A Study On Evolution Of Corporate Social Responsibility In India

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ABSTRACT:

Corporate Social Responsibility is become one of notable issue across the world, specifically among politician and multinational companies. Roots of social responsibility in society were very ancient. (Bowen, 1953) in his "book Social Responsibility of business" originated the concept of Corporate Social responsibility. This paper explore about Evolution of CSR in India from ancient to modern phases, India is only country where CSR become mandatory for companies under the company act 2013 section 135. Moreover, study focus on identify challenges and implementation of CSR, along with dichotomy of western CSR and India perspective of CSR. Research methodology of this paper is exploratory in nature; data was collected through secondary sources, books, journals, newspaper and websites etc. analysis done on the basis of extensive review of literature. Study talked about how CSRhas evolved over the period from philanthropic to strategic tool for companies and how business in India faces challenges for implementing CSR. However, western CSR view and Indian CSR philosophies similar in principally, but implementation and approach is different.

Keywords: – CSR (Corporate social responsibility), Philanthropic and Strategic CSR.

INTRODUCTION:

Corporate Social Responsibility is one of the most notable and debatable topic in developed and emerging economies of world. We have witnessed enormous growth in the wealth of multinational companies like Google, Microsoft, TCS, and Reliance etc. Therefore, CSR become more relevant and essential for all the countries and society. (Bowen, 1953) in his "book Social Responsibility of business" originated the concept of Corporate Social responsibility and describe how can business formulate conducive and familiar environment for people of society. Later on (Freidman, 1970) and (Carroll, 1979) Further define Corporate Social Responsibility, Freidman talk about Stewardship approach; here he explained organization need to full fill their responsibility on every fold of organization. Carroll gave four-dimension models which were very significant in the field of CSR; four components was this model Economical, legal, Ethical and Philanthropic. There were some of historical document on gross roots of social responsibility at worldwide .The elementary roots of CSR came from ancient Mesopotamia approx. 1700 BC; King Hammurabi used that rule for the builders, farmers (BRASS Centre, 2007), Andrew Carnegie was the founder of US Steel Corporation, Published a book in (1899,) "The Gospel of Wealth" According to Andrew CSR relies on two basic principles, leadership and charity and both are related to welfare of employee and society.

The term of CSR adopted by people in common use in the mid of 1970 and 1980s, the shift of CSR as charity and philanthropic to more towards business oriented and liner

relation with mainstream sustainable development. A practical CSR activity should touch both the dimension ethical and philanthropic specifically country like India, where economic inequalities is much wider then developed countries (Bajpai, 2001).

A study conducted by Ernst & young and PHD chamber, according to this study CSR become more significant. There are certain factor which helps to create robust relation between company and stakeholder. It helps organization to innovate and improve on the continuous basis, enhances motivation of employee and attracts best suitable talent of industries for organization. Moreover, it also mitigates uncertain risk of organization and help to full fill stakeholder's expectations (Ernst, young, and PHD chamber Global CSR summit-2013)

OBJECTIVES:

1. To study phase wise evolution of CSR in India.
2. To identify challenges and implementation of CSR in India
3. To identify Dichotomy between western and Indian views on CSR

RESEARCH METHODOLOGY:

The study is exploratory in nature and an attempt of systematic review of secondary (Processed data) through various journals, books, government web sites and published material. Analysis of CSR evolution phases through deep review of various sources and identify challenges in implementation ofCSR and paradox of views on CSR by western and Indian context.

Corporate Social Responsibility in India:
The Idea of social responsibility had been always presented in Indian business philosophies; it was very akin to Morden CSR, at the ancient period of India most of the social help in the form of charity (Dadravala, 1992; Lala, 1981). However, Indian society was so much religious about helping to society through there tradition, like Daan, dhrama in Hindu religion, zakat in Islam, Daashannt in Sikhism. In Atharva veda, "one can earn wealth with on hundred hands and distribute with thousand hands". (S.vijay 2017).

Puspha Sunder (2000) in his book Beyond Business: explain how charity of merchants moves into corporate citizen in Indian perspective, he also defines philanthropy of business for economic, social, political and cultural in deferent development phases in India (Sunder 2000). These changes in happened in our country mid-19th and 20th century Sunder Identify four phases in our economic development and accordingly changes in the pattern of corporate social responsibility. Corporate Social Responsibility in western world was not same as Asian countries, in western countries its emphasis capitalism on the other hand in Asian continent its more philanthropic (Mohan, 2001). Pre independence there were so many family oriented business houses in India, these families not only helped in freedom movement but strengthen the economic development of Indian society. In the 1944 some of industrialist jointly tried to expand the development of Bombay (change Nomenclature Mumbai), that plan for development called Bombay plan (Srinivasan and Tendulkar, 2003). As India economy moved from agriculture to industrial economy more responsibility moved from government to industries due to imbalance of economic growth (Mohan, 2001). In 1966 seminar was held in Delhi which was emphasis on hoe social responsibility was important for multi stakeholders. Outcome of seminar was that enterprises is responsible for, its customer, employee, shareholders, and society (IIC, 1966).

