin/StartupGuide/Screenshots_2018/EN-corporate-social-responsibility.png

Corporate social responsibility can be broken into three main areas according to Hiss.

- The **internal area** of responsibility encompasses all internal strategies and processes that do not reach the public but which are essential for the **ethical orientation** of the company.
- The **middle area** of responsibility includes all of the fields that are **publicly effective** and have a direct effect on the environment and society, but which are still a normal part of the working process.
- The **external area** of responsibility is for all activities that **require action**; for instance, if a company becomes charitably active (mostly financially) and interrupts or adapts its daily work processes.

Social activities

Companies are often willing to give employees time off if they want to carry out social activities. Alternatively, paid time for charitable work is regulated in employment contracts: for example, where employees are granted half a working day per quarter for these activities. Many

Companies are therefore prepared to support and even reward the social contributions of their employees by recording these activities as working time. A business does not exist in isolation, simply as a way of making money; customers, suppliers and the local community are all affected by a business. Products, and the way they are made, have an impact on the environment. Corporate social responsibility takes all this into account and helps the business to create and maintain effective relationships with stakeholders. It is not about being right or mounting an expensive publicity exercise but it means taking a responsible attitude, going beyond the minimum legal requirements and following straightforward principles that apply whatever the size of the business. Corporate social responsibility is a function of operating a business that meets or exceeds the ethical, legal, commercial and public expectations that society has of business[15].

CSR focuses on the following six points:

- Improving business performance and strengthening sustainability of corporate
- Development under the conditions of legal and trust oriented management;
- Maintenance of a sound market economy order;
- Protecting legal rights of the employees;
- Building a harmonious and stable working relationship;
- Consolidating work safety;
- Guaranteeing employees' safety and health.

[15] Harsh Vineet Kaur and Gurvinder Kaur, "Facets of Corporate Social Responsibility in today's Era", *Prabandhan: Indian Journal of Management,* Vol. 03, No. 07, July 2010, p. 40.

The meaning and scope of corporate social responsibility is undergoing major changes. Corporate Social Responsibility is a commitment made by corporation to

behave ethically and create a balance in improvement of quality of life on one hand and economic development on the other. “Corporate Social Responsibility is used for

defining the responsibilities of corporate world towards the society & environment and duties of the corporate towards the outer world”.5 Media is now and then highlighting certain issues i.e. environmental damages, faulty production leading to customer’s inconvenience or danger and improper treatment of workers. This holistic approach to business regards organizations as being full partners in their communities, rather than seeing them more narrowly as being primarily to make profits and serve the needs of their shareholders[16].

[16] R. Ramachandran, “Corporate Social Responsibility and Corporate Governance: New Dimensions”, *Prabandhan: Indian journal of Management,* Vol. 03, No. 08, August 2010, p. 25.

BENEFITS OF CSR

The benefits of CSR to businesses vary depending on the nature of the enterprise and are difficult to quantify, though there is a large body of literature exhorting businesses to adopt measures beyond financial ones. However, businesses may not be looking at short run financial returns when developing their CSR strategy. Why the corporates should be held responsible.[17]

For social welfare, the answer to this question lies within the environment which is being created for the corporates to function. When the society is giving full support to the corporates by relying on the products, buying and consuming them, investing into the capital of the business, the corporates as part of their moral duty, should not only safeguard the interests of its stakeholders but should also take initiatives in creating, contributing and promoting social welfare.

The study of corporate governance and corporate social responsibility in taking forward the nation, societies into advanced nations, it is submitted, will aid the corporate realisation of the angularities and pressures Indian corporates will bear in discharging the new burdens that are coming their way[18].

Corporate governance and corporate responsibility are not static concepts. They are extremely dynamic. Especially in the era where sustainable inclusive growth, environmental protection, safeguarding of biodiversity, and human development has emerged as challenges, corporate social responsibility will have to be interwoven into corporate vision. Legal initiatives like independent directors on corporates boards, strengthening the takeover codes, rotation of auditors, legalizing of accounting and auditing standards, and restrictions on managerial remuneration have all been tried and tried again in various jurisdictions. Natural trust, shareholder activism, social pressure groups, corporate democracy, competition regulation, et al have also existed as contours of corporate governance and corporate responsibility. But no single formula, measure or system can beat the unbeatable voluntarism

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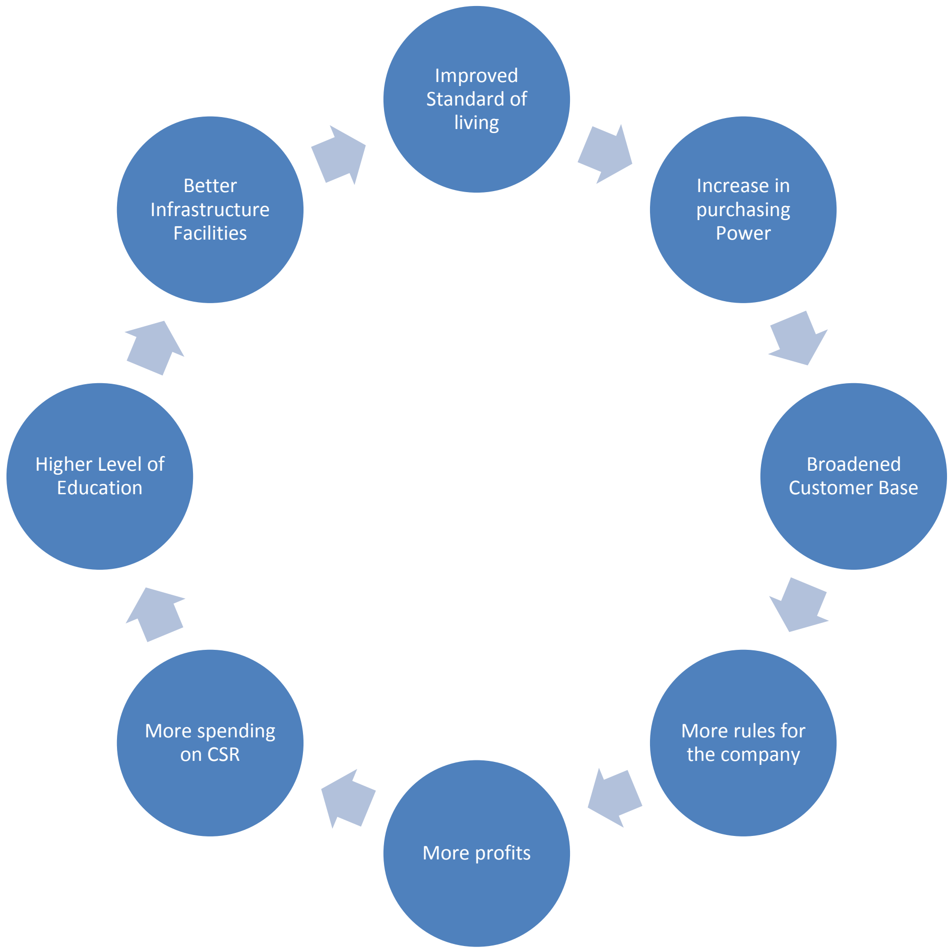
[17] D.K. Ahuja, "Corporate Governance: A Ladder to Corporate Social Responsibility", *Indian Management Studies Journal*, Vol. 11, No. 08, December 2007, p. 204.

[18] Balwant Kulkarni, "Corporate Governance and CSR - Only Self Guidance can up the Pedestal", *The Chartered Secretary*, Vol. 40, No. 12, December 2010, p. 1757

on the part of corporates and the people. It can create new cultural ethos that will be visionary and futuristic. Self guidance within and among the corporates can alone enable corporate governance and CSR to raise the standards.

The basic objective underlying CSR20[19] is maximization of societal benefits from business and whereby organizations consider the interests of society by taking responsibility for the impact of their activities on customers, employees, shareholders, communities and the environment in all spheres of their operations.



<u>Corporate Social Responsibility</u>

[19] Ramachandran, "Corporate Social Responsibility and Corporate Governance: New Dimensions", *Prabandhan: Indian Journal of Management*, Vol. 03, No. 08, August 2010, p. 32.

Corporate governance should not and cannot solely be a matter for the government and regulators. No matter how ample the rules and regulations are, ultimately, they are only as good as those who implement them. Directors, shareholders and professional advisers all have an important role to play in the corporate governance regime.

The young viewers can continue to take an active interest in promoting and nurturing a culture of vigorous corporate governance. Instead of collective criticism of corporate mis-governance, constructive criticism should be persisted, which will help to reform business attitudes and improve accountability and transparency.

Finally it will help to make businessmen more sensitive to shareholder needs rather than pushing down the stock market. The social responsibility and governance should be the two pillars which shoulder the terrace of the building for which to run the organization economically vibrant, financially viable and feasible, eco-friendly for its prolonged walk in the tussle of the business boat.

Corporate Social Responsibility is no panacea that will cure the society of all its ills. It is a welcome development that needs to be encouraged and supported.

Another key focus is the economic efficiency view, through which the corporate governance system should aim to optimize economic results, with a robust emphasis on shareholders welfare. The big example of such a company can be of Deepak Fertilizers and Petrochemicals Corporation Limited[20]

Corporate Social Responsibility it is not a new concept in India, but in the company act it introduces in The Companies Act, 2013 by the Ministry of Corporate Affairs, Government of India under Section 135 and also in the Companies (Corporate Social Responsibility Policy) Rules, 2014 which also known as “ “Corporate Social Responsibility Rules" which is effective from 1st April 2014

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[20] http://www.dfpcl.com/dfpcl/awards-recognition.asp visited on 10.4.16 at 3:00 PM.

The Companies Act, 2013 Section **135.**

Corporate Social Responsibility

(*1*) Every company having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during any financial year shall constitute a Corporate Social Responsibility Committee of the Board consisting of three or more directors, out of which at least one director shall be an independent director.

(*2*) The Board's report under sub-section (*3*) of section 134 shall disclose the composition of the Corporate Social Responsibility Committee.

(*3*) The Corporate Social Responsibility Committee shall,—

(*a*) formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII;

(*b*) recommend the amount of expenditure to be incurred on the activities referredto in clause (*a*); and

(*c*) monitor the Corporate Social Responsibility Policy of the company from time to time.

(*4*) The Board of every company referred to in sub-section (*1*) shall,—

(*a*) after taking into account the recommendations made by the Corporate Social Responsibility Committee, approve the Corporate Social Responsibility Policy for the company and disclose contents of such Policy in its report and also place it on the company's website, if any, in such manner as may be prescribed; and

(*b*) ensure that the activities as are included in Corporate Social Responsibility Policy of the company are undertaken by the company.

(*5*) The Board of every company referred to in sub-section (*1*), shall ensure that the company spends, in every financial year, at least two per cent. of the average net profits of the company made during the three immediately preceding financial years, in pursuance of its Corporate Social Responsibility Policy:

Provided that the company shall give preference to the local area and areas around it where it operates, for spending the amount earmarked for Corporate Social Responsibility activities:

Provided further that if the company fails to spend such amount, the Board shall, in its report made under clause (*o*) of sub-section (*3*) of section 134, specify the reasons for not spending the amount.

Explanation.—For the purposes of this section "average net profit" shall be calculated in accordance with the provisions of section 198.

India become the first country in the world implies "corporate social responsibility activities mandatory to corporate under The Companies Act 2013 by the amendment in the April 2014. The corporate business can invest their profit in different area as "Corporate Social Responsibility compliance. Previously Corporate Social Responsibility activities not compulsory it is voluntary for companies.

History and Development of CSR

The development and evaluation of CSR are in five phase of these are

- Vedic Period
- Kautilya period
- Middle Ages Period
- Development of CSR in Industrilisation Phase
    - In 17TH Century
    - In 18th century
    - In The late 1800's and early 1900's
    - In The 1920's and 1950's
- Evaluation of Modern concept of CSR After 1953
    - The 1970's: CSR and management
    - The 1980's: the operationalization of CSR
    - The 1990's: globalization and
    - CSR2000's: recognition and implementation of CSR

Vedic Period

The concept of CSR is not new in India. The concept can be traced back to vedic times immemorial, Ved say - Human can live individually but can survive only collectively. Hence the challenge is to form a progressive community by balancing the interests of individuals and that of the society. To meet this, we need to develop a value system where people accept modest sacrifices for the common good.

A value system is the protocol for behavior that enhances the trust, confidence and commitment of members of the community. It goes beyond the domain of legality. It includes putting the community interests ahead of our own. Thus our collective survival and progress is predicated on sound values.

Kautilya period

Kautilya emphasized on ethical practices and principles while conducting business. In that period, Kings had an obligation towards society and merchants displayed their own business responsibility by building places of worship, education and various forms to charity for the needy. Although the core function of business was to create wealth for society and was based on an economic structure, the business community with their rulers believed in the philosophy of "Sarva loka hitam" which means ‘‘the well-being of all stakeholders".

Indian Scriptures have at several places mentioned the importance of sharing one's earning with the deprived sections of society. There are different ways through which a firm can exert positive social change in society and collaborate with partners who have the explicit power to trigger such change. Vedas suggest that peace, order, security and justice were regarded as the fundamental aims of the state. Welfare of the public was clearly regarded as the chief aim of the state. Literature on politics describes the promotion of dharma (moral law), karma (pleasure) andartha (wealth)

Middle Ages Period

The origins of the social component in corporate behavior can be traced back to the ancient Roman Laws and can be seen in entities such as asylums, homes for the poor and old, hospitals and orphanages. This notion of corporations as social enterprises was carried on with the English Law during the Middle Ages in academic, municipal and religious institutions.

Development of CSR in Industrilisation Phase

In Ancient Rome senators grumbled about the failure of businesses to contribute sufficient taxes to fund their military campaigns, while in 1622 disgruntled shareholders in the Dutch

East India Company started issuing pamphlets complaining about management secrecy and "self enrichment"[21]

Later, it expanded into the sixteenth and seventeenth centuries with the influence of the English Crown, which saw corporations as an instrument for social development [22].

In 17TH Century

Corporate Social Responsibility has been defined and conceptualized in several ways during the past four centuries following a process of analysis, debate and scholarly confrontation around the theme. In the present section, the evolution of the CSR in academic research is traced in order to provide a basis for a better understanding of the subsequent discussion. The concept of CSR is not new and found its origin in ancient Mesopotamia around 1700 BC, King Hammurabi introduced a code in which builders, innkeepers or farmers were put to death if their negligence caused the deaths of others, or major inconvenience to local citizens.

