



UTILITY OF CSR FUNDS IN INDIA

Capt. Sachin Sawant*¹

ABSTRACT

The Indian business world is growing daily as the aspect of corporate social responsibility is being taken seriously by firms. In other ways, with CSR funds, Indian companies are better placed in elevating the communities where they operate. Information used in this survey paper is secondary data obtained from articles, media reports, journals, magazines, newspapers, as well as online websites. Besides, the utility of CSR funds in India is reflected as TATA Group, IOCL, Aditya Birla Group are explored as critical when it comes to the aspect of CSR. The discussion section explores the impact of CSR funds in India for the year 2018 -2019 while considering its effect on communities in the nation. Lastly, the paper presents a summary of the paper's critical points concerning the utility of CSR funds in the Indian context.

1. INTRODUCTION

In essence, it is no longer enough for companies to buy and sell their goods and services without considering the environments where they operate. Therefore, businesses need to be willing to conduct business in a socially, economically, and environmentally responsible way to guarantee their future existence. Corporate social responsibility (CSR) entails business processes that benefit the community. In other ways, the logic of CSR rests on the dogma of giving and take. Organizations take resources in the form of human labor as well as raw materials from the community. In the main, the idea of CSR operates as a build-in, self-controlling approach where companies monitor and guarantee its active acquiescence to the spirit of the law, moral norms, and global standards. In that regard, the paper examines the utility of CSR funds in the Indian context.

2. MATERIALS AND METHODS

The paper is an attempt to review research, founded on the secondary information obtained from articles, media reports, journals, magazines, newspapers, as well as online websites.

CSR Defined

In most instances, CSR is explained as an idea where businesses integrate social and ecological concerns in their business process and their interaction with their investors voluntarily.

On the other hand, Kotler and Lee define CSR as an obligation to advance the society's wellbeing through flexible, business operations, and donations of organization capitals (Lindgreen & Swaen, 2010).

3. RESULTS

i. Utility of CSR in India

In particular, corporate social responsibility is not a new thing in India. Since its establishment in the country, companies like TATA Group, IOCL, Aditya Birla Group have been taking part in community projects through charity events and contributions. In essence, the Indian CSR provisions Act applies to business with a yearly income of more than 1,000 crore INR, or a net worth of more than 500 crore INR, or a net profit of more than 5 crore INR (Dharmapala & Khanna, 2018). This rule also requires organizations to develop a CSR board entailing their committee members, encompassing at least one autonomous executive. Essentially, after the 2013 Company Act made it obligatory for organizations to spend under CSR, the nation's CSR reporting raised by 27 percent in 2015.

In that regard, many businesses in India have realized the importance of taking up CSR activities and integrating them with their business operations. The key goal of CSR is to maximize the business's general effect on the community and shareholders. Indian companies are becoming progressively conscious of their roles towards the community. They are liable agencies that feel a sense of responsibility towards the social wellbeing and the surroundings. This comes with a rising comprehension that they, as an essential portion of this community themselves, can donate to its growth and liberation of the entire country inline (Lawania & Kapoor, 2018). As a result, business is developing certain units and groups that develop strategies, policies and objectives which are for their CSR activities and assign separate funds to support them. These activities are founded on distinct social principles or are sensibly affiliated to the firms' business sphere. The programs are put into operation by the workers who are critical to this process. CSR activities range from community development to grow in academics, surroundings, healthcare, etc.

ii. Utility of Funds in Other Countries Compared to India

Country	Investment in Infrastructure as a % GDP	Access to Improved Water Source (2019) %	Access to Improved Sanitation (2019) %	Power Generation (billion kwh)	Mobile Subscription/100 People (2019)
Pakistan	12	93	96	156	234
China	35	97	100	5509	123
India	15	86	46	1230	87
Singapore	23	86	62	200	120
Indonesia	11	84	91	158	87
Hong Kong	12	94	100	51	254
South Korea	14	90	55	98	76

iii. The Top Eight Companies in India

<u>Company Rank (2019)</u>	<u>Company Rank (2018)</u>
Tata Steel Ltd	Mahindra & Mahindra
Tata Power Company	Tata Power Company
Mahindra & Mahindra	Tata Steel Ltd
Tata Motors	Tata Motors
UltraTech Cement	Larsen & Turbo
Tata Chemicals	Shree Cements
Shree Cements	Tata Chemicals
Larsen & Turbo	UltraTech Cement