The history of Corporate Social Responsibility in India is gone through various phases, in the parallel of development of India economy. Approaches of CSR has

been changed in various decade, however some of characteristics of CSR adopted by next generation approach of CSR.

In India CSR evolution gone through many phases, from philanthropic to strategic CSR, the time period of development was not static. Therefore, the time period of CSR development before 2013:

Time Period	Economic status	Corporate CSR views
1850-1914	Agriculture and specific Industrialisation of certain sector (colonial era)	Dynastic charity, view is morephilanthropic
1914-1947	Tax and tariff from British, Trade barriers	Most of the social support for freedom struggle
1947-1960	Socialism, protectionism state control activity	Support state; launch own rural development programme and help innation building
1960-1990	Heavy regulations	Corporate trusts
1991-2013	Liberalisation	Family trusts, private-public partnerships, NGO sponsorship
2013-present	Market economy focus on eradicate inequalities (Globalization)	Company act 2013, mandatory 2 % CSR

Sunder (2000), explain CSR development of India in four important phases parallel to economic development:

First Phase (1854-1914):

The first phase of Corporate Social Responsibility in India was more in philanthropic and charity which was influenced through religious philosophies. Moreover, big business family like Tata, Birla, Godrej; Bajaj has their own family values which derive social charity. Most of the charity work focus on building temple, Moreover, the time of natural calamity like: famine, flood merchant family open their treasures for people (Arora, 2004). However, at the time colonial era Indian business families instead of building temple they started building schools, colleges and other community centre for society. That was the period when this social work focus on extract political advantage, this view was by product of colonial rule in our country (Mohan, 2001). Tata Group, Jamshetji N Tata who was biggest contributor in social development of our country, always put people first then corporate profit (Sanjay 2008).

Phase second (1914-1947):

Sunder coined term for this phase as a golden period for philanthropic activity through Indian business that was the time where big organizations donate ample amount of money for political movement and support freedom movement, along with social and cultural issues. It was the era when most of the industrialist so much influenced through Mahatma Gandhi view on social responsibility. That was the time when Industrialist like G.D. Birla, Jamnalal Bajaj, etc. influenced through "trusteeship" concept of wealth of Mahatma Gandhi (Narayan, 1966), after that most of the reform started about untouchable, woman empowerment, community development etc. (Kumar, 2001) Represented Gandhi's trusteeship view as a profound ethical model of CSR for companies. Pauchauri tried the establishment relation between Corporate social responsibility and trusteeship, (Pauchauri, 2004). However, Mahatma Gandhi was not against wealth creation according to some of thinker, Gandhi wants redistribution of wealth for society (Verma, 2004). There always be

inequality in society if social justice would not prevailed, it cannot be possible through only government, that need

voluntary effort by business organization and it should not forcefully (Renold, 1994). Domestic companies at the starting phase of British rule were used to make equilibrium and try to maintain certain distance from all the political issues, but after some of hazardous policy of British rule, they realized there will be ample opportunities in independent India, than they started support to political movement of India freedom (Renold 1994; Rothermund 2000). It was time when anger against Britishrule was enhancing day by day in India society. That was the major cause for all the industries to start making robust relation with congress party which was leading party at the time for freedom movement (Tomlinson 1979; Das 2002).

However the first phase of CSR development of more inclined towards philanthropic activity, but second phase was more inclined towards building educational institute and support national movement of political parties for freedom movement (Sunder, 2000). It was the result of that view of corporate social responsibility our country got some of best institute like, Tata institute of fundamental research, Birla institute of technology and science (Sunder, 2000). Moreover, some of scholarship scheme also launch by the time and try to use it as a robust social, moral, political and economic relation between donor and recipient (Palsetia 2005:197). Most of the owner of big firm tries to remove untouchbility through their trust and allow Mahatma Gandhi concept of CSR in their companies (Arora, 2004).