In the following centuries, with the expansion of the English Empire and the conquering of new lands, the English Crown exported its corporate law to its American colonies where corporations played a social function to a certain extent

In 1790 there was a first large-scale consumer boycott in England which finally forced importers to adopt free labour sourcing. Within a few years more than 3,00,000 Britons were boycotting sugar, the major product of the British West Indian slave plantations. Nearly 400,000 signed petitions to Parliament demanding an end to the slave trade and in 1792, the House of Commons became the first national legislative body in the world to vote to end the slave trade[23].

In 18th century

In the 18th century a Scottish philosopher and economist named Adam Smith wrote numerous articles on social responsibility, his magnum opus being "An Enquiry into the

[21] Narasimhan, R. (2006), "Practicing the principles", CSR Bulletin for the ICT Sector Volume 1, Issue 2, pp 2.
[22] Chaffee, E. C. (2017). The origins of corporate social responsibility. *University of Cincinnati Law Review, 85*, 347–373.
[23] http://www.nytimes.com/2005/01/17/opinion/17 hochschild.html?page wanted=print&position=&_r=0.

Nature and Causes of The Wealth of Nations" in which he expressed that the needs and desire of the society could best be met by the free interaction of individuals and organizations in the marketplace. However, he also recognized that marketplace participants must act honestly[24].

Recognizing this concept the roots of Corporate Social Responsibility can be found in the actual business practices of successful companies in the eighteenth century, Cadbury chocolate makers family introduced a social responsibility practice for the benefit of its workforce which includes scientifically managed with analytical laboratories, medical department, pension fund education and employee training[25].

The late 1800's and early 1900's

During the late 1800's and early 1900's, the creation of welfare schemes took a paternalistic approach aimed at protecting and retaining employees and some companies even looked into improving their quality of life)[26], there were clear examples that reflected the social sensitivity of businessmen, such as the case of Macy's in the USA, which in 1875 contributed funds to an orphan asylum and by 1887 labeled their charity donations as Miscellaneous Expenses within their accounting books, and the case of Pullman Palace Car Company which created a model industrial community in 1893 with the aim of improving the quality of life of its employees.

Also during this period, there was a growing level of urbanization and industrialization marked by large-scale production. This brought new concerns to the labor market such as: new challenges for farmers and small's corporations to keep up with the new interdependent economy, the creation of unions of workers looking for better working conditions, and a middle class worried for the loss of religious and family values in the new industrial society[27]. As a response to these new challenges, and with the aim of finding harmony between the industry and the working force, some business leaders created organizations for

[24] Arthaud-Day, M. L. (2005), "Transnational Corporate Social Responsibility: A Tri-Dimensional Approach to International CSR Research", Business Ethics Quarterly 15 (2005), pp 1–22
[25] . Frank, F.D., Finnegan, R.P., Taylor, C.R. (2004), "The race for talent: retaining and engaging workers in the 21st century", Human Resource Planning, Vol. 27, issue 3, p.12
[26] Carroll, A. B. (2008). A history of corporate social responsibility: concepts and practices. In A. M. Andrew Crane, D. Matten, J. Moon, & D. Siegel (Eds.), *The Oxford handbook of corporate social responsibility* (pp. 19–46). New York: Oxford University Press.
[27] Heald, M. (1970). *The social responsibilities of business: company and community 1900–1960*. United States of America: Pr. of Case Western Reserve Univ

the promotion of values and improvement of the working conditions. Such was the case of the Civic Federation of Chicago, an organization created to promote better working conditions and where religious values merged with economic objectives with a sense of civic pride[28].

By the early 19th Century industrialization began and new technology lead to creation of jobs and improved living standards, it also impacted the business, society, and environment. Businesses flourished and industrialists in Europe and the USA amassed huge fortunes. However few of these wealthy new industrialists were concerned about the wellbeing of their employees, society and the environment. In 1906 since the founding of Kellogg Company shows how a modern company participated in CSR for over a hundred years, it has been conscious of its social responsibility. Broad areas of company‟s CSR activities include protecting the environment, selling nutritious products and advocating healthy lifestyles, ensuring a safe and healthy workforce. The company understands that its Social responsibility extends to the quality of its products, and states that Kellogg is a company on which its customer can rely for great tasting and high quality food[29].

The 1920's and 1950's,

Till 1920s very few large companies such as Cadbury and Kellogg‟s had started the concept of social responsibility and in 1929, the Dean of Harvard Business School, Wallace B. Donham, focusing on the issue and commented within an address delivered at North Western University[30]"Business started long centuries before the dawn of history, but business as we now know it is new - new in its broadening scope, new in its social significance. Business has not learned how to handle these changes, nor does it recognize the magnitude of its responsibilities for the future of civilization."

By the start of the 20th century, powerful corporations suffered a backlash against their widespread exploitation. Labour unions were formed, giving a voice to the workers, and

[28] Heald, M. (1970). *The social responsibilities of business: company and community 1900–1960*. United States of America: Pr. of Case Western Reserve Univ

[29] Asongu, J. J., (2007), "The History of Corporate Social Responsibility", Journal of Business and Public Policy, Vol. 1, Issue 2, pp 1-18.

[30] . Ghiga, O., (2006), "Integrating Sustainable Development and Corporate social responsibility" Romanian Economic Journal, 2006, Vol. 9, Issue 21, pp 57-63.

governments began to assume more responsibility for welfare and infrastructure, gradually introducing anti-trust legislation[31].

Business managers begun assuming the responsibility of balancing the maximization of profits with creating and maintaining an equilibrium with the demands of their clients, their labor force, and the community[32]. This led to managers being viewed as trustees for the different set of external relations with the company, which in turn translated into social and economic responsibilities being adopted by corporations[33].

Later, with the growth of business during World War II and the 1940's, companies begun to be seen as institutions with social responsibilities and a broader discussion of such responsibilities began taking place[34].Some early examples of the debate of the social responsibilities of corporations can be found in *The Functions of the Executive* by Barnard[35] and the *Social Control of Business* by Clark[36].

Evaluation Modern CSR Concept After 1953

It was not until the early 1950's that the notion of specifically defining *what* those responsibilities were was first addressed in the literature and can be understood as the beginning of the modern definitional construct of Corporate Social Responsibility. In fact, it was during the 1950's and 1960's that the academic research and theoretical focus of CSR concentrated on the social level of analysis[37] providing it with practical implications.

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[31] Broomhill, R. (2007), "Corporate social responsibility: Key issues and debates", Dunstan papers, retrieved on dated: 15 May, 2012 from http://firgoa.usc.es/drupal/files/Ray_Broomhill.pdf
[32] Carroll, A. B. (2008). A history of corporate social responsibility: concepts and practices. In A. M. Andrew Crane, D. Matten, J. Moon, & D. Siegel (Eds.), *The Oxford handbook of corporate social responsibility* (pp. 19–46). New York: Oxford University Press.
[33] Carroll, A. B. (2008). A history of corporate social responsibility: concepts and practices. In A. M. Andrew Crane, D. Matten, J. Moon, & D. Siegel (Eds.), *The Oxford handbook of corporate social responsibility* (pp. 19–46). New York: Oxford University Press.
[34] Heald, M. (1970). *The social responsibilities of business: company and community 1900–1960*. United States of America: Pr. of Case Western Reserve Univ.
[35] Barnard, C. I. (1938). *The functions of the executive*. Cambridge: Harvard University Press.
[36] Clark, J. M. (1939). *Social control of business* (2nd ed.). United States of America: Augustus M Kelley Pubs.
[37] Lee, M.-D. P. (2008). A review of the theories of corporate social responsibility: Its evolutionary path and the road ahead. *International Journal of Management Reviews*, *10*(1), 53–73.

In the 1950s, emerging „consumer power" saw companies start taking a new interest in the social and human aspects of their markets – it was at about this time scientists and environmentalists started noticing some worrying changes to the environment.

Historians of Corporate Social Responsibility generally agree that the concept emerged in the 1930s and 1940s, but it formalized in 1953 with the publication of a book by Howard Bowen (Asian News International, 2010; CSR Report, 2010) who attempted to define CSR as „Social Responsibility of Businessman" and posed the question „what responsibility to society can business people be reasonably expected to assume?"[38]

As a result of his belief, Bowen (1953) set forth the idea of defining a specific set of principles for corporations to fulfill their social responsibilities. For him, the *businessman*'s decisions and actions affect their stakeholders, employees, and customers having a direct impact on the quality of life of society as a whole[39]. With this in mind, Bowen defined the *social responsibilities* of business executives as "the obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society".[40] As Carroll explains, it seems that Bowen was ahead of his time for his new approach to management which aimed at improving the business response to its social impact and by his contributions to the definition of corporate social responsibility. Furthermore, the relevance of Bowen's approach relies on the fact that this was the first academic work focused specifically on the doctrine of social responsibility, making Bowen the "Father of Corporate Social Responsibility".

The late 1950s and 1960s saw a shift in attitudes towards government and business, numerous legislations were enacted to regulate the conduct of businesses and to protect employees and consumers. Moreover, an increasing number of consumer protests led to the creation of the consumer rights movement that directly challenged corporate power.

After Bowen, other authors were concerned with corporate behavior and its response to the social context of the time. For example, in the book *Corporation Giving in a Free*

[38] Bowen, H.R. (1953), "Social Responsibilities of the Businessman"
[39] http://www.corporatewatch.org

[40] Bowen, H.R. (1953), "Social Responsibilities of the Businessman" pg 6

Society published in 1956[41], argued that the large corporations of the time were not living up to their responsibility in a time of generalized inflation. In a similar way, with the book *A moral philosophy for management* published in 1959, explored the evolution of the moral responsibility of corporations as a response to the labor expectations of the time.

These early explorations of CSR as a definitional construct, along with the social context of the time, gave way to a growing interest of scholars to define what CSR was and what it meant. Naturally, it is understandable that the interest in CSR during 1960's was influenced by growing awareness in society and social movements of the time. However, it is necessary to point out that the effect of this growing interest was perhaps more visible in the USA, which is why some examples of the following sections might seem to center on this particular country.

Some of society's main concerns during this period revolved around rapid population growth, pollution, and resource depletion and were accompanied with social movements with respect to the environment and human and labor rights.

At the same time, books such as *The Silent Spring* by Carson (1962) and *The Population Bomb* by Ehrlich (1968) begun raising questions with regards to the limits of economic growth and the impact that society and corporations were having on the environment.

During the 1960's there was also a new social context marked by a growing protest culture that revolved mainly around civil rights and anti-war protests. In the case of the USA, the protests transformed from being student-led sit-ins, walk-outs and rallies, to more radical political activism which, in most cases, saw business corporations as an integral part of the "establishment" they wanted to change. These protests put pressure on companies that, in the protestors' view, represented the "establishment" (i.e. banks and financial institutions as well large scale corporations) but had a strong focus on those with direct links to war. An example is the case of the Dow Chemical Company which produced napalm used in the Vietnam War and as a result faced constant protests and accusations.

[41] Eells, R. S. F. (1956). *Corporation giving in a free society*. New York: Harpe

Accordingly, during the 1960's scholars approached CSR as a response to the problems and desires of the new modern society. A notable example of this period was Keith Davis, who explained that the important social, economic and political changes taking place represented a pressure for businessmen to re-examine their role in society and their social responsibility. Davis argued that businessmen have a relevant obligation towards society in terms of economic and human values, and asserted that, to a certain extent, social responsibility could be linked to economic returns for the firm. The significance of Davis' ideas is that he indicated that the "social responsibilities of businessmen need to be commensurate with their social power"[42]and that the avoidance of such would lead to a decrease of the firm's social power.

Other influential contributors of the time were Frederick, McGuire and Walton . Frederick saw the first half of the twentieth century as an intellectual and institutional transformation that changed the economic and social thinking and brought with it an increased economic power to large scale corporations.

To balance the growing power of businessmen, Frederick proposed a new theory of business responsibility based on five requirements:

1) To have a criteria of value (in this case for economic production and distribution),
2) To be based on the latest concepts of management and administration,
3) To acknowledge the historical and cultural traditions behind the current social context,
4) To recognize that the behavior of an individual businessmen is a function of its role within society and its social context, and,
5) To recognize that responsible business behavior does not happen automatically but on the contrary,

It is the result of deliberate and conscious efforts; then McGuire, who reviewed the development of business institutions and observed changes in the scale and type of corporations, changes in public policies, and regulatory controls for businesses as well as changes in the social and economic conditions of the time. As a response to these changes, McGuire, argued that the firm's responsibility goes beyond its legal and economic

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[42] Davis, K. (1960). Can business afford to ignore social responsibilities? *California Management Review, 2*(3), 71.

obligations, and that corporations should take an interest in politics, the social welfare of the community, and the education and happiness of its employees; and Walton, who explored the ideological changes taking place during the 1950's and 60's which were reflected in public policies, some of which saw corporations as potential contributors to the improvement of the social and economic conditions of the time. Accordingly, he provided a definition of social responsibility with which he acknowledged the relevance of the relationship between corporations and society.

It is relevant to point out that even when some scholars begun applying a wider scope to the social responsibilities of corporations, there were others who were skeptical of the notion of CSR. Notably, Milton Friedman, a renowned economist and later a Nobel laurate in economics, gave in 1962 a particular perspective of the role of corporations in a free capitalist system in which firms should limit to the pursuit of economic benefits[43]. Friedman would further explore this notion in the article *The Social Responsibility of Business is to Increase its Profits* published in which he sees CSR activities as an inappropriate use of company's resources that would result in the unjustifiable spending of money for the general social interest.

Even when the social context of the 1960's was, to some extent, reflected in the academic approach to CSR, its practical implementation remained mostly with a philanthropic character. Nonetheless, by the end of the decade the overall social context was reflected in the form of a strong pressure on corporations to behave according to the social expectations of the time, most of which were vividly expressed in protests and environmental and antiwar campaigns[44]

The 1970's: CSR and management

The antiwar sentiment, the overall social context, and a growing sense of awareness in society during the late 1960's translated into a low level of confidence in business to fulfill the needs and wants of the public. In fact, the low level of confidence in the business sector

[43]Friedman, A. L., & Miles, S. (2002). Developing stakeholder theory. *Journal of management studies*, *39*(1).
[44] Waterhouse, B. C. (2017). The personal, the political and the profitable: Business and protest culture, 1960s-1980s. *Financial History, Spring, 2017*

reached a significant point when in 1969 a major oil spill in the coast of Santa Barbara, California led to massive protests across the USA and eventually resulted in the creation of the first Earth Day celebrated in 1970. During the first Earth Day, 20 million people across the USA joined protests to demand a clean and sustainable environment and to fight against pollution, which was caused mainly by corporations (e.g. oil spills, toxic dumps, polluting factories and power plants)[45]. The first Earth Day influenced the political agenda of the USA in such a significant manner that it played a role in pushing forward the creation of the Environmental Protection Agency (EPA) by the end of 1970and translated into a new regulatory framework that would later influence corporate behavior and create additional responsibilities for corporations.

