

# Corporate Responsibility

# Social

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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.

## CSR Law in India

- On April 1, 2014, India became the **first country to legally mandate corporate social responsibility.**
- The new rules in **Section 135 of India’s Companies Act** make it mandatory for companies of a certain turnover and profitability to **spend two percent of their average net profit for the past three years on CSR.**
- 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.
- The law, which stipulates that CSR activities should be **undertaken only in “project/program” mode**, provides detailed guidelines regarding what kinds of activities are eligible across several categories.
- This includes hunger and poverty, education, health, gender equality and women empowerment, skills training, environment, social enterprise projects and promotion of rural and national sports.

## Recent Amendments

- 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.
- The new law prescribes for a **monetary penalty as well as imprisonment in case of non-compliance.**

## CSR Activities in India

- Many large corporations are handling CSR through their foundations while midsize companies are setting up internal teams to supervise projects carried out by implementing partners.
- Many companies have grabbed at the easiest solutions for their required spend – investing in the government's priorities such as building toilets as part of Swachh Bharat Abhiyan, adopting local villages or pumping money into the Prime Minister's National Relief Fund.
- Corporates are not required to conduct CSR programs by themselves. As a result, many NGOs are conducting research, building internal capacity, hiring staff, and crafting corporate engagement strategies.

## Prominent Initiatives

- 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.
- Ultratech Cement 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.

- Mahindra & Mahindra programs invest in scholarships and grants, livelihood training, healthcare for remote areas, water conservation, and disaster relief programs.
- ITC Group's 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.