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**CORPORATE SOCIAL RESPONSIBILITY IN INDIAN PERSPECTIVE**

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*“On action alone be thy interest, Never on its fruits.*

*Let not the fruits of action be thy motive,*

*Nor be thy attachment to inaction.”- Bhagavad-Gita, Chapter 2*

**Corporate Social Responsibility (CSR)** defined as “the ethical behavior of a company towards the society,” manifests itself in the form of such noble programs initiated by for-profit organizations. CSR has become increasingly prominent in the Indian corporate scenario because organizations have realized that besides growing their businesses it is also vital to build trustworthy and sustainable relationships with the community at large. This is one of the key drivers of CSR programs corporate social responsibility is not a new concept in India. However, what is new is the shift in focus from making profits to meeting societal challenges.

Another reason fuelling this rapid adoption of CSR is the state of the Indian society. Though India is one of the fastest growing economies, socio-economic problems like poverty, illiteracy, lack of healthcare etc. are still ubiquitous and the government has limited resources to tackle these challenges. This scenario has opened up several areas for businesses to contribute towards social development.

Outside stakeholders are taking an increasing interest in the activity of the company. What the company has actually done, good or bad, in terms of its products and services, in terms of its impact on the environment and on local communities, or in how it treats and develops its workforce. Out of the various stakeholders, it is financial analysts who are predominantly focused - as well as past financial performance - on quality of management as an indicator of likely future performance.

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The concept of CSR is underpinned by the idea that corporations can no longer act as an isolated economic entities operating in detachment from broader society. Traditional views about competitiveness, survival and profitability are being swept away.

The World Business Council for Sustainable Development in its publication "Making Good Business Sense" by Lord Holme and Richard Watts used the following definition.

"Corporate Social Responsibility 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"

"CSR is about capacity building for sustainable livelihoods. It respects cultural differences and finds the business opportunities in building the skills of employees, the community and the government"

"Corporate Social Responsibility 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". Thus, the meaning of CSR is two fold. On one hand, it exhibits the ethical behavior that an organization exhibits towards its internal and external stakeholders (customers as well as employees). On the other hand, it denotes the responsibility of an organization towards the environment and society in which it operates. (Naukrihub [online], august 2009).

### **Benefits of CSR to Business**

**1. Best Interest of Business to Promote and Improve the Communities:** Organizations, as members of society, have a moral obligation to help society deal with its problems and to contribute to its welfare. It is the ethical thing to do by the business organizations. A measurement should be made of whether the organization is performing such activities as producing goods and services that people need, creating jobs for society, paying fair wages, safety.

People and organizations need each other. Social responsibilities to employees extend beyond terms and conditions of the formal contract of employment and give **recognition to the workers as a human being**. People today have wider expectations of the **quality of**

**working life;** included justice is treatment, opportunities for consultation and participation, training in new skill and technologies, effective personal and industrial relations policies, and provision of social and leisure facilities. Organization should be, for example, give due consideration to the design of work organization and job satisfaction, make very reasonable effort to give security of employment, and provide employment opportunities for minority groups.

A number of leading companies **like Reliance, Tata, Maruti –Suzuki** have taken steps to develop more ethical cultures and system by involving individual employees in corporate affairs. To provide or support some benefits to the workers will lead to good communities in the business organizations. Good communication in the internal business would be leads to avoid miss understanding of each other. The workers would then enjoy their work and work out more efficiency. The quality of goods and services of the organization therefore increases. This will lead to profitable to the organization's business. Therefore, the social responsibility is important in internal environment of the business too.

## **2. Improves Public Image of the Firm:-**

To many people, responsibilities to consumers may be seen as no more than a natural outcome of good business. There are, however, broader social responsibilities including providing good value for money; the safety and durability of products or services; standard of after-sales service; prompt and polite attention to queries and complaints; long-term satisfaction, for example service ability, adequate supply of products or services, and spare and replacement parts; fair standards of advertising and trading; full and unambiguous information to potential customers. Increasing concern for social responsibilities to consumers can be seen by the activities of such bodies as the Consumers Association, and the number of television and radio programmed devoted to this subject.

Social initiatives taken by organizations tend to promote goodwill, public favor, and corporate trust, and these may contribute to the long-run success of the organizations and profit. Therefore, socially responsible would acts enhance an organization's image and business in general.