It is equally important to mention that in the year 1970 there was a recession in the USA that was marked by a high inflation and very low growth followed by a long energy crisis As a response to this context, and as a result of the social movements of the 1960's and early 1970's, the federal government of the USA made significant advances with regards to social and environmental regulations. The most notable examples were the creation of the EPA, the Consumer Product Safety Commission (CPSC), the Equal Employment Opportunity Commission (EEOC) and the Occupational Safety and Health Administration (OSHA), all of which addressed and formalized to some extent, the responsibilities of businesses with regards to the social concerns of the time.

Similarly, two relevant contributions from the early 1970's that responded to the social expectations of the time came from the Committee for Economic Development (CED) of the USA, first with the publication of *A New Rationale for Corporate Social Policy* which explored to what extent it is justified for corporations to get involved in social problems and then with the publication of the *Social Responsibilities of Business Corporations* which explored the new expectations that society begun placing on the business sector (Committee for Economic Development 1971). These publications are of relevance because they advanced the public debate around CSR by acknowledging that "business functions by public consent, and its basic purpose is to serve constructively the needs of society – to the satisfaction of society"

[45] The history of earth day. https://www.earthday.org/about/the-history-of-earth-day/

The unrestricted use of the term *Corporate Social Responsibility* during the 1970's created an uncertainty with regards to its definition. This lasted until 1979, when Carroll proposed what is arguably the first unified definition of Corporate Social Responsibility stating that: "The social responsibility of business encompasses the economic, legal, ethical, and discretionary expectations that society has of organizations at a given point in time"[46].

Even when Carroll's approach to social responsibility corresponded to the discussion on corporate behavior of the time, and was mainly driven by the social movements of the 1960's and the new legislations in the USA, its relevance relies on the fact that his definition builds on from the work of other scholars (including the CED) to provide a clear and concise conceptualization that could be applicable under any context, which was not the case of previous definitions of CSR. Another relevant contribution of Carroll's understanding of CSR is that it does not see the economic and social objectives as incompatible trade-offs but rather as an integral part of the business framework of total social responsibility.

During the 1970's, the understanding of CSR was influenced by social movements and new legislations. This was reflected in the academic publications which provided companies with an approach that looked into how to comply with the new responsibilities that have been given to them by the new legislations that now covered environmental aspects as well as product safety, and labor rights. This gave way to the 1980's where the discussion revolved on the ways for implementing CSR.

The 1980's: the operationalization of CSR

During the 1970's, there were a growing number of legislations that attended the social concerns of the time and gave a broader set of responsibilities to corporations. By contrast, during the 1980's the Reagan and Thatcher administrations brought a new line of thought into politics with a strong focus on reducing the pressure on corporations and aiming to reduce the high levels of inflation that the USA and the United Kingdom (UK) were. For Reagan and Thatcher, the growth and strength of the economies of their countries depended on their ability to maintain a free market environment with as little as possible state intervention .To

[46] Carroll, A. B. (1979). A three-dimensional conceptual model of corporate performance. *Academy of management review*, *4*(4), 500

do so, Reagan's main economic goals focused on reducing the regulations on the private sector complemented with tax reductions.

With governments reducing their role in regulating corporate behavior, managers were faced with a need to answer to different interest groups that still expected corporations to fulfill the social expectations of the time. Notably, the reduced regulatory framework led scholars to look into business ethics and the operationalization of CSR as a response to groups such as shareholders, employees and consumers, and the term *stakeholder* became common.

In 1980, Thomas M. Jones was arguably the first author to consider CSR as a *decision making process* that influence corporate behavior. Jones' contribution gave way to a new area of debate around CSR which focused more on its operationalization than on the concept itself. This translated into the creation of new frameworks, models, and methods aimed at evaluating CSR from an operational perspective. Some notable examples of the 1980's came from Tuzzolino and Armandi who presented a need-hierarchy framework through which the company's socially responsible performance can be assessed based on five criteria (profitability, organizational safety, affiliation and industry context, market position and competitiveness, and self-actualization); Strand, who proposed a systems model to represent the link between an organization and its social responsibility, responsiveness and responses and who identified internal and external effects of company's behavior; Cochran and Wood who used the combined Moskowitz list, a reputation index, to explore the relation between CSR and financial performance; and Wartick and Cochran who reorganized Carroll's understanding of CSR into a framework of principles, processes, and social policies.

Perhaps the best way to understand the operationalization approach to CSR during the 1980's is by keeping in mind that during this time there were new societal concerns. Notably, these concerns can be observed in a series of events that reflected the approach of the international community towards sustainable development and to a certain extent, to corporate behavior. The most relevant include: the creation of the European Commission's Environment Directorate-General (1981), the establishment of the World Commission on Environment and Development chaired by the Norwegian Prime Minister Gro Harlem Brundtland (1983), the Chernobyl nuclear disaster(1986), the publication of the report *Our Common Future* presented by the Brundtland Commission which provided a definition of sustainable development (1987), the United Nations (UN) adoption of the Montreal Protocol (1987), and the creation of the Intergovernmental Panel on Climate Change (IPCC) (1988).

The 1990's: globalization and CSR

During the 1990's, significant international events influenced the international perspective towards social responsibility and the approach to sustainable development. The most relevant include: the creation of the European Environment Agency (1990),

The UN summit on the Environment and Development held in Rio de Janeiro which led to the Rio Declaration on Environment and Development, the adoption of Agenda 21 and the United Nations Framework Convention on Climate Change (UNFCCC) (1992), and the adoption of the Kyoto Protocol (1997). The creation of these international bodies and the adoption of international agreements represented international efforts for setting higher standards with regards to climate-related issues and, indirectly to corporate behaviour.

The 1990's were no exception to the growing interest in CSR, and in fact, it was during this decade that the concept gained international appeal, perhaps as the result of the international approach to sustainable development of the time in combination to the globalization process taking place. As Carroll explained, during the 1990's the globalization process increased the operations of multinational corporations which now faced diverse business environments abroad, some of them with weak regulatory frameworks. For these global corporations it meant new opportunities that came along with a rising global competition for new markets, an increased reputational risk due to a growth in global visibility, and conflicting pressures, demands, and expectations from the home and the host countries.

Many multinational corporations understood that being socially responsible had the potential to be a safe pathway to balance the challenges and opportunities of the globalization process they were experiencing and as a result, the institutionalization of CSR became stronger. The most notable example of the institutionalization of CSR was the foundation in 1992 of the association Business for Social Responsibility (BSR) which initially included 51 companies with the vision of a becoming a "force for positive social change - a force that would preserve and restore natural resources, ensure human dignity and fairness, and operate transparently”[47].

The European Commission (EC) also played a relevant role in encouraging the implementation of CSR and begun promoting it as early as 1995 when 20 business leaders adopted the European Business Declaration against Social Exclusion in response to the EC’s call to combat social exclusion and unemployment[48]. This resulted 1 year later, in the launch of the European Business Network for Social Cohesion (later renamed CSR Europe) which gathered business leaders with the aim of enhancing CSR within their organizations.

2000’s: Recognition and Implementation of CSR

The decade of the 2000’s is divided in two sections due to the amount of relevant events around CSR. The first section is focused on the recognition and expansion of CSR and its implementation, while the second section is focused on the strategic approach to CSR provided by the academic publications of the time.

The debate around CSR has been brought forward several times by public figures. Such was the case of President Reagan who, with the aim of stimulating the economy and generating economic growth in the 1980’s, called upon the private sector for more responsible business practices and emphasized that corporations should take a leading role in social responsibility

During the 1990’s, it was President Clinton who brought the attention towards the notion of corporate citizenship and social responsibility with the creation of the Ron Brown Corporate Citizenship Award for companies that were *good corporate citizens*.

However, it was not until 1999 that CSR gained global attention with the landmark speech of then Secretary General of the United Nations, Kofi Annan, who at the World Economic Forum said: “I propose that you, the business leaders gathered in Davos, and we, the United Nations, initiate a global compact of shared values and principles, which will give a human face to the global market”[49]. As a result, the United Nations Global Compact (UNGC) was

[47] https://www.bsr.org/en/about/story
[48] https://www.csreurope.org/history.
[49] http://globalcompact15.org/report/part-i/un-history-a-giant-opens-up

launched on July 2000 gathering 44 global companies, 6 business associations, and 2 labor and 12 civil society organizations. Notably, the idea behind the creation of the UNGC was to create an instrument that would fill the gaps in governance of the time in terms of human rights and social and environmental issues and to insert universal values into the markets[50].

Perhaps the most notable achievement of the UNGC was the definition of ten principles that guide the corporate behavior of its members, who are expected to incorporate them into their strategies, policies and procedures with the aim of creating a corporate culture of integrity with long term aims.

Even when the UNGC was never directly linked to CSR, it can be understood that the ten principles, with their focus on human rights, labor, environment, and anti-corruption, brought the global attention towards social responsibility.

It was also in the year 2000 when the United Nations adopted the Millennium Declaration with its eight Millennium Development Goals (MDGs) and set the international agenda for the following 15 years. Even when the MDGs and the debate around them was not directly linked to CSR, the United Nations Development Program (UNDP) pointed it out as a framework for the UN – private sector cooperation with the aim of achieving its goals and as

In 2011, the EC published the renewed European Union (EU) strategy for CSR for the years 2011–2014 followed by a public consultation in 2014 with regards to its achievements, shortcomings, and future challenges. The 2014 consultation showed that 83% of the respondents believed that the EC should continue engaging in CSR policy and 80% thought that CSR played an important role for the sustainability of the EU economy (European Commission 2014a). In 2015, the EC held a multi-stakeholder forum on CSR which concluded that the Commission should continue to play an important role in the promotion of CSR and help embed social responsibility into company's[51].

In 2015, CSR Europe launched the Enterprise 2020 Manifesto which aimed to set the direction of businesses in Europe and play a leading role in developing an inclusive

[50] UN History - A giant opens up. http://globalcompact15.org/report/part-i/un-history-a-giant-opens-up.
[51] European Commission. (2015). *EU multi stakeholder forum on corporate social responsibility (Ares(2015)580495)*. Brussels: E. Commission.

sustainable economy[52] and can be understood as a response to the EU Strategy on CSR as well as to the United Nations Sustainable Development Goals.

The Manifesto is perhaps the most relevant contribution from CSR Europe in the second half of the 2010's mainly because it has a strategic approach that aims to ensure value creation for its stakeholders through the 10,000 companies reached through its network.

The Manifesto focuses on the generation of value on five key areas:

1) Societal impact through the promotion of responsible and sustainable business practices;

2) Membership engagement and satisfaction which is meant to guarantee the continuity in the work of CSR Europe to achieve its mission and societal impact;

3) Financial stability;

4) Employee engagement focused on the investment of individual development as well as organizational capacity, and;

5) Environmental impact assessment to determine areas of improvement.

The global recognition of CSR has also been influenced by international certifications designed to address social responsibility.

Such is the case of the ISO 26000 which history can be traced to 2002 when the Committee on Consumer Policy of the International Organization for Standardization (ISO) proposed the creation of CSR guidelines to complement the quality and environmental management standards (ISO 9001 and ISO 14001)[53].

The development of the ISO 26000 is of relevance for the CSR movement not only because it serves as a guideline for the way in which businesses can operate in a socially responsible way, but more so because it was developed by 450 experts of 99 countries and 40

52 CSR Europe. (2016). CSR Europe report 2016.Return
53 History of ISO 26000. http://iso26000.info/history/.

international organizations and so far it has been adopted by more than 80 countries as a guideline for national standards[54].

The year 2015 can be considered as the most relevant in the decade because the 15 years to follow after it will be marked by the Paris Agreement, the launch of the 2030 Agenda for Sustainable Development, and the adoption of seventeen Sustainable Development Goals (SDGs) which represent a "shared vision of humanity and a social contract between the world's leaders and the people"[55].

Even when the SDGs do not represent any commitments for the private sector, the countries that adopt them will have to create specific policies and regulations that will translate into pressure for firms to implement new business practices or to improve their current ones. This is particularly relevant considering that the SDGs cover a wide range of areas, from climate change to the eradication poverty and hunger, as well as the fostering of innovation and sustainable consumption. Beyond that, the SDGs are interconnected, which means that addressing one particular goal can involve tackling issues of another one[56].

This context presents an opportunity for CSR and SCSR to continue growing in terms of conceptualization and implementation, mainly because businesses can adopt it as a strategic framework with the objective of creating shared value (see: Chandler 2016). The expansion is particularly notable within the academic literature where it is possible to see that since 2010 the number of academic publications around CSR has increased considerably (see Table 1). As can be seen in Table 1, in the case of Science Direct, the publications more than doubled from 1097 in the year 2010 to 2845 in 2017 (2.59 times) while in Web of Science they almost quadrupled passing from 479 to 1816 in the same years (3.79 times). In the case of ProQuest.

[54] ISO 26000 - social responsibility. https://www.iso.org/iso-26000-social-responsibility.html.
[55] https://sustainabledevelopment.un.org/?page=view&nr=1021&type=230&menu=2059
[56] http://www.undp.org/content/undp/en/home/sustainable-development-goals.html.

DEVELOPMENTS ON CORPORATE SOCIAL RESPONSIBILITY IN INDIA[57]

• The UN Conference on Human Environment and Development held at Stockholm and 'Stockholm Declaration on the Human Environment' 1972 was the first major UN Conference on the environment. It is widely recognized as the beginning of modern political and public awareness of global environmental problems.

It brought Countries together in proclaiming that the preservation of the environment is essential to the continued enjoyment of life itself. The Declaration contains 26 principles concerning the environment and development; an Action Plan with 109 recommendations, and a Resolution.

• 42nd amendment to the Constitution of India incorporated Article 48-A and Article 51-A in the Constitution. According to Article 48-A (Directive Principles of State) the states are under the 'active obligation' to make all endeavour to protect and improve the environment. It provides that "The State shall endeavour to protect and improve the environment and to safeguard the forests and wild life of the country". On the other hand according to Article 51-A(g) (Fundamental Duties of citizen of India) it is the duty of every citizen of India to protect and improve the environment.

• After the 1972 proclamation there were several legislations introduced for protection of environment and planet which includes Water (Prevention and Control of Pollution) Act, 1974 ; Air (Prevention and Control of Pollution) Act, 1981;Environment Protection Act, 1986;The Public Liability Insurance Act, 1991; The National Green Tribunal Act, 2010, etc.

