



# ***IMPACT OF CHANGES MADE BY CSR IN THE SOCIETY.***

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## **ABSTRACT**

Corporate social responsibility (CSR) is not just a trend, but an absolute necessity for companies. It is no longer enough to focus solely on profit, businesses must also consider their impact on society and the environment. Non-profit organizations and government agencies have already recognized the importance of CSR and its ability to make a real difference. While it may be hard to measure the exact outcomes of CSR programs, the lasting positive changes they bring to our world are priceless. CSR encompasses various initiatives, all aimed at promoting a more responsible way of doing business. Ultimately, the goal is to foster sustainability, ensuring a prosperous future for both the industry and the world at large.

Corporate social responsibility (CSR) is a self-regulating business strategy that assists a firm in being socially responsible itself, its partners, and the public. It is regarded as a way to promote a business's brand; it can also be viewed as an opportunity to differentiate a company from its competitors, offering a valuable "edge" in the market. In this paper, we discuss the impact of CSR initiatives on local firms and their communities.

## **INTRODUCTION.**

Corporate Social Responsibility (CSR) initiatives have had a profound impact on society. One of the most significant positive impacts of CSR is the improvement in community relations and trust. Companies that engage in CSR activities, such as donating to local charities or organizing community clean-up events, are viewed more favourably by the public. This improved reputation can lead to increased customer loyalty and trust, which ultimately benefits the company's bottom line. Moreover, CSR initiatives often focus on environmental sustainability and conservation efforts. Companies that prioritize reducing their carbon footprint or implementing eco-friendly practices not only help protect the environment but also set an example for others in the industry to follow.

The changes brought about by Corporate Social Responsibility (CSR) in society extend beyond improved community relations and environmental sustainability to encompass significant economic impacts. One of the

most notable economic benefits of CSR is job creation and economic growth in local communities. When companies prioritize CSR, they often invest in social development projects, infrastructure improvements, and skills training programs that contribute to job creation and stimulate economic activity in the region. Moreover, CSR practices can help reduce income inequality by ensuring fair wages and benefits for employees. Companies that prioritize fair labor practices, gender equality, and diversity initiatives create a more inclusive and equitable work environment, which in turn contributes to a more balanced distribution of wealth in society.

The implementation of Corporate Social Responsibility (CSR) practices varies across different industries, with each sector emphasizing specific social and environmental initiatives. For instance, the tech industry has been at the forefront of promoting environmental sustainability and renewable energy solutions. Tech companies often invest in clean energy technologies, such as solar panels and wind turbines, to power their operations and reduce their carbon footprint. Additionally, the tech industry is known for supporting digital literacy and STEM education (Science Technology Engineering Mathematics) initiatives to equip individuals with the skills needed for the digital age. By providing access to technology and promoting education in science, technology, engineering, and mathematics, tech companies contribute to building a more knowledgeable and skilled workforce for the future.

### **KEYWORDS-**

CORPORATE SOCIAL RESPONSIBILITY- SECTION 13- RESPONSIBILITY-GOVERNANCE.

### **TYPES OF CORPORATE SOCIAL RESPONSIBILITY.**

#### 1. Environmental Responsibility.

Environmental responsibility is the belief that organizations should act in the most environmentally sustainable way. It is one of the most prevalent types of corporate social responsibility. Some businesses refer to such activities as “environmental stewardship.”

- Reducing pollution, greenhouse gas emissions, the use of single-use plastics, water consumption, and general waste
- Increasing reliance on renewable energy, sustainable resources, and recycled or partially recycled materials
- Offsetting negative environmental impact; for example, by planting trees, funding research, and donating to related causes

#### 2. Ethical Responsibility.

The goal of ethical responsibility is to ensure that an organization operates in a fair and ethical manner. Organizations that value ethical responsibility strive to treat all stakeholders fairly, including leadership, investors, workers, suppliers, and consumers.

### 3. Philanthropic Responsibility.

Philanthropic responsibility refers to a company's active efforts to make the world and society a better place.

### 4. Economic Responsibility.

Economic responsibility is the practice of a company supporting all of its financial decisions with a commitment to do good in the above-mentioned areas. The ultimate objective is not only to maximize profits, but to have a beneficial influence on the environment, people, and society.

CSR initiatives enable firms and businesses to positively connect with communities at all levels of society. CSR benefits more than just communities. It also gives businesses with new and diverse options, which are frequently mutually beneficial to both enterprises and the community. Companies that demonstrate a commitment to CSR might obtain a variety of government subsidies and funding.