**3. Improving Stock Price in the Market:-**

The social responsibility of an organization would lead to their suppliers, and business associates more confidence to the organization. The examples of social responsibility might include: fair standards of trading, honoring terms and conditions of purchase or sale, and settlement dates, for example payment of accounts, assistance to smaller organization; engagement only in fair competition; respect for copyright and patents. By doing that, the other organizations would view the company as less risky. This is in the stockholders best interest. It will improve the price of stock in the long run because the stock market will views the company as less risky and open to public attack. So, it would reduce the cost of the production of the company. Therefore award it a high price- earnings ratio.

**4. Solving the Social Problems:-**

Organizations have a responsibility not to misuse the scarce factors of production upon which the wealth of the country depends. Organizations have a responsibility to society, to respect environmental considerations and take care of amenities. For example, the effects and potential dangers of pollution, noise, disposal of waste; the sitting and appearance of new buildings; transportation policies. All of that must be think off since the decision making of the organizations to have their process of production. Organizations should, of course, respect and obey the law which is set up of government. This would lead to a good image of the companies to their consumers or other companies. The confidence of consumer's increases, and favor to buy the goods from the companies. The profit of the companies will increase eventually. Therefore, acts of social responsibility is very important by organizations help correct the social problems that the organizations create.

**5. Resource given by the organizations to solve the social problem:-**

The measurement of social investment deals with the degree to which the organization is investing both money and human resources to solve community social problems. Here, the organization could be involved in assisting community organizations dedicated to education, charities, and the arts. Management seems to include social responsibility issues in everything that it does. A lot of money would be used for solving the social problems. Most of the time, there is limited money for that. Technical also been used to solving problems. So, in order to

avoid the limited of resources, most of the organizations will possess the resources (such as money and expertise) needed to tackle social problems. A good image of the companies develops. It will lead to even more consumers to have confidence on those companies and more consume on the goods of the companies. These companies would be profitable in the long run period. Therefore, being social responsibilities is very important to an organization in order to create a good image to the company.

In this way, business concerns are indulging in various activities concerning their social responsibility. So, as far as Private sector is concerned has not legged behind in this sphere. They have launched various projects for the fulfillment of their social obligation towards the society. Let us have glimpse of their efforts towards the attainment of their goals.

CSR is not a new concept in India. Corporate like the Tata Group, the Aditya Birla Group, and Indian Oil Corporation, to name a few, have been involved in serving the community ever since their inception. Many other organizations have been doing their part for the society through donations and charity events.

Today, CSR in India has gone beyond merely charity and donations, and is approached in a more organized fashion. It has become an integral part of the corporate strategy. Companies have CSR teams that devise specific policies, strategies and goals for their CSR programs and set aside budgets to support them.

These programs, in many cases, are based on a clearly defined social philosophy or are closely aligned with the companies' business expertise. Employees become the backbone of these initiatives and volunteer their time and contribute their skills, to implement them. CSR Programs could range from overall development of a community to supporting specific causes like education, environment, healthcare etc.

For example, organizations like Bharath Petroleum Corporation Limited, Maruti Suzuki India Limited, and Hindustan Unilever Limited, adopt villages where they focus on holistic development. They provide better medical and sanitation facilities, build schools and houses, and help the villagers become self-reliant by teaching them vocational and business skills.

**DCM Shriram Consolidated Limited**

Shriram Fertilisers and Chemicals, is a unit of DSCL, located at Kota, 475 kms. Over the last 3 decades, various initiatives have been undertaken by the unit, in the Hadoti region (Kota, Bundi, Jhalawar districts) in ICU, ambulances, family planning, medical assistance; schools, scholarships, emphasis on girl child education; water to people and infrastructure.

**JCB India Ltd.**

JCB India adopted a Government school, in the vicinity of the company premises as its social responsibility. They strongly believe that children are the foundation of our nation and they could be helped, they could build a better community and society tomorrow. The reason for adopting this particular school was the poor management of the school in terms of infrastructure, resources and quality of education. The company's commitment to the school goes much beyond just providing monetary support towards infrastructure and maintenance of school building.

**Aptech Limited**

Aptech Limited, a leading education player with a global presence, has played an extensive and sustained role in encouraging and fostering education throughout the country since inception. As a global player with complete solutions-providing capability, Aptech has a long history of participating in community activities. It has, in association with leading NGOs, provided computers at schools, education to the underprivileged and conducted training and awareness-camps. The company strongly believes that education is an integral part of the country's social fabric and works towards supporting basic education and basic computer literacy amongst the underprivileged children in India.