• The term "Sustainable Development" became prominent after the Rio Earth Summit in 1992 which prioritised global environmental discussions and improved upon the initial framework introduced at the United Nations Conference on the Human Environment, Stockholm in 1972. Sustainable development in this Summit was defined as "Development which meets the needs of current generations without compromising the ability of future generations to meet their own needs".

[57] https://www.icsi.edu/media/webmodules/companiesact2013/CSR%20Final%2002022015.pdf

CSR IN INDIA WRT TO COMPAIES ACT 2013

CSR in India has traditionally been seen as a philanthropic activity. And in keeping with the Indian tradition, it was an activity that was performed but not deliberated. As a result, there is limited documentation on specific activities related to this concept. However, what was clearly evident that much of this had a national character encapsulated within it, whether it was endowing institutions to actively participating in India's freedom movement, and embedded in the idea of trusteeship. As some observers have pointed out, the practice of CSR in India still remains within the philanthropic space, but has moved from institutional building (educational, research and cultural) to community development through various projects. Also, with global influences and with communities becoming more active and demanding, there appears to be a discernible trend, that while CSR remains largely restricted to community development, it is getting more strategic in nature (that is, getting linked with business) than philanthropic, and a large number of companies are reporting the activities they are undertaking in this space in their official websites, annual reports, sustainability reports and even publishing CSR reports.

Keeping in mind the need for development, the Ministry of Corporate Affairs, Govt. of India had notified the Corporate Social Responsibility Voluntary Guidelines 2009 on 21st November 2009 to be followed by the corporate. The corporate were required therein to formulate a CSR Policy according to Voluntary Guidelines 2009 as an integral part of the overall business policy in order to provide a road map for the CSR initiatives and efforts and guide to its strategic planning[58].

A set of Voluntary guidelines has been set up by the Ministry of Corporate Affairs to promote responsible governance practices by corporates. It has included the basic elements which a corporation must be considering primarily in their routine affairs.

The challenges faced by country's economy and expectation of society from corporate governance are the key considerations by policy makers. The valuable suggestions received from trade and industry chambers, experts and other stakeholders along with the internationally prevalent and practiced guidelines, norms and standards in the area of

[58] https://www.icsi.edu/media/webmodules/companiesact2013/CSR%20Final%2002022015.pdf pg7

corporate social responsibility have also been taken into account while drafting these guidelines[59].

Accordingly, the CSR Policy was expected to cover the following four core elements:
The core elements covered by the CSR policy are as follows:

1. Protection to Stakeholders

The interests of stakeholders, including shareholders, employees, customers, suppliers, project affected people, society at large must be respected, protected and valued by company. A mechanism engaging all stakeholders actively to mitigate inherent risk need to be formulated by the company. Stakeholders groups differ both in terms of their interest in the business activities and also their influence on business decisions.

2. Protective Ethical Functions

The system of corporate governance must stress on the pillar of ethical governance i.e. transparency and accountability. Abusive, unfair, corrupt or anticompetitive practices must be avoided. Ethics help employees to understand the concept of good and bad which helps them to gain confidence while dealing with complex work situations. Thus leads to enhanced employee growth and greater productivity.

3. Respect for Workers' Rights and Welfare

In a welfare State, policies must be drafted for the welfare of workers and employees to ensure safe, hygienic and humane working environment. A non discriminatory mechanism need to be developed by companies to strengthen their workforce by providing them training and developing necessary skills for career advancement and progressive attitude. An effective grievance redressal system must be developed as their support system. Peaceful association, maintaining equality of opportunity, non discriminatory attitudes are certain rights which must be protected through corporate governance.

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[59] http://www.icindia.org/sites/default/files/CSR_Guidelines_21.12.09.pdf

4. Respect for Environment:

Companies must take certain measures which must be environment friendly which includes pollution checks; recycle, management and reduction of waste, and sustainable use of natural resources. Company must act proactively to the challenges of climate change and sustainable development.

Implementation Guidance:

The CSR policy of the business entity should provide for 'an implementation strategy which should include identification of activities, setting measurable physical targets with timeframe, organizational mechanism and responsibilities, time schedules and monitoring framework. Corporate social responsibility must include initiatives to encourage and motivate employees for social developments. Efforts must be assessed and evaluated independently. A specific amount in the budget of a corporation need to be spent on corporate social responsibility activities for which tax rebate should be given. 'The company should engage with well-established organizations which encourage responsible business practices and CSR activities, which can help companies to improve on their CSR strategies and effectively project the reflection of being socially responsible. The companies should circulate information regarding Corporate Social Responsibility policy, activities and progress in a structured manner to all their stakeholders and the public at large through their website, annual reports, and other communication media'[60].

The Government plays a very proactive role to ensure that CSR is promoted. Even companies that practice CSR aggressively, such as the Tata, Johnson & Johnson, Unilever, Infosys, Mattel Toys, etc., need the necessary support from the government which has the responsibility to create the necessary safe environment for business investment, provide basic infrastructure, reasonable regulatory, processes and public policies because every country has its unique culture, history and political institutions, different standard of living, different policies of the countries[61].

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[60] http://164.100.47.134/intranet/CorporateSociaResponsbility.pdf

[61] https://www.icsi.edu/media/webmodules/companiesact2013/CSR%20Final%2002022015.pdf PG 8

The role of the government needs to be understood as a collaborative process that seeks a balance between authority and responsibility. Keeping in view the reviews of the Corporate Social Responsibility Voluntary Guidelines 2009 from the stakeholders, the Guidelines Drafting Committee (GDC) was constituted by the Indian Institute of Corporate Affairs[62].

The GDC formulated the guidelines titled "National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business" that mainstreamed the subject of business responsibilities. These Guidelines were released by MCA on July 8, 2011. These guidelines articulated nine Broad Principles which include the business responsibilities of a corporate with regard to : ethics, transparency and accountability; product/service lifecycle; employee well-being; upholding the interests of all stakeholder, especially those who are disadvantaged, vulnerable and marginalized; human rights; environment; influencing public and regulatory policy; inclusive growth & equitable development; customers. These were required to be adopted by the companies for the better business practices[63].

The principles and the core elements of each of the principles as recommended by the National Voluntary Guidelines are summarized below[64]:

Principle 1:

> Businesses should conduct and govern themselves with Ethics, Transparency and Accountability. The principle recognizes that ethical conduct in all functions and processes is the cornerstone of responsible business.

Principle 2:

> Businesses should provide goods and services that are safe and contribute to sustainability throughout the business lives. The principle recognizes that all stages of the product life cycle, right from design to final disposal of the goods and services after use, have an impact on society and the environment.

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62 https://www.icsi.edu/media/webmodules/companiesact2013/CSR%20Final%2002022015.pdf pg8

63 https://www.icsi.edu/media/webmodules/companiesact2013/CSR%20Final%2002022015.pdf pg8
64 https://www.icsi.edu/media/webmodules/companiesact2013/CSR%20Final%2002022015.pdf pg9

Principle 3:

Businesses should promote the well being of all employees. The principle go through to the all policies and practices relating to the dignity and well being of employees engaged within a business or in its value chain.

Principle 4:

Businesses should respect the interests of, and responsible towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized. The principle recognizes that businesses have a responsibility to think and act beyond the interests of its shareholders to including employees, suppliers, project affecting people and others who have an interest on the operations of the business.

Principle 5:

Businesses should respect and promote human rights. The principle takes into account the "Corporate Responsibility to Respect Human Rights", as referred in the United Nations "Protect, Respect, Remedy" Framework.

Principle 6:

Business should respect, protect, and make efforts to restore the environment. The principle is to enlighten the environmental responsibility to the corporate which is a prerequisite for sustainable economic growth and for the well being of society.

Principle 7:

Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner. The principle recognizes that businesses operate within the specified legislative and policy frameworks prescribed by the Government, which guide their growth and also provide for certain desirable restrictions and boundaries.

Principle 8:

Businesses should support inclusive growth and equitable development. The principle recognizes the value of the energy and enterprise of businesses and encourages them to innovate and contribute to the overall development of the country, especially to that of the disadvantaged, vulnerable and marginalized sections of society.

Principle 9:

Businesses should engage with and provide value to their customers and consumers in a responsible manner. This principle is based on the fact that the basic aim of a business entity is to provide goods and services to its customers in a manner that creates value for both.

In line with the above guidelines the Securities and Exchange Board of India considering the largest interest of the public, disclosures by the listed companies, and from the perspective of of Environment, Social and Governance(ESG), decided to mandate inclusion of 'Business Responsibility Report' as part of the Annual report of the listed entities. SEBI amended the Listing Agreement vide circular number CIR/CFD/ DIL/8/2012 dated on August 13, 2012 by inserting a clause 55. The provisions of the circular were made applicable with effect from financial year ending on or after December 31, 2012[65].

The clause 55 of the Listing Agreement states that "Listed entities shall submit, as part of their Annual Reports, Business Responsibility Reports, describing the initiatives taken by them from an environmental, social and governance perspective, in the format suggested by the board".

The Business Responsibility Report is required to be submitted by the top 100 listed entities based on market capitalisation at BSE and NSE as on March 31, 2012. Besides this, other listed entities may voluntarily disclose BR Reports as part of their Annual Reports.

[65] https://www.icsi.edu/media/webmodules/companiesact2013/CSR%20Final%2002022015.pdfpg10

CORPORATE SOCIAL RESPONSIBILITY IN COMPANIES ACT 2013

Corporate Social Responsibility is not a newly discovered concept in India. Many big entities have started actively to engage in the corporate social responsibility activities but comparatively the number is less.

The concept of CSR was introduced under section 135 (1) of the Companies Act, 2013 so as to encourage corporation to actively participate in sustainable development. On 27th February, 2014, the Government of India has notified the Companies (Corporate Social Responsibility Policy) Rules, 2014 for CSR spending to be effective from 1stApril 2014.

Companies Act, 2013 ["Act"] is a legislation which officially embarked on one of the world's largest experiments of introducing the concept of CSR as a mandatory provision. With the introduction of new Act, there is a statutory obligation for the corporates to take initiatives towards Social, Environmental and Economic Responsibilities. The initiatives taken have to be reported to the company and other stakeholders appropriately.

Section 135 of the Act and the Companies (Corporate Social Responsibility Policy) Rules, 2014 ["CSR Rules"] framed thereunder govern CSR in India. The detailed provisions are explained below:

Definition of CSR

The Act does not define the term CSR. As per rule 2(c) of the CSR Rules "Corporate Social Responsibility means and includes but is not limited to[66]:

(i) projects or programs relating to activities specified in Schedule VII of the Act; or

(ii) projects or programs relating to activities undertaken by the board of directors of a company (Board) in pursuance of recommendations of the CSR Committee of the Board as per declared CSR Policy of the company subject to the condition that

[66] Companies (corporate social responsibility policy) rules, 2014

such policywill cover the subjects enumerated in Schedule VII of the Act."

APPLICABILITY

Section 135 of the Act provides for the applicability of the CSR provisions on corporates. Sub-section (1) of section lays down that every company having[67]

• net worth of Rs. 500 Crore or more;

or

• turnover of Rs. 1000 Crore or more;

or

• net profit of Rs. 5 Crore

during any financial year shall be required to constitute a CSR Committee of the Board consisting of three (3) or more directors, out of which at least one(1) director shall be an independent director.

Rule 3 of the CSR Rules specify that every company which ceases to be a company covered under section 135 as per the limits specified thereunder for three consecutive financial years shall not be required to constitute a CSR Committee and comply with the provision of section 135, till such time that it meets the criteria specified. Ministry of Corporate Affairs (MCA) vide Circular No. 21/2014 dated 18.06.2014, has clarified that the term 'any financial year' referred to in section 135 means any of the three preceding financial years[68].

Effectively, section 135 and Schedule VII have come into effect from April 01, 2014, accordingly, every company which meets the criteria specified under sub-section (1) of section 135, in any of the three preceding financial years (i.e. 2011-12, 2012-13, 2013-14) is required to comply with the same from April 01, 2014 onwards. The section is applicable to both public and private companies as long as they fulfill the criteria.

[67] Section 135 (1) of The Companies Act, 2013
[68] Companies (corporate social responsibility policy) rules, 2014

Applicability to holding and subsidiary companies

Rule 3(1) provides that CSR is applicable to every company including its holding or subsidiary; and in case where the company fulfills the criteria specified in sub-section (1) of section 135 of the Act. The net worth, turnover or net profit of a foreign company will be prepared in accordance with the requirements under the Act[69].

Applicability to Foreign Company

A foreign company defined under clause (42) of section 2 of the Act having its branch office or project office in India which fulfills the criteria specified in sub-section (l) of section 135 of the Act shall comply with the provisions of section 135 of the Act and the rules[70].

The net worth, turnover or net profit of a foreign company under the Act shall be computed in accordance with balance sheet and profit and loss account of such company prepared in accordance with the provisions of clause (a) of sub-section (1) of section 381 and section 198 of the Act. In simple terms the net worth, turnover or net profit of a foreign company under the section shall be computed in accordance with its Indian business operations.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

As per section 135, every company which fulfills the criteria under subsection (1) of the section 135 as mentioned above is required to constitute a Committee of the Board of directors, the CSR Committee, consisting of at least three directors out of which one shall be an independent director[71]. Certain companies have been exempted from the requirement of appointing an independent director, an CSR Committee they are:

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[69] Rule 3(1) Companies (corporate social responsibility policy) rules, 2014
[70] Section 2 (42) of The Companies Act, 2013
[71] Section 135 (1) of The Companies Act, 2013

• a private company or unlisted public company covered under sub-section (1) of the section 135 of the Act, which is not required to appoint independent director under sub-section (4) of the section 149 of the Act; and

• where a private company has only two (2) directors on its Board, it shall constitute a CSR Committee with those two (2)directors.

A foreign company covered under these rules shall constitute a CSR Committee with at least two (2) persons of which one (1) shall be as specified under clause (d) of sub-section(1) of section 380 of the Act and another person shall be nominated by the foreign company.

A person as specified under section 380(1)(d) means a person resident in India authorised to accept on behalf of the company service of process and any notices or other documents required to be served on the company.

The Functions of CSR Committee :

• To formulate and recommend to the Board, a CSR Policy which would indicate the activities to be undertaken as specifiedin Schedule VII of the Act.

• To recommend the amount of the expenditure to be incurred on the activities undertaken in pursuance of the CSR policy.

• To Institute a transparent monitor mechanism for implementation of the CSR projects or programs or activities undertaken by the company.

• To monitor the CSR policy of the company time to time.