## **BACKGROUND.**

The idea of companies giving back to society has been around for a long time, but in India, it became a mandate with the 2013 Companies Act. The Section 135 of this law said that companies having a net worth of more than 500Cr or turnover of more than 1000Cr or net profit of more than 5Cr had to spend at least 2% of its average net profits made during the immediately preceding three financial years of their profits on social projects. It's called Corporate Social Responsibility, or CSR for short. However, the term "CSR" was first used by an American economist named Howard Bowen in 1953. He talked about how businesses should think about more than just making money, but also about how they can help society.<sup>1</sup>

In India, even before this law, companies were doing good things like building hospitals and schools. During the freedom struggle, they also supported causes that helped the country gain independence. But most of this help went through religious groups, and it wasn't as organized as CSR is now. The 2013 law changed that. It made it mandatory for big companies to spend a portion of their profits on social projects. This was a big shift from just giving money to religious groups. It showed that companies had a responsibility to society beyond just making money.

#### ➤ HISTORY OF CSR IN INDIA.

1. 2007.
  - Adoption of Inclusive Growth in 11<sup>th</sup> five-year plan.
2. 2009.
  - Voluntary Guidelines on Corporate Social Responsibility, 2009.
3. 2010.
  - Parliamentary Standing Committee on finance 21<sup>st</sup> report on Companies Bill, 2009.
4. 2011.

<sup>1</sup> Rao, S. (2024) *A brief history: How CSR came into existence?*, *The CSR Universe*.

- National Voluntary Guidelines (NVGs). On social, environmental and economic responsibilities of Business, 2011.
  - The National Voluntary Guidelines (NVGs) on Social, Environmental and Economic Responsibilities of Business released by the Ministry of Corporate Affairs (MCA) in July 2011, is essentially a set of nine principles that offer Indian businesses an understanding and approach to inculcate responsible business conduct. However, taking into account the national and international developments in the arena of sustainable business since 2011, the NVGs have been updated and released as 'National Guidelines on Responsible Business Conduct' (NGRBC) in March 2019 to reveal alignments with the United Nations Guiding Principles on Business & Human Rights (UNGPs), UN Sustainable Development Goals (SDGs), Paris Agreement on Climate change etc. The NGRBC provides a framework for the companies to grow in an inclusive and sustainable manner while addressing the concerns of stakeholders.
5. 2012.
- Business Responsibilities Reporting.
6. 2014.
- The 21st Report of the Parliamentary Standing Committee on Finance is one of the prime movers for bringing the CSR provisions within the statute. It was observed by the Standing Committee, that annual statutory disclosures on CSR required to be made by the companies under the Act would be a sufficient check on non-compliance. Section 135(4) of the Companies Act 2013 mandates every company qualifying under Section 135(1) to make a statutory disclosure of CSR in its Annual Report of the Board. Rule 8 of the Companies (Corporate Social Responsibility Policy), Rules, 2014 prescribes the format in which such disclosure is to be made.
  - Finally in the year of 2014 mandatory Provision of CSR under Section 135 of the companies act, 2013 Coming into effect from 01/04/2014.<sup>2</sup>

### **CONSTITUTIONAL STATUS OF CSR IN INDIA.**

The Companies Act, 2013 marks a significant step forward in the realm of Corporate Social Responsibility (CSR) by offering the corporate sector a platform to integrate social initiatives into their business operations. Among its many provisions aimed at reshaping the landscape of Indian corporate practices, one noteworthy aspect is the requirement for companies to allocate funds towards CSR endeavors.

Previously seen as a voluntary gesture by corporations, Corporate Social Responsibility (CSR) has now been codified into law. Section 135 of the Companies Act, 2013 mandates that any company meeting specific financial criteria - such as a net worth exceeding ₹50 million, turnover surpassing ₹100 million, or net profit exceeding ₹50 million during any financial year - must establish a dedicated CSR board. Even in terms of the constitution of the board, the CSR provisions under the 2013 Act requires a minimum of three directors for the constitution of the CSR committee. As per schedule VII of the Act, the activities of intervention under CSR project are environment sustainability, empowering women and promoting gender equality, education, poverty reduction and eradicating hunger, social business projects, reducing child mortality and improving maternal health, improvement of health,

<sup>2</sup> History (2024). <https://www.csr.gov.in/content/csr/global/master/home/aboutcsr/history.html>.

imparting of vocational skills, contribution towards central and state government funds for socio-economic development and relief, etc.<sup>3</sup>

## **CSR DONE BY LEADING COMPANIES IN INDIA AND THERE IMPACT ON SOCIETY.**

### **1. RELIANCE INDUSTRIES.**

Reliance Industries has made significant contributions to CSR, especially in children's education. They provide uniforms and books to students in nearby villages and offer financial aid through the Dhirubhai Ambani Protsaham Scheme for higher education. They've also created initiatives like Mumbai Indians Education for All (MIEFA), inviting underprivileged children to cricket matches and providing education to many.