**Larsen & Toubro (L & T) Limited**

Considering that construction industry is the second largest employer in India after agriculture, employing about 32 million-strong workforce, L&T set out to regulate and promote Construction Vocational Training (CVT) in India by establishing a Construction Skills Training Institute (CSTI) on a 5.5 acre land, close to its Construction Division Headquarters at

Manapakkam, Chennai. CSTI imparts, totally free of cost, basic training in formwork, carpentry, masonry, bar-bending, plumbing and sanitary, scaffolding and electrical wireman trades to a wide spectrum of the rural poor.

As a result of the good response it received in Chennai, CSTI set up a branch at Panvel, Mumbai, initially offering training in formwork, carpentry and masonry trades. The Manapakkam and Panvel facilities together provide training to about 300 candidates annually who are inducted after a process of selection, the minimum qualification being tenth standard. Since inception, these two units have produced about 2,000 skilled workmen in various trades, with about sixty percent of them being deployed to L&T's jobsites spread across the country. The success of this training-initiative demonstrates that adoption of systematic training techniques are bound to yield efficient and skilled personnel in the shortest possible time, and in the power to convert the potential of the Rural Youth in Construction and upgrading Rural Economy in a small way.

### **Tata Consultancy Services**

The Adult Literacy Program (ALP) was conceived and set up by Dr. F C Kohli along with Prof. P N Murthy and Prof. Kesav Nori of Tata Consultancy Services in May 2000 to address the problem of illiteracy. ALP believes illiteracy is a major social concern affecting a third of the Indian population comprising old and young adults. To accelerate the rate of learning, it uses a TCS-designed Computer-Based Functional Literacy Method (CBFL), an innovative teaching strategy that uses multimedia software to teach adults to read within about 40 learning hours.

### **Reliance Industries Ltd**

Four years ago, Reliance Industries Ltd. launched a countrywide initiative known as "Project Drishti", to restore the eye-sights of visually challenged Indians from the economically weaker sections of the society. This project, started by one of India's corporate giants has brightened up the lives of over 5000 people so far.

**Avon Cycle Limited** The poor and ignorant of India's rural population turn to nearest towns and cities for healthcare. They face indifference and exploitation. Hope gives way to despair. This

gave inspiration to AVON for locating MATAKAUSHALYA DEVI, PAHWA CHARITABLE HOSPITAL. The hospital has risen to serve a model healthcare facility boasting of some bold experiments in its very early years of existence. The hospital holds regular camps in surrounding villages to propagate scientific approach to healthcare.

### **Mahindra & Mahindra**

The K. C. Mahindra Education Trust was established in 1953 by late Mr. K. C. Mahindra with an objective to promote education. Its vision is to transform the lives of people in India through education, financial assistance and recognition to them, across age groups and across income strata. The K. C. Mahindra Education Trust undertakes a number of education initiatives, which make a difference to the lives of deserving students. It promotes education mainly by the way of scholarships. The Nanhi Kali project has include many children under it. The aim is to increase the number of Nanhi Kalis (children) from the underprivileged children especially in rural areas.

### **Infosys Technologies Limited**

Infosys is actively involved in various community development programs. Infosys promoted, in 1996, the Infosys Foundation as a not-for-profit trust to which it contributes up to 1%PAT every year. Additionally, the Education and Research Department (E&R) at Infosys also works with employee volunteers on community development projects. Infosys leadership has set examples in the area of corporate citizenship and has involved itself actively in key national bodies. They have taken initiatives to work in the areas of Research and Education, Community Service, Rural Reach Programme, Employment, Welfare activities undertaken by the Infosys Foundation, Healthcare for the poor, Education and Arts & Culture.

### **ICICI Bank Ltd**

The Social Initiatives Group (SIG) of ICICI Bank Ltd works with a mission to build the capacities of the poorest of the poor to participate in the larger economy. The group identifies and supports initiatives designed to break the intergenerational cycle of poor health and nutrition ensure essential early childhood education and schooling as well as access to basic financial services.

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**Airtel and Tata Group:**

Recently Airtel and Tata Group both donated Rs.100 crores each for the development of toilets in schools on the humble call of our Prime Minister Sh. Narendra Modi Ji on 15 August 2014. It is really a commendable and noble initiative taken by corporate houses.

**Conclusion:**

It can be concluded that in today's informative world where information are readily available to general public, CSR has been an integral part for every organization to be successful. Organizations in present world cannot be survived without taking into account the social responsibility. CSR has been a vital component for any organization to have perpetual success and to create brand. In conclusion to my mind CSR has become a vital organ for the success and survival of the organization. In lieu of the above facts Social Responsibility has become a life line for the perpetual secession and for creating brand of every organization.

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