• To institute a transparent monitoring mechanism for implementation of the CSR projects or programs or activities undertaken by the company [72][As per rule 5(2)].

[72] Rule 5(2) Companies (corporate social responsibility policy) rules, 2014

As mentioned above, rule 3(2) provides that in case a company ceases to be covered under section 135(1) for three consecutive financial years, it shall not be required to constitute a CSR Committee and comply with provisions thereof.

Responsibilities When CSR Is Applicable

The Companies act 2013 and Companies (corporate social responsibility policy) rules, 2014 Define following person or group of person or entity have the responsibility of CSR contribution by the company under The Companies Act 2013.

Responsibilities of the Company

• It is the foremost responsibility of the company to constitute CSR Committee if it comes under the purview of Section 135 (1) of Companies Act, 2013. The committee can be constituted with three or more directors, one of whom shall be an Independent Director[73] However following exceptions are provided namely

- Companies which are not required to appoint Independent Director may form CSR Committee without Independent Directors[74].
- A private company having only two directors on its Board shall constitute its CSR Committee with two such directors[75].
- A foreign company shall constitute CSR committee with two persons, one person should be resident in India and the other person can be nominated by the foreign company[76].

• Transparent monitoring mechanism should be instituted for implementation of the CSR projects or programs or activities undertaken by the company[77].

[73] Section 135 (1) of the Companies Act, 2013 (18 of 2013)
[74] Rule 5(1)(i) Companies (corporate social responsibility policy) rules, 2014
[75] Rule 5(1)(ii) Companies (corporate social responsibility policy) rules, 2014
[76] Rule 5(1)(iii) Companies (corporate social responsibility policy) rules, 2014
[77] Rule 5(2) Companies (corporate social responsibility policy) rules, 2014

• Company should spend money on CSR activities spends, in every financial year, at least two per cent. of the average net profits of the company made during the three immediately preceding financial years, in pursuance of its Corporate Social Responsibility Policy:[78].

• The amount earmarked for corporate social responsibility activities should preferably be spent in local areas where it operates, for spending the amount earmarked for Corporate Social Responsibility activities: [79].

Responsibilities of CSR Committee[80].

• The foremost responsibility of CSR Committee is to formulate its CSR Policy upon what the company wants to attain, within a given time frame.

• A list of CSR projects which the company plans to undertake and specifying the process of its execution.

• Budget the amount to be spent on CSR projects which has to be approved by the Board.

• CSR Policy has to be monitored on regular basis from time to time.

• Update the CSR Policy from time to time.

Responsibilities of the Board of Directors

• The composition of the Corporate Social Responsibility Committee is to be disclosed in the Board's report under sub section (3) of Section 134[81].

• CSR Policy which is merely an outline of objectives, targets and controls has to be disclosed in its report and also on the company's website[82].

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[78] Section 135(5) of the Companies Act, 2013
[79] Proviso to Section 135(5) , the Companies Act, 2013
[80] Section 135(3) ,The Companies Act, 2013
[81] Section 135(2) of The Companies Act, 2013
[82] Section 135(4)(a) of The Companies Act, 2013

- To ensure that the activities of Corporate Social Responsibility Policy are undertaken by the company as projected[83].

- To spend the specified two percent of average net profits on CSR projects and to report in case of default. However the surplus arising out of CSR projects shall not form part of business profits[84].

It is evident from the provisions that the functioning of CSR Committee runs in conjunction with the responsibility of the Board of Directors. The role of CSR Committee is recommendatory with respect to formulation of CSR policy and expenditure.

With the Companies Act, 2013, the Board of Directors is directly responsible for CSR initiatives through all the stages from planning and execution to reporting. Further, the Act requires companies to move away from isolated or ad hoc CSR spending to a primary and consolidated action plan. The Board's involvement will help integrate the Corporate Social Responsibility action plan into business strategy which takes into account the interests of a diverse group of stakeholders. This will ensure that sufficient corporate effort is put into Corporate Social Responsibility programme including preparing a coordinated strategy, project design, monitoring and evaluation systems, and collaboration with other entities working in the programme areas. In accordance of global principle of 'duty of care' and 'duty of good faith' the Board of Directors has to assess risks arising out of the new CSR legislation to ensure that the letter and spirit of law is being followed.

Cease to fulfill

Every company which ceases to be a company covered under sub-Section (1) of Section 135 of the Act for three consecutive financial years shall not be required to

(a) Constitute a CSR Committee; and

(b) Comply with the provisions contained in sub section (2) to (5) of the said Section till such time it meets the criteria specified in sub section (1) of Section 135[85] .

[83] Section 135(4)(b) of The Companies Act, 2013
[84] Proviso to Section 135(5) of The Companies Act, 2013
[85] Rule 3(2) Companies (corporate social responsibility policy) rules,2014

Thus, if the company ceases to fall within the prescribed limits for a consecutive period of three years, it can opt out of CSR. The researcher is of the view that companies would not prefer to disclose that they have not spent on CSR because they are not legally bound to; which can affect their reputation. And the requirement of undertaking activities in project mode would mean that the activities might continue even during those years for which CSR is not applicable. The stoppage of activities already commenced is something which the corporate India would not even dare to think

Spending on CSR Activity

A company has to spend 2% of the average net profits of the block of previous three years on CSR activities and if it fails to do so, disclosures has to be made for the same. Researcher is of the view that companies will face a practical issue regarding the applicability of CSR provisions which might be known only at the end of the year so that those companies might not be able to spend 2% of average net profits in the same year. But there is no specific exemption provided under Section 135 in this regard and hence companies will have to reasonably anticipate the applicability and accordingly comply. Since the Section uses the term ‘average net profits of three immediately preceding years’, a liberal view might be taken that only those companies which have completed three years need to comply with CSR. Similarly foreign companies having branch office or project office in India for less than three years might also take this stand. However, there is no specific exemption granted in this regard and researcher is of the opinion that MCA should come out with a clarification in this regard. Researcher is of the view that the prescribed amount must not entirely be used for one particular CSR activity rather it should be diversified for different CSR activities.

There is no specific punishment for not spending the requisite 2%, either fully or partially. What is required is that the Boards Report should disclose the fact that the company has not been able to spend 2% and also the reason(s) why it was unable to spend. The reason could be that though the company has achieved a turnover of thousand crores, it has incurred a loss during the relevant period and hence it has not been able to spend on CSR. Financial or liquidity crunch may also be another reason which the companies can give for not complying with the CSR provisions. But the companies should also keep in mind the fact that making such disclosures could be interpreted by the stakeholders differently which might have an impact on its goodwill. There is no liability on the company for its inability to make the requisite CSR spend, although a company and its officers are liable for not explaining such a failure in the Board's Report. Researcher is of the opinion that law has merely introduced CSR concept as advisory in nature which was already in place in form of guidelines, rather stringent provisions for its implementation should be introduced.

A company may carry out CSR activities directly or through a registered trust or registered society or a company established under Section 8 of the Act. The trust can be established by the company either singly, or along with its holding or subsidiary or associate company, or along with any other company or holding or subsidiary or associate company of such other company[86]. A company may also collaborate with other companies for undertaking projects or programs or CSR activities in such a manner that the CSR committees of respective companies are in a position to report separately on such projects or programs in accordance with these rules[87].

CSR Activities as prescribed under Schedule VII of Companies Act, 2013

Schedule VII of the Companies Act, 2013 underwent changes in the recent months to make the scope of CSR activities broad based. The Ministry of Corporate affairs has clarified that the activities mentioned in the Schedule would be liberally interpreted[88]. There are no penalties for not spending the mandated amounts, but the reasons for not spending shall have to be specified in the annual report of the Board of Directors. It enlists the broad categories of activities on which companies can spend under CSR. Activities relating to:

1. Poverty eradication, enhancing standard of living by reducing malnutrition and hunger, promoting sanitation and health care activities.

2. Promoting education among masses including special education, vocational skills, conducting seminars etc

[86] Rule 4(2) Companies (corporate social responsibility policy) rules, 2014
[87] Rule 4(3) Companies (corporate social responsibility policy) rules 2014
[88] Clarifications with regard to provisions of Corporate Social Responsibility under Section 135 of the Companies Act, 2013, General Circular No. 21/2014, Ministry of Corporate Affairs, 18 June 2014

3. Promoting gender equality and taking initiative to enhance protection to senior citizens and developing hostels for women and orphans. Empowering women and reducing inequalities to upgrade backward groups are also included as CSR activities.

4. Initiatives to bring sustainable development and create ecological balance especially in fields of animal protection, conservation of natural resources , forest protection and pollution eradication etc.

5. To protect art and craft, cultural activities, to restore sites of historical importance and national heritage and promoting public libraries.

6. To provide for the betterment of war widows, armed forces and their departments.

7. To encourage Sports programs and training sessions.

8. To make contribution to Prime Minister's National Relief Fund and other central government funds.

9. Providing framework and facilities for scheduled castes, scheduled tribes, backward classes, minorities and women.

10. Uplifting technological sector.
11. Developments of Rural Development projects.

However the below listed activities are not included under the CSR activities of the company, namely:

- To run business in normal routine course[89].

- To run activities outside India or abroad[90].

- Welfare of the employees and their families[91].

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[89] Rule 4(1) and Proviso to Rule 6 Companies (corporate social responsibility policy) rules 2014
[90] Rule 4(4) Companies (corporate social responsibility policy) rules 2014
[91] Rule 4(5) Companies (corporate social responsibility policy) rules 2014

- Expenditure to build CSR capacities of own personnel as well as those of their implementing agencies, including expenditure on administrative overheads exceeding 5% of total CSR spending in any given financial year[92].

- To make contribution to political parties under section 182 of the Act[93].

- Any activity outside the scope of Schedule VII to the Companies Act, 2013[94].

The above CSR activities shall be undertaken by the Company, as per its stated CSR policy, in consonance with the new or ongoing projects excluding activities undertaken in pursuance of its normal course of business. The Board of Directors may decide to undertake its CSR activities approved by the CSR Committee, through a registered trust or a registered society. To analyze critically researcher is of the view that the list of CSR activities provided under Companies Act, 2013 is only inclusive and not an exhaustive one. Hence the companies have final say in deciding on which activity money is to be spent or not, government cannot guide the arenas where money need to be spent. As a result, corporations would like nothing better to bluewash their image while at the same time ignoring their responsibility as CSR.

Yearly Compliances:-

Companies (Corporate Social Responsibility Policy) Rules, 2014, prescribe a format in which annual comprehensive report on CSR is to be prepared which would consist of particulars and an overview on company CSR policy, committee composition, expenditure and profits etc. Company's Website must be upgraded to disclose CSR report and compliance to ensure transparency. Board must ensure that CSR activities are being undertaken as per CSR policy and expenditure is being made as per the criteria formulated for CSR compliance. CSR Policy must be for the welfare of society and in consonance with vision of company and directors of organisation. An ISO 26000 is the accepted worldwide standard for Corporate Social Responsibility.

[92] Rule 4(6) Companies (corporate social responsibility policy) rules 2014
[93] Rule 4(7) Companies (corporate social responsibility policy) rules 2014
[94] Rule 7 Companies (corporate social responsibility policy) rules 2014

Reporting Framework of CSR

The good work and impact derived from CSR programmes need to be clearly communicated to a range of stakeholders. There are several globally recognised sustainability reporting frameworks that are used by companies in India. The greatest challenge in reporting on sustainability issues is that unlike financial reporting, the disclosure of CSR projects and other sustainability metrics is largely unregulated and predominantly voluntary. Sustainability reports tend to be fraught with irrelevant data, unsubstantiated claims, gaps in data, and even inaccurate data.

CSR initiatives can well be a source of increased efficiencies for businesses when these are integrated into business issues. Working on the shared value concept on CSR projects with other stakeholders is likely to throw up innovative concepts which can then be replicated in other business areas as well. With significant financial outlays mandated for spending, CSR projects will now get the attention of top management it deserves and in the process, the community can expect several enduring benefits.

Role of Corporate Governance

Corporate Social Responsibility has often been studied from the angle of the corporates. However, a corporate includes its employees and other stakeholders also. Each and every stakeholder has a reciprocal responsibility to the company as vital entities on which the performance of the company so largely depends. CSR has a pivotal role to play to achieve sustainable development in the country. Whenever there is a mention of Corporate Social Responsibility there has always been a merging of ethics and morality in it. CSR researchers are often attracted by the degree of commitment being put into by companies to fulfill their social obligations. They analyze the degree of compulsion and compliance of CSR policy.

CSR commitment[95] is defined as giving practical shape to CSR policy without considering economic and legal profits. Potential recruits are increasingly likely to ask about a firm's CSR policy during an interview and having a comprehensive policy can give an advantage.

[95] R. Ramchandran, "Corporate Social Responsibility and Corporate Governance", *Prabandhan: Indian Journal of Management,* Vol. 03,.

Corporate governance norms and CSR guidelines must be framed and adopted by all companies keeping the MCA guidelines as the basic minimum if they desire to maintain public confidence in the legitimacy of their business operations and business conduct[96]. The researcher is of the view that CSR policy must be elaborate enough to maintain a balance between what steps a corporation has to take to prevent the negative impact of its business activity and the positive duty of utilization of the amount on the CSR activities. The liability of corporation not to damage the eco system must not be discharged under the grab of fulfilling the legal duty of spending the prescribed amount on CSR activities. Independent directors should devote more time and attention towards CSR activities. CSR at its roots is a self awakened desire to contribute towards overall growth and development of the environment that is inhabited by individuals, corporations or group. Researcher is of the opinion that as there is no specification on how the CSR policy is to be implemented there must be a check and balance system. The corporation should work in co-ordination with the government, society as well as the NGO's. With regard to selection of NGO, there must be some criteria to decide which NGO to be allocated with CSR work as well the funds to accomplish it. Therefore CSR today has become an important element of corporate governance that caters to the need of adopting social and environmental responsibility of the corporate[97]. CSR today, is enshrining the principles of a welfare state which tends to protect the interest of all and not just a specific group. It is considered to be a giant leap forward by the corporations for making country a better place.

Corporate Social Responsibility has now turned from voluntary initiative to mandatory responsibilities, along with the bundle of rules and regulations. The introduction of Corporate Social Responsibility provision in the Companies Act, itself is a welcome step and all companies which satisfy the Corporate Social Responsibility criteria will have to undertake CSR activities under the new CSR regime, during current financial year. It is expected that this step will add momentum to various social projects with some professional management of the private sector. Corporate Social Responsibility is expected to plug the leakage and ensure that companies take up on themselves the responsibility of developing the locality in which it is situated. The new provisions of CSR have put greater responsibility to set out

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[96] T. Ramappa, "Corporate Governance and Corporate Social Responsibility – Twin Roads to India Inc.'s Sustainable Success", *The Chartered Secretary*, Vol. 40

[97] B.P.Singh Sehgal, "Emerging Trends in Corporate Governance Legal, Issues and Challenges in India" *Satyam Law International*, New Delhi, First Edition, 2015, p.195

clear framework and mechanism in order to ensure strict compliance. The Act mandates that to formulate and monitor the CSR policy of a company, a CSR committee has to be constituted. However, CSR rules exempt unlisted public companies and private companies that are not required to appoint an independent director from having an independent director as a part of their CSR Committee.