Health is another focus, with community medical centers near manufacturing sites offering comprehensive healthcare. Project Drishti, a joint effort with the National Association of Blind, has provided free corneal graft surgeries. They've also expanded health services for HIV/AIDS and TB patients. In terms of the environment, they've worked on solid waste management and rural infrastructure development, including building roads with plastic waste and undertaking various projects in Gujarat villages. They also support training programs for rural women and youth, as well as initiatives in cultural and spiritual activities. Additionally, they've supported water availability projects in rural Gujarat by extending financial assistance to Swajaldhara Scheme organised by Water and Sanitation Management Organization (WASMO), Government of Gujarat, for developing drinking water facility by laying pipeline in the neighbouring villages.<sup>4</sup>

### **2. INDIAN OIL CORPORATION LIMITED.**

Since 1964, Indian Oil Corporation Limited (IOCL) has been actively engaged in CSR initiatives, primarily focusing on community development. These efforts encompass various sectors such as education, healthcare, drinking water, sanitation, and the empowerment of marginalized women and depressed classes (Priya and Autade, 2013).

In Mathura, Uttar Pradesh, IOCL has established the Swarna Jayanti Samudaik hospital with 50 beds to provide healthcare services to the local community. Additionally, the Assam Oil School of Nursing was founded in Digboi, Assam, in 1986 to enhance healthcare capabilities. IOCL has also introduced the Indian Oil Rural Mobile Health Care Scheme, where qualified doctors offer medical assistance to underprivileged patients, even for critical illnesses (Priya and Autade, 2013). In the education sector, IOCL offers 600 scholarships, providing ₹3000 per month for four years to engineering and medical students (Priya and Autade, 2013). Moreover, IOCL supports skill enhancement by offering merit scholarships to Industrial Training Institutes (ITI) students (Priya and Autade, 2013).

### **3. HINDUSTAN PETROLEUM CORPORATION LIMITED.**

The CSR activities of Hindustan Petroleum Corporation Limited (HPCL) have been based on creating shared value. The underlying principle behind this concept is conglomeration of corporate success and social welfare. The programs of CSR of HPCL are more oriented towards education and healthcare of communities. They cater to not only general mainstream population but disabled children also. In terms of childcare, it has collaborated with Child Rights and You (CRY), an NGO for improving the lives of under-privileged

<sup>3</sup> [http://gtw3.grantthornton.in/assets/Companies\\_Act-CSR.pdf](http://gtw3.grantthornton.in/assets/Companies_Act-CSR.pdf)

<sup>4</sup> Reliance Industries website. [https://www.ril.com/html/aboutus/social\\_resp](https://www.ril.com/html/aboutus/social_resp)

sections of society. Even a programme called “Muskan (Smile)” aims at providing basic needs like food, clothes, healthcare and vocational training. It also provides time-bound computer training program to students in semi-urban and rural schools. During the year 2011-12, the project was implemented in 30 schools in different parts of India covering 5500 students as beneficiaries of this program. In the same year, another sub-set of CSR program named Nanhi Kali (Girl Child) has covered 9168 female children from Standard I to X. The programme provides quality education to girls from economically disadvantaged families through a sponsorship, designed to deliver academic support that empowers them to make a success of their schooling experience, material support including uniforms.<sup>5</sup>

#### 4. OIL AND NATURAL GAS COMMISSION.

Oil and Natural Gas Commission (ONGC) has been actively involved in a wide range of CSR initiatives, spanning across education, employment, environmental protection, rural development, and poverty eradication. For instance, ONGC offers merit scholarships to students pursuing graduation and master's degrees in various universities across India (Das and Halder, 2011). In the years 2004-05 and 2005-06, ONGC allocated approximately ₹42 million towards healthcare, drinking water schemes, and medical camps (Das and Halder, 2011).

An example of its rural development efforts includes providing 300 power tillers to different Self-Help Groups (SHGs) in Assam under the Swarnajayanti Gram Swarozgar Yojana (SGRY), facilitated through credit linkage from nationalized banks with support from the State Institute of Rural Development (SIRD) (Das and Halder, 2011). In terms of employment generation, ONGC has contributed ₹0.7 million to the Centre for Rural Development (CRD) for the innovative "Rickshaw Bank Gauhati" project, providing rickshaws to pullers and organizing health awareness camps to promote health and hygiene (Das and Halder, 2011).