Third phase of CSR in India (1947-1980):

This era of Indian economy described as a controlled era by government policy, business were bound by strong and strict rule and regulation (Arora 2004). This era was like

mixture of socialist and market economy (KPMG in India, 2008). The former P.M. Jawaharlal Nehru was the driving force of economic policy after independence he was more inclined towards socialist model of economy. Therefore, that era was so much dominated by Public sector under taking companies (PSU), and most of the CSR activity done through public companies for their employees. After the independence immediate focus of Government of India to become self-reliant and build foundation for science and tech, it was the policy and vision of P.M. Nehru (Sundar 2000; Khan and Debroy 2002). At the parallel some of economist propagated in the favour of market economy, capitalist view (Das 2002; Khan and Debroy 2002). Due to major dominance of few industrialists at the time of independence government has strong hold on that and capitalist view was so weak, these companies were involved all the business activity and social activity (Sunder, 2000). India academicians and politician tried to decode more CSR through national workshop in 1965 in Delhi (Mohan, 2001). Therefore, agenda of that time for all companies to play more essential part for society and become respectable corporate social citizen. Moreover, try to constant conversation with all the stakeholders, along with transparency (Mohan, 2001). Earlier it was tough to explain social responsibility on profit front to shareholder, because it take time to get incentivise (Tripathi, 2004). 75% of big business run by family business in 1993 -1994 (dutta, 1997).

Government of India appointed a committee in 1964 "Mahalanobis committee" that committee reported in spite of rule and regulation on business most of the wealth of our country earned by few companies between period of 1951 to 1958, and 70-75 business houses controlled more than 40 percept of total capital of all non-government assets. That report motivates restrictive trade

monopoly policies (Krishna 1992). However, most of the CSR analysis on the basis of theory and secondary databasis, in 1981 one of study done on CSR through primary data in Delhi, response of company executive had captured of more than 10 companies and result was in favour of CSR . Most of the people positive towards CSR and they are support the relation of CRS with business (Khan, 1981).

Fourth Phase (1980-2013):

This was the very growing phase for companies and economy of our country, in this time period companies has started using CSR as a sustainable business strategy. After the Globalization, Privatization, and liberalization (LPG) in 1991, maximum licence policy has abolished and creates conducive policy for business by the government which helps in economic growth (Gajare, R.S. 2014). More studies done by different academicians about Morden CSR, in the line studies one conceptual study on CSR development in India performed by D.B. Patil and Bhakkad, Where they explain how Morden management perform by companies in social field. Milton Friedman proposed model about corporate social responsibility and economic triple bottom line, which is explain follow law of business and generate wealth for companies is enough for good practice along with charity for society (KPMG, 2008 in India).

The scraping of licence raj by the Indian government initiate a new era of economy, and result was that decision very fruitful for companies and export- Import business (Arora and Purnik 2004). Moreover, that Growth of economy did not fully deviate to our business from Philanthropic activity,in spite of improve profit and turnover, increased the capability of companies to spend more for society (Arora, 2004). According to Sunder this era produced many new actors for corporate social responsibility through liberalization (Sunder, 2000). India

Corporate Sector in India had grown and diversified in this period time immensely. As of 2001 paid up capital of companies $70,062 billion and total no. of small and medium 584100 Share holding companies (Monga, 2004).

According to Sunder this stage of CSR nature move from philanthropic to corporate citizen, where companies more inclined towards mainstream development and try to help marginalised people of society (Sunder, 2000)

Legal Frame Work of CSR in India

The Government of India Introduced CSR related law and provision in the companies Bill 2012, clause 135 of companies' bill 2013 focus on CSR and duty under CSR activity.

The clause 135 applicable to all the companies that follow the following;

1. Net worth of INR 500 Cr. or more then that value.
2. Turnover of INR 1000 Cr. or more than that value.
3. Net profit of INR 5 Cr. or more than that.

An average of last three financial year of profit after tax will be calculated for CSR computation, it is2% mandatory by GOI.

According to the section 135 companies act 2013, government has specify certain area for socialprojects by the companies. Organization can take their volunteer decision about area for spending.

The list of activities according that Annexure follows:

- Enhancing vocational skill and provide training
- Improve education standard through promoting education
- Improve maternal health of woman and reduce child mortality
- Protection of environment and improve sustainable environment
- Improve immunity system of people and fight with vicious diseases like malaria, dengue etc.

- Empowering woman and work for gender equality.
- Work on social projects and promoting business and projects which are related social issue.
- Contribution to any fund which is come under central or state Government which are related to social and economic development or Prime Minister relief fund.
- Welfare and development of SC, ST and OBC (Scheduled Castes, Scheduled Tribes and Other Backward classes) and other minorities.

Challenges and Implementation of CSR:

Most of the companies in India started realizing, the core of CSR for business, earlier they were only concentrated profit through price and quality, now they have understand changing view of customer about product of companies and their philosophies. Therefore, CSR is one of the essential tools for companies to enhance brand image and value of company in the eyes of customers.

There are certain challenges faced by organization in the front of Corporate Social Responsibility.