CSR amendments under the Companies (Amendment) Act, 2019

Section 135 has been amended with respect to spending of CSR amount by companies, transfer of unspent amount, penal provisions and power to CG to issue directions.

Amendment: Clause (a) in sub-section (5) of Section 135[98]

(a) in sub-section (5), —

(i) after the words "three immediately preceding financial years,", the words "or where the company has not completed the period of three financial years since its incorporation, during such immediately preceding financial years," shall be inserted;

(ii) in the second proviso, after the words "reasons for not spending the amount" occurring at the end, the words, brackets, figure and letters "and, unless the unspent amount relates to any ongoing project referred to in sub-section (6), transfer such unspent amount to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year" shall be inserted;

(b) after sub-section

(5), the following sub-sections shall be inserted, namely:—

(6) Any amount remaining unspent under sub-section (5), pursuant to any ongoing project, fulfilling such conditions as may be prescribed, undertaken by a company in persuance of its Corporate Social Responsibility Policy, shall be transferred by the company within a period of thirty days from the end of the financial year to a special account to be opened by the company in that behalf for that financial year in any scheduled bank to be called the Unspent Corporate Social Responsibility Account, and such amount shall be spent by the company in pursuance of its obligation towards the Corporate Social Responsibility Policy within a period of three financial years from the date of such transfer, failing which, the company shall transfer the same to a Fund specified in Schedule VII, within a period of thirty days from the date of completion of the third financial year.

[98] Amendment of section 135THE COMPANIES (AMENDMENT) ACT, 2019

(7) If a company contravenes the provisions of sub-section (5) or sub-section (6), the company shall be punishable with fine which shall not be less than fifty thousand rupees but which may extend to twenty-five lakh rupees and every officer of such company who is in default shall be punishable with imprisonment for a term which may extend to three years or with fine which shall not be less than fifty thousand rupees but which may extend to five lakh rupees, or with both.

(8) The Central Government may give such general or special directions to a company or class of companies as it considers necessary to ensure compliance of provisions of this section and such company or class of companies shall comply with such directions."

Until now, if a company was unable to fully spend its CSR funds in a given year, it could carry the amount forward and spend it in the next fiscal, in addition to the money allotted for that year.

The CSR amendments introduced under the Act now require companies to deposit the unspent CSR funds into a fund prescribed under Schedule VII of the Act within the end of the fiscal year. This amount must be utilized within three years from the date of transfer, failing which the fund must be deposited in to one of the specified funds.

The government, however, is reviewing these rules after the industry objected to the strict provisions, especially with respect to the jail terms for CSR violations, and is yet to operationalize them.

CSR IN INDIA AND COVID19

Several steps are being taken by the Indian Government to tackle the spread of novel coronavirus in the country which has been termed by many as the greatest epidemic faced by the world.

The measures being issued by the Government of India, the Ministry of Corporate Affairs (MCA) has also released a number of circulars and notices in this regard considering the problems being faced by Corporations and Limited Liability Partnerships (LLP) in the wake of this crisis.

Contribution made towards PM CARES Fund is CSR activity**.** On March 30, 2020, the MCA has clarified through an office memorandum that any contribution made to the Prime Minister's Citizen's Assistance and Relief in Emergency Situations Fund (PM CARES Fund) shall qualify as Corporate Social Responsibility expenditure under the Companies Act, 2013[99]. The PM CARES Fund has been setup with the chief objective of tackling any emergency or distress situation such as the one posed by the COVID-19 outbreak.

Spending of CSR funds for COVID-19 is CSR Activity[100]. Ministry vide general circular No. 10/2020 dated 23rd March, 2020 has clarified that spending CSR funds for COVID-19 related activities shall qualify as CSR expenditure. It is further clarified that funds may be spent for various activities related to COVID-19 under items nos. (i) and (xii) of Schedule VII relating to promotion of health care including preventive health care and sanitation, and disaster management. Further, as per general circular No. 21/2014 dated 18.06.2014, items in Schedule VII are broad based and may be interpreted liberally for this purpose.

Payment of salary/wages to employees and workers, including contract labour, during the lockdown period can not be adjusted against the CSR expenditure of the companies. As Payment of salary/ wages in normal circumstances is a contractual and statutory obligation of the company. Similarly, payment of salary/ wages to employees and workers even during the lockdown period is a moral obligation of the employers, as they have no alternative source of employment or livelihood during this period. Thus, payment of salary/ wages to employees

[99] Office Memorandum F. No. CSR-05/1/2020-CSR-MCA dated 28th March, 2020
[100] http://www.mca.gov.in/Ministry/pdf/Notification_10042020.pdf

and workers during the lockdown period (including imposition of other social distancing requirements) shall not qualify as admissible CSR expenditure[101].

Payment of ex-gratia to temporary /casual /daily wage workers shall be qualify as CSR expenditure. If any ex-gratia payment is made to temporary / casual workers/ daily wage workers over and above the disbursement of wages, specifically for the purpose of fighting COVID 19, the same shall be admissible towards CSR expenditure as a onetime exception provided there is an explicit declaration to that effect by the Board of the company, which is duly certified by the statutory auditor[102].

Contribution made to ‘Chief Minister’s Relief Funds’ or ‘State Relief Fund for COVID-19’ shall not qualify as CSR expenditure. As ‘Chief Minister’s Relief Fund’ or ‘State Relief Fund for COVID-19’ is not included in Schedule VII of the Companies Act, 2013 and therefore any contribution to such funds shall not qualify as admissible CSR expenditure[103].

[101] http://www.mca.gov.in/Ministry/pdf/Notification_10042020.pdf pg2
[102] http://www.mca.gov.in/Ministry/pdf/Notification_10042020.pdfpg3
[103] http://www.mca.gov.in/Ministry/pdf/Notification_10042020.pdf pg3

GLOBAL PERSPECTIVE

The Corporate Social Responsibility is not only extended to India but it has a worldwide accepted concept. There are other countries that also follow the concept of Corporate Social Responsibility in their country in their own way.

The international perspective to Corporate Social Responsibility to other countries like Singapore, Malaysia, South Africa and UK that practices CSR are discussed hereunder.

In the international level many countries come and meet for discussion on many other different matters. One of the matters is Social Responsibility for which conventions are held globally. The selected standards, codes and guidelines at the global level are as follows:

- United Nations Global Compact (UNGC)
- International Organaisation On Standradiztion (ISO)
- Global Reporting Initiative (GRI)
- Internationl Labour Organisation (ILO)
- Organisation for Economic Co-operation and Development (OECD)

UNITED NATIONS GLOBAL COMPACT (UNGC)

"The Global Compact asks companies to embrace universal principles and to partner with the United Nations. It has grown to become a critical platform for the UN to engage effectively with enlightened global business." – UN Secretary-General Ban Ki-moon

The United Nations had initiated in 2000 a Global Compact to encourage the businesses to adopt sustainable and social responsibility policies and to report on their implementation.

At the UN Global Compact, we aim to mobilize a global movement of sustainable companies and stakeholders to create the world we want. That's our vision[104].

To make this happen, the UN Global Compact supports companies to:

1. Do business responsibly by aligning their strategies and operations with Ten Principles on human rights, labour, environment and anti-corruption; and
2. Take strategic actions to advance broader societal goals, such as the UN Sustainable Development Goals, with an emphasis on collaboration and innovation.

Under the Global Compact the companies are brought into through the cities program with UN Agencies. There are 193 United Nations Member States in the United Nations.

The UN Global Compact was announced by then UN Secretary-General Kofi Annan in an address to the World Economic Forum on January 31, 1999, and was officially launched at UN Headquarters in New York on July 26, 2000.

Corporate sustainability starts with a company's value system and a principles-based approach to doing business. This means operating in ways that, at a minimum, meet fundamental responsibilities in the areas of human rights, labour, environment and anti-corruption. Responsible businesses enact the same values and principles wherever they have a presence, and know that good practices in one area do not offset harm in another. By

[104] https://www.unglobalcompact.org/what-is-gc/mission

incorporating the Ten Principles of the UN Global Compact into strategies, policies and procedures, and establishing a culture of integrity, companies are not only upholding their basic responsibilities to people and planet, but also setting the stage for long-term success.[105]

The Ten Principles of the United Nations Global Compact are derived from: the Universal Declaration of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention Against Corruption.[106]

Human Rights:

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2:Make sure that they are not complicit in human rights abuses.

Labour

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4:The elimination of all forms of forced and compulsory labour;

Principle 5: the effective abolition of child labour; and

Principle 6: the elimination of discrimination in respect of employment and occupation.

Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges;

[105] https://www.unglobalcompact.org/what-is-gc/mission/principles

[106] https://www.unglobalcompact.org/what-is-gc/mission/principles

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

INTERNATIONAL ORGANIZATION ON STANDARDIZATION (ISO)

ISO (International Organization on Standardization) is a non-governmental body made up with the members of the National Standard Bodies around the world.

International Standards give world-class specifications for products, services and good practice, to ensure quality, safety and efficiency. And because they are developed through global consensus they help to break down barriers to international trade. Since 1946,

ISO has published more than 19,500 International Standards to date covering almost every industry, from technology, to food safety, to agriculture and healthcare. ISO International Standards impact everyone, everywhere.

ISO 26000 provides guidance on how businesses and organizations can operate in a socially responsible way. This means acting in an ethical and transparent way that contributes to the health and welfare of society. International Organization on Standardization is the largest developer of Voluntary International standards.

In terms of ISO 26000, the following are the 7 core subjects that socially responsible organizations should address in their policies[107]:

1. Organizational governance – Practicing Organization accountability and transparency at all levels; leadership promotes responsibility

2. Human rights – treating all individuals with respect; making special efforts to help members of vulnerable groups

3. Labour practices – providing just, safe and healthy conditions for workers; engaging in two-way discussions to address workers' concerns

4. Environment – identifying and improving environmental impacts of your operations, including resource use and waste disposal

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[107] https://www.iso.org/iso-26000-social-responsibility.html

5. Fair operating practices – respecting the law; practicing accountability and treating all partners fairly, including suppliers

6. Consumer issues – providing healthy and safe products, giving accurate information, and promoting sustainable consumption

7. Community involvement and development being involved as a good neighbour for the betterment of local community.

Global Reporting Initiative (GRI)

The Global Reporting Initiative (GRI) is a large multi-stakeholder network of thousands of experts, in dozens of countries worldwide, who participate in GRI's working groups and governance bodies, use theGRI Guidelines to report, access information in GRI-based reports, or contribute to develop the Reporting Framework in other ways – both formally and informally.

The Sustainability Reporting Guidelines developed by the Global Reporting Initiative (GRI), the Netherlands, is a significant system that integrates sustainability issues in to a frame of reporting. The Global Reporting Initiative (GRI) aims to make reporting on economic, environmental and social performance as routine and comparable as financial reporting in all organizations. The idea for developing a framework for sustainability reporting was conceived in 1997, with the draft GRI Sustainability Reporting Guidelines released in 1999. Initially twenty organizations based their sustainability reports on the guidelines. In 2006, more than 850 organizations worldwide released sustainability reports based on the GRI Sustainability Reporting Framework and Guidelines[108].

The framework has been continually revised over the years, the Fourth generation of Sustainability Guidelines; the GRI G4 Sustainability Guidelines were released in May, 2013.

The GRI Reporting Framework Principles are divided into two parts:

1. Principles for defining report content
2. Principles for defining report quality.

1.Principles for defining report content:

The Principles for Defining Report Content describe the process to be applied to identify what content the report should cover by considering the organization's activities, impacts, and the substantive expectations and interests of its stakeholders. These principles are used in connection to define the report content.

[108] https://www.icsi.edu/media/webmodules/companiesact2013/CSR%20Final%2002022015.pdfpg22

The principles to define the report content are the following:

Stakeholder Inclusiveness:

Stakeholders are those persons who are directly and indirectly connected to the business of the organization and includes shareholders, employees, suppliers and other who has interest in the working of the business. It is the responsibility of the organization to identify, explain and respond to the expectations and interest of the stakeholders.

Sustainability Context:

The principle is that the organization should represent the report in wider context of sustainability. The underlying question is that how an organization contributes, or aims to contribute in the future, to the improvement or deterioration of economic, environmental and social conditions, developments, and trends at the local, regional or global level. Reports should therefore seek to present performance in relation to broader concepts of sustainability. This involves discussing the performance of the organization in the context of the limits and demands placed on environmental or social resources at the sector, local, regional, or global level.

Materiality:

Materiality means that the information in a report should cover topics and indicators that reflect the organization's significant economic, social and environmental impacts and that too substantially influence the assessments and decisions of stakeholders. There are wide range of topics that organization deals with and some relevant topics are those which reasonably consider for reflecting the organization's social, economic and environment impacts or influence the stakeholders decisions.

Completeness:

The report should include coverage of material aspects and their boundaries, sufficient to reflect significant economic, environmental and social impacts, and to enable stakeholders to assess the organization's performance in the reporting period. Completeness primarily encompasses the dimensions of scope, boundary, and time.

The concept of completeness may also be used to refer to practices in information collection and whether the presentation of information is reasonable and appropriate.

2.Principles for Defining Report Quality:

The Principles for Defining Report Quality guide choices on ensuring the quality of information in the sustainability report, including its proper presentation. The quality of the information is important to enable stakeholders to make sound and reasonable assessments of performance, and take appropriate actions. These principles reflect the quality of information in the report. All these principles are fundamental to achieve the transparency. The quality of the information is important to enable stakeholders to make sound and reasonable assessments of performance, and take appropriate actions.

The following are the principles:

Balance:

The report should reflect positive and negative aspects of the organization's performance to enable a reasoned assessment of overall performance. The overall presentation of the report's content should provide an unbiased picture of the organization's performance. The report should avoid selections, omissions, or presentation formats that are reasonably likely to unduly or inappropriately influence a decision or judgment by the report reader.