In Assam's Shivasagar district, ONGC has supported various SHGs by offering a 50 percent subsidy on power tillers and creating self-employment opportunities through the Yuva Samridhi project (Das and Halder, 2011). Furthermore, in collaboration with HelpAge India, ONGC has been facilitating healthcare for elderly people through Mobile Medical Units (MMUs), ensuring healthcare services reach them directly (Das and Halder, 2011). These initiatives underscore ONGC's commitment to addressing diverse social and developmental challenges across different regions.<sup>6</sup>

<sup>5</sup> Hindustan Petroleum Corporation Ltd. | Oil and Gas Company in India | HPCL. (n.d.). <https://www.hindustanpetroleum.com/>

<sup>6</sup> ONGC - India's Largest Crude Oil and Natural Gas Corporation Limited Compa. (n.d.). En. <https://ongcindia.com/>

## **METHODOLOGY.**

The research methodology used is a combination of qualitative and descriptive approaches.

1. Qualitative research is evident in the analysis of the impact of CSR initiatives on society, including improvements in community relations, environmental sustainability, economic growth, and reduced income inequality. These impacts are discussed based on observations, interpretations, and insights drawn from various sources and perspectives.
2. Descriptive research is employed to provide a comprehensive overview of CSR practices, including its history, types, constitutional status in India, challenges, and conclusion. The paper presents information in a structured manner, outlining the evolution of CSR, its different facets, regulatory frameworks, challenges faced, and the implications of CSR for businesses and society.

## **CHALLENGES OF CORPORATE SOCIAL RESPONSIBILITY IN INDIA.**

1. Absence of Transparency and Accountability.  
The absence of clear communication from CSR project managers results in an uneven spread of CSR benefits among people. This perceived lack of openness harms the trust-building process between companies and local communities, crucial for CSR initiatives to succeed. Companies often don't share enough details about their programs, audits, impact evaluations, and how they use funds.
2. Consultation Process.  
One of the major challenges of CSR is paucity of consultation process. While implementing CSR projects, the organizations have very less interaction with grass-roots level agencies. It works more on top-down approach where the upper authority has more vertical functions. On vertical lines, it does not percolate in the development discourse. Therefore, CSR has been affected by a huge paucity of wide consultation among worker as well as its subjects.
3. Absence of Regulatory Framework in CSR.  
Before the passing of the Companies Bill in 2013, corporate social responsibility (CSR) practices in India operated without regulation. Until then, there were no statutory guidelines governing the CSR framework in the country. Even after the enactment of the Companies Act in 2013, there remains a notable absence of a regulatory mechanism to oversee the expansion of CSR initiatives in India. While the Companies Act sets financial limits for CSR expenditures, the lack of a governing body for CSR results in unregulated allocation of projects by numerous companies.
4. Unilateral Decision- Making.  
CSR implementation in India has been characterized by arbitrariness. Key decisions regarding CSR are typically made within the confines of the financial leadership of respective companies, with little to no involvement of community stakeholders in the project. Consequently, the evaluation of CSR outcomes tends to focus on financial gains rather than the actual impact on communities. This approach often results in a one-dimensional approach to CSR, where projects address similar issues repeatedly without adequately addressing the current needs of the community. Such decision-making processes create a perception of CSR as merely superficial gestures rather than meaningful contributions to the community.<sup>7</sup>

<sup>7</sup> Gupta, Ananda Das (2013): Business Ethics: Texts and Cases from the Indian Perspective, New Delhi, Springer (ISBN 978-81-322-1518-9)

## **CONCLUSION.**

Corporate Social Responsibility (CSR) has become a big deal in how businesses and society get along. Companies doing good things for communities have gained support from the public, and people see these efforts as important. Making CSR mandatory for all industries and controlling its growth helps ensure its goals are met. As people's expectations rise, the need for companies to show they care grows too.

In conclusion, the changes made by Corporate Social Responsibility (CSR) have had a profound impact on society, leading to improved community relations, environmental sustainability, economic growth, and reduced income inequality. Companies that prioritize CSR initiatives not only enhance their reputation and trust among stakeholders but also contribute to the overall well-being of society. By comparing CSR practices across different industries, we can see how each sector plays a unique role in addressing social and environmental challenges and driving positive change in the world. As CSR continues to evolve, it is essential for companies to embrace their social responsibility and strive for a more sustainable and equitable future for all.