4. DISCUSSION

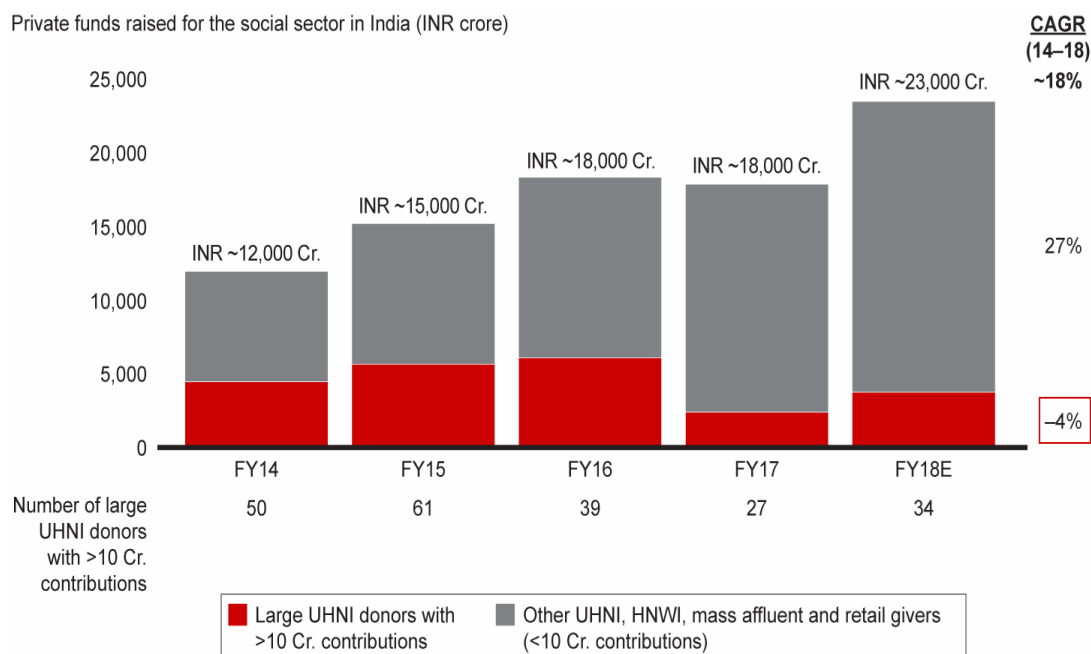
For the year 2018-2019, the total corporate responsibility spends of Indian companies for which data was obtainable was Rs 5750 crore with an average spend of Rs 33. 21 crore per firm (Lawania & Kapoor, 2018). In essence, this translated into an average CSR spend as a percentage of total PAT of 1.2%, which is below the government directive of 2% or extra. The push by the government makes corporates in the nation step up. Indeed, more than 40% of firms concentrated on Swachh Bharat, while 60% of the firms examined work in the parts of solar power. In particular, emissions disclosure requires more attention. Merely 36% of the nation's top 200 firms disclosed GHG emissions information, whereas around 55% took part in carbon strategic undertakings like the Carbon Disclosure Project (CDP).

Indeed, given the in-built nature of companies in India, they try to lessen their outside world's impact through a business liable focus. In that respect, healthcare and academics attracted the most massive CSR spends, accounting for around 45% of the entire spending (Lawania & Kapoor, 2018). On the other end, empowering women, aid for elderly individuals, and armed forces veterans saw no takers. Nevertheless, businesses are joining hands or joining efforts with non-governmental organizations (NGOs) and utilize their professionalism in framing undertakings that address extensive social issues. For instance, SAP India, together with HOPE Foundation, an NGO reestablishes or restores the lives of tsunami-affected victims in the nation. In the main, India companies have been in the front line as far as the aspect of CSR spends is concerned.

Currently, following the Covid-19 outbreak, a lot of companies in India are CSR funds in managing or rather mitigating the spread of the illness. CSR funds contributed by organizations to any precise fund set up, either by NGOs or the Indian government ought to utilize in offering emergence income support and livelihood as Covid-19's peak infection phase abates, besides being utilized in strengthening the healthcare sector (Prasad, 2020). Essentially, India's government permitted firms to spend their CSR funds in mitigating the

spread of the coronavirus pandemic. The approach is anticipated to benefit local societies, where firms have operations and supplement the nation’s efforts to fight the illness, which has disrupted economic undertakings and even affected livelihoods.

i. Utility of CSR Funds in India



Note: Does not include Azim Premji’s contribution
Sources: HURUN donor databases; Charities Aid Foundation report; Kotak Wealth Top of Pyramid report; Bain analysis

ii. Top 3 Companies in India & their CSR Type

<u>Company</u>	<u>Types of CSR</u>
1. Tata Chemicals Ltd	Environmental, ethical, philanthropic.
2. Infosys Ltd.	Environmental, ethical, philanthropic.
3. Bharat Petroleum Corporation Ltd.	Environmental, ethical, philanthropic.

In particular, in the next 5 years, these companies are likely to spend less in matters to deal with corporate social responsibility. In other ways, these top three Indian organizations will not incur huge budgets in the aspect of CSR.

5. CONCLUSION

To sum up, the paper details critical evidence that reflects on the utility of CSR funds in India's case. Indeed, corporate social responsibility (CSR) entails business processes that benefit the community. In other ways, the logic of CSR rests on the dogma of giving and taking. Essentially, corporate social responsibility is not a new thing in India. Since its establishment in the country, companies like TATA Group, IOCL, Aditya Birla Group, among others, have been taking part in community projects through charity events and contributions. In the man, with the current coronavirus pandemic, the Indian government has

instructed companies to use their CSR funds in combating the spread of the infection to save the economy and lives.

Acknowledgment: First and foremost, I would like to express my special thanks of appreciation to my course lecturer for giving me this golden opportunity to carry out this excellent study on the topic utility of corporate social responsibility funds in India, which helped me in understanding the aspect of business management in the nation. Secondly, I would like to thank my course mates, who helped me complete this research paper.

REFERENCES

- [1] Dharmapala D, Khanna V. The impact of mandated corporate social responsibility: Evidence from India's Companies Act of 2013. *International Review of Law and Economics* 2018; 56: 92-104.
- [2] Lawania BD, Kapoor S. Leveraging Corporate Social Responsibility for the Advancement of Development Goals in India: Sanitation and Cleanliness Movement in India. *Australasian Accounting, Business and Finance Journal* 2018; 12(2): 46-70.
- [3] Lindgreen A, Swaen V. Corporate social responsibility. *International journal of management reviews* 2010; 12(1): 1-7.
- [4] Prasad GC. Companies can utilize CSR funds to deal with outbreak. *Livemint*, 2020. <https://www.livemint.com/politics/policy/companies-can-utilize-csr-funds-to-deal-with-outbreak-11584991501810.html>