Comparability:

The organization should select, compile and report information consistently. The reported information should be presented in a manner that enables stakeholders to analyze changes in the organization's performance over time, and that could support analysis relative to other organizations. Comparability is necessary for evaluating performance. Stakeholders using the report should be able to compare information reported on economic, environmental and social performance against the organizations past performance, its objectives, and, to the degree possible, against the performance of other organizations.

Accuracy:

The reported information should be sufficiently accurate and detailed for stakeholders to assess the organization’s performance. Responses to economic, environmental and social DMA and Indicators can be expressed in many different ways, ranging from qualitative responses to detailed quantitative measurements. The characteristics that determine accuracy vary according to the nature of the information and the user of the information.

Timeliness:

The organization should report on a regular schedule so that information is available in time for stakeholders to make informed decisions. The usefulness of information is closely tied to whether the timing of its disclosure to stakeholders enables them to effectively integrate it into their decision-making. The timing of release refers both to the regularity of reporting as well as its proximity to the actual events described in the report.

Clarity:

The organization should make information available in a manner that is understandable and accessible to stakeholders using the report. Information should be presented in a manner that is comprehensive to stakeholders who have a reasonable understanding of the organization and its activities.

Reliability:

The organization should gather, record, compile, analyze and disclose information and processes used in the preparation of a report in a way that they can be subject to examination and that establishes the quality and materiality of the information. Stakeholders should have confidence that a report can be checked to establish the veracity of its contents and the extent to which it has appropriately applied Reporting Principles.

International Labour Organization(ILO)

ILO's tripartite declaration of principles on multinational enterprises and social policy

This is another voluntary declaration whose adoption by governments, employers and multinational organisations is encouraged, with the intention of further ensuring labour and social standards[109].

The MNE Declaration is the only ILO instrument that provides direct guidance to enterprises on social policy and inclusive, responsible and sustainable workplace practices. It is the only global instrument in this area that was elaborated and adopted by governments, employers and workers from around the world. It was adopted close to 40 years ago (amended in 2000 and 2006) and revised in 2017. Its principles are addressed to MNEs, governments, and employers' and workers' organizations and cover areas such as employment, training, conditions of work and life, and industrial relations as well as general policies. All principles build on international labour standards (ILO conventions and recommendations). The MNE Declaration facilitates outreach and understanding of the Decent Work Agenda in the private sector[110].

This is particularly for organisations that operate across multiple countries. Focus is on core labour standards such as

(i) freedom of association and the right to collective bargaining (prohibition of discrimination, bonded and forced labour)

(ii) industrial relations (no trade union restrictions, regular discussions between management and labour, and the provision of a forum to lodge complaints in case of labour standard violation)\

(iii) employment opportunities (creation of job security, improved living and working conditions and ensuring that wages are on par with those of other enterprises in the same country). For more details refer the website of ILO

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[109] https://www.pwc.in/assets/pdfs/publications/2013/handbook-on-corporate-social-responsibility-in-india.pdf pg9

[110] https://www.ilo.org/empent/Publications/WCMS_094386/lang--en/index.htm

ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT (OECD)

The OECD Guidelines for Multinational Enterprises are the most comprehensive set of government-backed recommendations on responsible business conduct in existence today. The governments adhering to the Guidelines aim to encourage and maximise the positive impact MNEs can make to sustainable development and enduring social progress[111].

The Guidelines are important recommendations addressed by governments to multinational enterprises operating in or from adhering countries. They provide voluntary principles and standards for responsible business conduct in areas such as employment and industrial relations, human rights, environment, information disclosure, combating bribery, consumer interests, science and technology, competition, and taxation[112].

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OECD Guidelines: General principles and supply chain

The OECD Guidelines formulate a number of general principles for international business. The underlying theme is to observe the 'rules' of the country in which your company operates and responsible supply chain management[113].

The following points:

- Comply with local laws and regulations primarily follow national legislation and align with the OECD Guidelines when that legislation appears inadequate.
- By contributing to the economy of other countries, including paying attention to people and the environment, sustainable development is possible locally.
- Respect the human rights of those affected by your business.
- Promote the development of local capacity through close co-operation with the local community. By working together with the people in the city or region where you do business, you are helping local communities to develop. By creating jobs and providing training, you can promote the development of ‘human capital’. Authorities will appreciate your investment

[111] https://www.oecdguidelines.nl/oecd-guidelines/all-about-the-oecd-general-information para1

[112] https://www.oecdguidelines.nl/oecd-guidelines/all-about-the-oecd-general-information para2

[113] https://www.oecdguidelines.nl/oecd-guidelines/general-principles--supply-chain

in their country and this will lead to a sense of understanding for your activities and get the commitment you need from the local population.

- Refrain from seeking or accepting exemptions regarding human rights, environment, health, safety, labor and taxation. Rules are rules, wherever you do business. It isn't recommended to negotiate exceptions to these rules. This way, you remain a credible and reliable business partner.
- Formulate principles of proper corporate governance and apply them. Since 2009 corporate social responsibility (CSR) has been a relevant topic in the international Corporate Governance Code and explicitly seen as an important part of responsible corporate management.
- Develop and apply effective self-regulatory practices and management systems that foster a relationship of confidence and mutual trust between enterprises and the societies in which they operate.
- Refrain from punishing or discriminating against employees who make bona fide reports to management or the competent public authorities on practices that conflict with local law or the OECD Guidelines.
- Carry out risk-based due diligence, for example by incorporating it into enterprise risk management systems to identify, prevent and reduce actual and potential adverse impacts.
- Actively encourage suppliers and subcontractors to apply conduct compatible with the OECD Guidelines. Supply chain management means promoting and enabling responsible business conduct whenever possible: you should ensure that your suppliers and subcontractors follow the recommendations of the OECD as much as they can. Financiers, governments and clients will increasingly ask about the implementation of responsible business practices within the entire supply chain.
- Abstain from any improper involvement in local political activities.

CORPORATE SOCIAL RESPONSIBILITY IN OTHER COUNTRIES

CSR is adopted in many countries. There are some overview CSR in followimg countries:-

- Corporate Social Responsibility in United Kingdom
- Corporate Social Responsibility in Singapore
- Corporate Social Responsibility in Malaysia
- Corporate Social Responsibility in Australia
- Corporate Social Responsibility in Canada
- Corporate Social Responsibility in UAE
- Corporate Social Responsibility in Denmark

CORPORATE SOCIAL RESPONSIBILITY IN UNITED KINGDOM[114]

The United Kingdom had played a pioneering role in shaping internationally understanding on how to address issued associated with both the positive and negative impact of businesses on the society.

The most of UK's largest companies follow a dual strategic leadership pattern. This implies that the role of the CEO and the chairman of the company board are separated. There is a control of Institutional Investors about 80 percent of the UK equity market.

Earlier the companies were mostly skeptical or cynical about CSR, whereas there is a genuine consensus and effort today to consider CSR as a mainstream activity. There is a movement towards the developing company-Specific CSR to emerge as a preferred company in the market through a deeper comparative understanding of the investment goals and engagement practices. If the government of the United Kingdom is to play a stronger, more active role in promoting CSR, it needs to intervene in the marketplace for the benefit of the society.

Progressive coalitions are already emerging on an issue specific basis- for example the Business Leaders Initiative on Climate Change and the Business Leasers Initiative on Human Rights.

CSR is a dynamic idea and would be under continuous flux. Therefore, constant updation of CSR initiatives has to happen from all the partners in group. These partners are from all the stakeholders of business and each of them needs to create their own credibility. There is a strong presence of CSR-training related to social and environmental issues in the management leadership in management of the firm. The UK, Companies Act 2006 has incorporated some provisions relating to Corporate Social Responsibility.

According to section 172 of the companies act 2006 of UK,

(1) A director must act in a way to promote the success of the company for the benefit of the members as a whole and doing so having in regard to –

[114] https://www.icsi.edu/media/webmodules/companiesact2013/CSR%20Final%2002022015.pdfpg34

(a) The likely consequences of any decision in the long term,

(b) The interests of the company's employees,

(c) The need to foster the company's business relationships with suppliers, customers and others,

(d) The impact of the company's operations on the community and the environment,

(e) The desirability of the company maintaining a reputation for high standards of business conduct, and

(f) The need to act fairly as between members of the company.

(2) Where or to the extent that the purposes of the company consist of or include purposes other than the benefit of its members, subsection (1) has effect as if the reference to promoting the success of the company for the benefit of its members were to achieving those purposes

(3) The duty imposed by this section has effect subject to any enactment or rule of law requiring directors, in certain circumstances, to consider or act in the interests of creditors of the company.

Section 417 of the Companies Act 2006 of UK requires the contents of the Director's Report, a business review to inform the members of the company and help them to assess how well the directors have performed their duties in promotion of success of the company as under section 172 of the act.

The following key points are required to be noted in fulfilling the section 417:

I. The business review must contain a fair review and full description of the principle risks and uncertainties facing the company.
II. The review required is a balanced and comprehensive analysis of development and performance of the company's business during financial year, and Position of the company's business at the end of financial year.
III. The review must contain, for an understanding of the development, performance and position of the company's business, analysis using financial key indicators. \
IV. The review must, wherever necessary, include reference to, explanation of and amounts included in the company's annual report.

V. Where the company is a quoted company (Listed company) the business review must include the following point:

(i) the main trends and factors likely to affect the future development, performance and position of the company's business; and

(i) information about –

(a) environmental matters (including the impact of the company's business on the environment),

(b) the company's employees, and

(c) social and community issues, including information about any policies of the company in relation to those matters and the effectiveness of those policies; and

(i) Subject to subsection (11), information about persons with whom the company has contractual or other arrangements which are essential to the business of the company.

CORPORATE SOCIAL RESPONSIBILITY IN SINGAPORE[115]

"More cases studies illiustrate that companies with corporate social responsibility in their DNA are more resilent and make better business model for success and long term sustainability." -President Singapore Compact, Mr. KwekLengjoo

"CSR is about how you make the money, not how you spend it," -Bhavana Murjani, a senior executive at Singapore Compact

As we are aware of the fact that consumers, investors, governments and even employees are now more sophisticated and aware than in past for the good corporate behavior or lack thereof. Therefore in this new business environment the goodwill and reputation of the company is the most valuable asset and the Corporate Social Responsibility is most powerful weapon in maximizing profitability in the long term along with reputation of the company.

CSR helps in pursuing good business practices with product innovation, generating sales, building trust from shareholders and so on which can be more important to Small and Medium Sized Enterprises (SMEs).

"Singapore Compact for Corporate Social Responsibility" was set up in 2005 by the National Tripartite Initiative for CSR with the National Trades Union Congress (NTUC) and the Singapore National Employers Federation (SNEF) as founder members for promoting Sustainable Development for businesses and stakeholders. Singapore Compact is also the focal point and network body for the United Nations Global Compact (UNGC). The national society encourages CSR practices across the island. There are 420 businesses signed up as members out of 130,000 Singapore registered businesses.

The Singapore Compact has set up "Enabling CSR Journeys" a web page to know everything about CSR. The CSR Enabling Journeys helps companies to kick start their CSR programmes and Sustainability Reporting.

It provides a Simple guide to get started:

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115 https://www.icsi.edu/media/webmodules/companiesact2013/CSR%20Final%2002022015.pdfpg25

1. Understand what corporate responsibility is all about.
2. Get leadership commitment.
3. Develop an organizational sustainability vision.
4. Prioritize Focussing on the company’s strengths and areas of greatest relevance.

The webpage provide the all information one need to know, understand and helps to grow with corporate social responsibility. Singapore Compact also launches Award Functions to give regards and praise to the companies who undertake CSR activities.

CORPORATE SOCIAL RESPONSIBILITY IN MALAYSIA[116]

"Business is part of society, and how it reacts to expectations should not be as a response to an external force but as a response to forces which it is part and parcel of" -Lord Holme (Bourne 1999)

The Malaysian Government has taken following framework to monitor the Malaysian based Companies:

The framework for implementing CSR in Malaysia contains guidelines for Government Linked Companies (GLCs). The Khazanah Nasional Berhad, a management Authority for state investment has the responsibility to monitor that the GLCs implement CSR measures in accordance with the framework.

The Bursa Malaysia, Malaysia Stock Exchange in September 2006 also launched framework on implementation and reporting guidelines for CSR activities undertaken by the listed companies. It aims to guide Public Listed Company's (PLCs) in defining their CSR priorities, implementation and reporting.

The framework is a set of guidelines for Malaysian PLCs to help them in the practice of CSR. It covers four focus areas –

- Environment,
- Workplace,
- Community and
- Marketplace,

In no order of priority to highlight the various types of CSR issues and activities relevant to organizations. Bursa Malaysia recognizes 'CSR to go beyond compliance of law'. The frameworks recommend the companies to consider all 4 dimensions of CSR while drafting their vision statement.There is a mandatory requirement for all PLCs to state "A description of the corporate social responsibility activities or practices undertaken by the listed issuer and its subsidiaries or if there are none, a statement to that effect" in its Annual Report.

[116] https://www.icsi.edu/media/webmodules/companiesact2013/CSR%20Final%2002022015.pdfpg26

The CSR here refers to the activities which would facilitate education, skills to employees, communities, shareholders, safeguard the environment and other affected parties which has an influence on operation to the extend it lays down the foundation for long term and sustainable value creation.

The Bursa Malaysia has also launched its Business Sustainability Programme in November 2010, in order to have the Malaysian public listed companies integrate sustainability into their business strategies. The program includes the publication of a sustainability guide for company directors and the introduction of a Sustainability Knowledge Portal on Bursa Malaysia's website. Of others involved in the implementation of CSR in Malaysia, Caux Round Table Malaysia, CSR Asia, BCSR and EUMCCI are worth noting

The Other initiatives by the Authorities to promote CSR Activities:

• The government of Malaysia has introduced Tax Incentives to businesses that implement broad CSR programs. The tax incentives cover a variety of actions, such as the setting up, child-care facilities, contribution to the community and setting up library services, reduction in greenhouse gas emissions and investing in local communities. In addition the Government has set up fiscal incentives at national levels where funds have been specifically allocated for the benefit for children (incentives can be found in Income Tax Act 1967).
In addition, the government has established a fund of RM 100 Million to promote CSR activities. Moreover, the Malaysian government has announced that state-owned investment funds will include CSR as a criterion in connection with future investments. Also in 2010 the government launched a RM 1.5 billion fund to promote green technology development in Malaysia. Sustainable growth is also one of three goals highlighted in the Malaysian New economic Model (NEM), which aims to make Malaysia a high-income country by 2020.