- Lack of clear understanding of CSR - Most of the companies still don not able to understand clear scope and definition of CSR, and how they can use CSR in different fetches of society. Companies still struck on traditional process of helping society.
- Lack of community participation – Most of the CSR activity done by the companies through NGO in India, They don't involve direct for spending their money. However, the kind of participation they expect from society it was not present yet, that need great amount of cooperation between business and society.
- Non-availability of Well Organized Non-governmental Organizations – In India still there are shortage of good and organized organization for supporting CSR activity. Therefore, there is need of companies to create good organization with the support of government.
- Lack of consensus on implementing CSR projects – There are some difference between company and government about sector to spend CSR money. Government of India has decided certain sector for business for CSR practices along with guideline.
- Failure to accept CSR as innovation – In India most of the companies still see CSR as burden on companies and it reduce the profit of business, they never try to understand the kind of innovation scope from CSR activity in the form of marketing, branding, or it can help to develop product by good feedback from society.
- Transparency – It is important for all the companies to disclose certain information to government, so transparency is still problem in CSR.
- Need to Build Local Capacities: There is always need to build good relation with local people and organization it helps to implement fruitful CSR for the parties.

CSR spending by top companies in India year (2020-2021):

Sr. No.	Company Name	Amount spends (in cr.)
1.	Reliance Industries	922
2.	Tata consultancy	674
3.	Infosys	362
4.	ITC	335
5.	Wipro	247

6.	Tata Steel	222
7.	Hindustan Zink	214
8.	HCL	195
9.	Mahanadi Coalfields	168

CSR spending by top companies in India year (2020-2021):

Sr. No.	Name of State	Amount spends (in cr.)
1.	Maharashtra	1100
2.	Gujarat	582
3.	Andhra Pradesh	446
4.	Karnataka	434
5.	Uttar Pradesh	361
6.	Tamil Nadu	277
7.	Odisha	274
8.	Rajasthan	255
9.	Haryana	228
10.	Madhya Pradesh	173

Dichotomy between western and Indian views on CSR:

Corporate social responsibility is worldwide accepted as Philanthropic activity. India is only country where CSR is mandatory for companies under the section 135 of company act 2013. However, in western countries CSR is still voluntary activity. As is some of results shows that companies started using CSR as strategic tool. Moreover, it is significant for company and legal. In India CSR is not very much use as strategic tool, it is at starting phase in India (Lantos, Baron, McWilliams, Siegel). Most of the studies have performed at developed world (Graafland, 2006). In India social responsibility existed from ancient period like Dana, dharma, in Hindu religion Zakat, in Islam, in the present CSR concept adopted by India from western countries basically same as philanthropic view. In western countries like Europe, and USA the concept of CSR is corporate citizen and try to compete with each other's (Hopkins, 1998). However, in developing countries CSR is still not gain that muchof acceptance likes west countries (Logan et al. 1997; Marsden and Andriof 1998; McIntosh et al. 1998). It is tough to do comparison between Western and Indian views on CSR because we have enormous material on western CSR philosophies and evolution, but we do not have such kind of material about India viewpoint on CSR (Japan (Lewin et al. 1995; Quazi and Brien 2000). western countries often Criticised about their approach towards society, they are self-centric and mostly focus on profit margin, later part of decade they started corporate citizenship which search new ways of helping society (Sunder,2000). Therefore, it is found that CSR trend in India is akin to western countries which few decade ago in 20th century.

CONCLUSION:

The study, analyse the historical background of corporate social responsibility in India context; It focuses on evolution of CSR in India in deferent phases. CSR is become one of the most demanding activity in business, it helps to make relation with all the stake holders. In India still most of the companies are not able to define CSR it better ways, they are not extracting positive image from CSR activity. Paradox of CSR is all the western companies these days using CRS as strategic tool for business (Hopkins, 1998). Earlier

there was the time when government of any country took responsibility of people, but due to rapid increase in market based economy more power gone in the hand of corporate. Therefore, A practical and conducive CSR activity is necessary which cover all the dimension of society and help to reduce inequalities in society (Bajpai, 2001).

India is only country in the world where CSR come under certain section and laws, So therefore, it is very essential for all the company to follow rule and regulation with transparently and onus upon government , how they able to create conducive environment for smooth functioning of CSR in our country. Moreover, CSR working and view of western countries fully similar to Asian view, so India need to align all the CSR activity of companies with national interest and focus on transparency. Implementation of CSR still a big challenge for companies and government that why proper channel for helping these kind of issue necessary, NGO are playing good role to do tie-up with companies and spending CSR money on rural and community development.

Awareness about CSR is still a big issue in our society and employee; therefore, it is important for the government to launch certain program for enhancing awareness. It required collaborative approach of public and private companies; Because of CSR has become one of the essential elements for sustainable business.

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