• The Global Compact Network Malaysia (GCNM) is a network that works to promote the United Nations Global Compact (UNGC) ten principles a set of core values in the areas of human rights, labour standards, the environment and anti-corruption among companies in Malaysia. By connecting to the network, businesses are given the opportunity to showcase their CSR activities internationally as well as an arena for interaction with organizations and other businesses. By August 2010, 62 companies and organizations had joined the GCNM, of which the majority of the companies were multinational companies. DiGi Communications, in which Telenor has a controlling stake, is one of the companies that are affiliated with the network. As emphasized by GCNM, DiGi is the only Malaysian company that has signed the "Caring for Climate" initiative.

• The 100 most valuable companies listed on Bursa Malaysia are given scores for engagement in relation to different dimensions of CSR, as well as corporate governance and the respect of human rights. The scores are prepared in accordance with the CSR policy, how this is being implemented and what effect it has. The share prices of companies with comprehensive CSR activities are monitored and compared with other listed companies in order to create a picture of how CSR activities affect companies' market value. The index shows that from June 2006 to June 2009 companies with good CSR programs give 19.3% higher dividends than other companies. This shows that focusing on CSR is not necessarily an obstacle to companies' core business in Malaysia.

CORPORATE SOCIAL RESPONSIBILITY IN AUSTRALIA[117]

Social responsibility is the responsibility of an organization for the impacts of its decisions and activities on society and the environment, through transparent and ethical behaviour that:

Contributes to sustainable development, including the health and the welfare of society

- Takes into account the expectations of stakeholders
- Is in compliance with applicable law and consistent with international norms of behaviour, and Is integrated throughout the organization and practiced in its relationships."

Corporate Social Responsibility or CSR has been debated since the early twentieth century, but there has been little agreement over its definition due to:

- Differences in national and cultural approaches to business
- Differences in motivation for CSR – doing it because it is morally correct or doing it because it makes good business sense
- Differences in disciplinary backgrounds, perspectives and methods of scholars engaged with CSR

Business View of CSR

Business leaders and management scholars have generally understood CSR as a response to business failures that have accompanied the astonishing growth in size, impact and power of modern corporations. That growth is characterized by the separation of ownership from control and the rise of modern management techniques. While modern management has created great efficiencies, it has also led to a dilution of individual responsibility that is generally only visible when business gets into strife.

Business failures in Australia, such as Australia's then biggest corporate collapse of HIH in 2001, together with crises in corporate accountability, such as the machinations of James Hardie to avoid liability for asbestos compensation by former workers, have led to a greater questioning here of the nature of corporate responsibilities.

[117] https://www.transparenthands.org/corporate-social-responsibility-csr-in-different-countries/

Business leaders deal with CSR issues through specialist business organizations such as the Global Reporting Initiative, the UN Global Compact and the World Business Council for Sustainable Development. In contrast, scholarship related to CSR draws from many areas, including management, ethics, psychology, sociology, finance and accounting, sustainability, public affairs and communications.

CORPORATE SOCIAL RESPONSIBILITY IN CANADA[118]

Canada's enhanced Corporate Social Responsibility (CSR) Strategy, "Doing Business the Canadian Way: A Strategy to Advance Corporate Social Responsibility in Canada's Extractive Sector Abroad" builds on experience and best practices gained since the 2009 launch of Canada's first CSR strategy, "Building the Canadian Advantage: A Corporate Social Responsibility Strategy for the Canadian Extractive Sector Abroad."

The enhanced Strategy, announced on November 14, 2014, clearly demonstrates the Government of Canada's expectation that Canadian companies will promote Canadian values and operate abroad with the highest ethical standards. It also outlines the Government's initiatives to help Canadian companies strengthen their CSR practices and maximize the benefits their investments can provide to those in host countries.

Key elements of the enhanced CSR strategy include:

Strengthened support for CSR initiatives at Canada's diplomatic network of missions abroad, aimed at ensuring a consistently high level of CSR-related service to the Canadian business community around the world, building networks and local partnerships with communities, and reinforcing Canadian leadership, excellence, and best practices in the extractives sector;

- Increased support and additional training for Canada's missions abroad to ensure Trade Commissioners and staff are equipped to detect issues early on and contribute to their resolution before they escalate;
- Re-focusing the role of the Office of the CSR Counsellor, including strengthening its mandate to promote strong CSR guidelines to the Canadian extractive sector and advising companies on incorporating such guidelines into their operating approach. The CSR Counsellor will also build on the work conducted at missions abroad by refocusing efforts on working to prevent, identify and resolve disputes in their early stages;
- In situations where parties to a dispute would benefit from formal mediation, the CSR Counselor will encourage them to refer their issue to Canada's National Contact Point (NCP), the robust and proven dispute resolution mechanism, guided by the OECD Guidelines for Multinational Enterprises on responsible business conduct, and active in 46 countries;

[118] https://www.transparenthands.org/corporate-social-responsibility-csr-in-different-countries/

- Companies are expected to align with CSR guidelines and will be recognized by the CSR Counselor's Office as eligible for enhanced Government of Canada economic diplomacy. As a penalty for companies that do not embody CSR best practices and refuse to participate in the CSR Counselor's Office or NCP dispute resolution processes, Government of Canada support in foreign markets will be withdrawn;
- Inclusion of benchmark CSR guidance released since 2009, namely the United Nations' Guiding Principles on Business and Human Rights, and the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas; and

Flexibility to build awareness of a broader range of extractive sector-specific CSR guidance, including those developed in Canada, e.g., the Mining Association of Canada's Towards Sustainable Mining, and the Prospectors and Developers Association of Canada's e3 Plus.

CORPORATE SOCIAL RESPONSIBILITY IN UNITED ARAB EMIRATES[119]

The concept of corporate social responsibility (CSR) in Dubai and the UAE has always been present from the earliest Islamic times, with people and organizations practising Islamic values, donating through philanthropy and Shariah compliant ways of commerce. In recent years, there have been worldwide initiatives to invest responsibly and focus on investing profits into community life and saving the environment.

CSR at Government Level

The UAE is among the countries in the region most interested in social welfare, through the provision of various public services aimed at maintaining an advanced level of social and economic stability. This has included the provision and development of infrastructure and municipal services, education and health.

In the net shell, reviewing the past decade, we can see that the language of CSR is changing for a good reason and the people are getting more and more aware as well as willing to implement the idea. This search has led its way to new ideas and has developed an expectation of what a socially responsible corporation has to be. The alarming situations in the global village are highly demanding a strategic implementation of CSR into the society and demand the corporate entities to be an active part of the ideology.

[119] https://www.transparenthands.org/corporate-social-responsibility-csr-in-different-countries/

CORPORATE SOCIAL RESPONSIBILITY DENMARK[120]

On December 16th, 2008, the Danish government officially approved the Act Amending the Danish Financial Statement Act (Accounting for CSR in Large Businesses). The law mandates that companies of a certain size must disclose their CSR practices in an annual report or disclose that they do not have a CSR policy. Specifically, companies are required to report on three topics: their CSR policies, including standards, guidelines, and principles; their plan of action to translate CSR policies into results, including all planned procedures and systems; and their evaluation of CSR achievements in the current financial year, as well as expected results of future plans. Recently, the Danish government has added provisions to the law that encourage companies to account for human rights policy and their climate impact. The law has also been applied to institutional investors, mutual funds, and financial businesses. The government believes these CSR laws help Danish businesses compete better internationally and encourages them to make positive contributions to the world.

Since its inception in 2009, the law has encouraged Danish businesses to be vocal advocates of their CSR initiatives. According to a Report from Financial Year 2011, completed with help from the Copenhagen Business School, 50% of companies reported their CSR activities for the first time in the three years since the law's inception. Furthermore, 97% of companies complied with the law. Of the companies that reported their CSR independently (i.e. not through a parent company), 94% said CSR was part of their company policy, while only 6% said they did not pursue CSR initiatives. Common topics that have been reported on include the environment and climate (91%) and social conditions at Danish workplaces (81%). The Danish government would like to see companies improve their reporting of CSR policy results (part 3 of the law) even if this act just entails a subjective analysis.

The law has created a climate conducive to CSR in Denmark. Danish companies are encouraged to think about how best to incorporate responsibility initiatives into their corporate structures. Some companies might focus on water conservation, while others focus on building sustainable supply chains. In general, the law has encouraged Danish companies to treat CSR as part of their business rather than as an extra task.

[120] https://www.givainc.com/blog/index.cfm/2015/3/16/Governmental-CSR-Policies-Around-the-Globe

EXAMPLES OF CSR IN INDIAN CORPORATES HOUSES

Tata Group

The Tata Group conglomerate in India carries out various CSR projects, most of which are community improvement and poverty alleviation programs. Through self-help groups, it has engaged in women empowerment activities, income generation, rural community development, and other social welfare programs. In the field of education, the Tata Group provides scholarships and endowments for numerous institutions

Recently in India and other parts of the world owing to the impact of Covid-19 is very worrisome and requires our very best action. Earlier today, Mr Ratan N Tata, Chairman, Tata Trusts, announced a set of actions and committed Rs 500 Crores towards tackling the situation.

Tata Sons announces an additional Rs 1000 Crores support towards Covid-19 and related activities. We will work together with the Tata Trusts and our Chairman Emeritus Mr Tata and would be fully supporting their initiatives, and work in a collaborative manner to bring the full expertise of the group.

CSR activity of TATA Group

Tata Health Infrastructure

- Tata main hospital at Jamshedpur
- ICU in Joda and Balangpur
- CHC in Bari and Kuhika
- Hospitals in Gobarghati, Sukinda, Joda, Belpahar, Belipada and Bamnipal
- Lifeline Express
- The hospital on wheels
- Mobile health clinics
- Centre for hearing impaired children

Tata Educational Infrastructure

- Institute of mathematics

- Sukinda college
- Joda college centenary Learning centre at XI MB
- J N Tata Technical Education centre
- School of hope
- Shishu Niketan
- Balwadi schools assisted by Tata Steel

Tata Sports Infrastructure

- Tata athletics academy
- Tata archery academy
- Tata Football academy
- Tata steel adventure foundation
- Sports feeder centres
- Stadium at Keonjhar

Preservation of culture and Heritage

- Contribution to setting up national Center for performing arts Mumbai.
- Tribal cultural centers showcases legacy of nine tribes Jharkhand and Orissa.
- Gramshree mela activities.
- In July 2004, B. Muthuraman, Managing Director, Tata Steel Limited (TISCO) announced that in future TISCO would not deal with companies, which do not conform to the company's Corporate Social Responsibility (CSR) standards. Speaking at the annual general meeting of the Madras Chamber of Commerce and Industry, He stated, "We will not either buy from or sel to companies that do not measure up to Tata Steel's.

Ultratech Cement

Ultratech Cement, India’s biggest cement company is involved in social work across 407 villages in the country aiming to create sustainability and self-reliance. Its CSR activities focus on healthcare and family welfare programs, education, infrastructure, environment, social welfare, and sustainable livelihood.

The company has organized medical camps, immunization programs, sanitization programs, school enrollment, plantation drives, water conservation programs, industrial training, and organic farming programs.

Mahindra & Mahindra

Indian automobile manufacturer Mahindra & Mahindra (M&M) established the K. C. Mahindra Education Trust in 1954, followed by Mahindra Foundation in 1969 with the purpose of promoting education. The company primarily focuses on education programs to assist economically and socially disadvantaged communities.

Its CSR programs invest in scholarships and grants, livelihood training, healthcare for remote areas, water conservation, and disaster relief programs. M&M runs programs such as Nanhi Kali focusing on education for girls, Mahindra Pride Schools for industrial training, and Lifeline Express for healthcare services in remote areas.

ITC Group

ITC Group, a conglomerate with business interests across hotels, FMCG, agriculture, IT, and packaging sectors has been focusing on creating sustainable livelihood and environment protection programs. The company has been able to generate sustainable livelihood opportunities for six million people through its CSR activities.

Their e-Choupal program, which aims to connect rural farmers through the internet for procuring agriculture products, covers 40,000 villages and over four million farmers. It’s social and farm forestry program assists farmers in converting wasteland to pulpwood plantations. Social empowerment programs through micro-enterprises or loans have created sustainable livelihoods for over 40,000 rural women

ANALYSIS AND SUGGESTIONS

Corporate social responsibility as a bigger concept and function entails strategic discharge of a company’s social objectives. In India the CSR concept is now used term by social and economic segments including legal person, social person, and corporate and business. The basic objective of business is not only profit making its more on the same with the development of society.

The objective of CSR policy to make business and corporate taking responsibility towards customer, employees, shareholder, nation, society and economic development by its operation and there other activity.

Any act, rule of law cannot do corporate or business to compel them to do CSR activity.
It not in the matter that the law related to CSR activity by corporate to be made so strong but its also the duty of corporates perform activity of business for welfare of society. But on the other hand the there is always the chance that the some corporate or business are want achieve short term goal to gain profit only. For that executive and legislature need to take further step to make a such a law so that CSR activity improve and increase by the corporate and business.

For the bigger corporate CSR is set to become a strategic force it contributing to positive development and eliminating the negative externalities of business. This positive approach to business regards organizations as being full partners in their communities, rather than seeing them more narrowly as being primarily to make profits and serve the needs of their shareholders. Corporate governance needs to be regulated, addressed and implemented strongly.

CSR is the core part of the top management tool to making organization policy to an environment, the environment in the social, legal, economical or physical one. It is the very effective way to create good brand value and market share in the shorter time by the corporate. Its should be the habit of corporate to integrate CSR policy with the business policy.

With the enactment of Section 135 of the Companies Act, 2013, as observed by the Ministry of Corporate Affairs in the Report on the Standing Committee on Finance (LSS, 2010), India became the first country to include provisions on CSR in Company Law and make CSR expenditure mandatory for corporates based on pre-specified criteria.

However, critics of the stakeholder view of CSR argue that stakeholder value maximization is inconsistent with the efficient operation of the company. Multiple objectives that the stakeholder theory envisages distorts managerial incentives as it is not clear what the manager should maximize as maximization requires a single valued function.

The new CSR provisions in India are not a case of government abrogating its responsibility to the private sector. The estimated annual amount of CSR spending by corporates judged in context of total social sector spending by the government is just around two per cent of what listed companies would have spent after applying the criteria under Section 135.

Rather, the new CSR provisions should be looked at as an effort by the government to make the corporate sector play a complementary role in meeting the broader society goal of encompassing development. Under the new CSR rules, the flexibility given to the companies in choosing and monitoring the projects is likely to promote efficiency and effectiveness in project implementation without the CSR Rules coming into serious conflicts with the primary objective of shareholder value maximization of companies. Social and economic incentives seem to have been well balanced in the new CSR rules and one can hope that the corporate sector will willingly lend a helping hand to the government in contributing to the inclusive growth of the nation.

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