

“Corporate Social Responsibility: Applicability and Practices”

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● Abstract:

Now more than ever, there is a growing importance for companies to ramp up their focus on social responsibility. "Social responsibility," in simple terms, means a business's obligation to pursue achievable and good long-term goals for its people and the world at large. We have observed a number of successful companies today that use social responsibility as a way to give back to society and thank customers for their loyalty. This can come in the form of projects, movements or empowerment of individuals. Whatever form these corporate ventures take, they are definitely a win for both the company and the community alike. We've also seen that some companies are taking the lead and venturing into humanitarian projects ranging from the construction of roads to the alleviation of poverty.

Key words: social responsibility, humanitarian, alleviation of poverty.

● Introduction:

The provisions of CSR applies to every company fulfilling any of the following conditions in the Preceding financial year:

- a. Net worth of more than Rs.500 crore or more ,
- b. Turnover of more than Rs.1000 crore or more, and
- c. Net profit of more than Rs.5 crore or more.

The Board of Directors of every company for which the CSR provisions apply must ensure that the company spends in every financial year at least 2% of its average net profits made during the immediately preceding three financial years as per its CSR policy. If the company has not completed three financial years since its incorporation, it must spend 2% of its average net profits made during the immediately preceding financial years as per its CSR policy. Every entity, who intends to undertake any CSR activity, shall register itself with the Central Government by filing the form CSR-1 electronically with the Registrar, with effect from the 01st day of April 2021. Provided that the provisions of this sub-rule shall not affect the CSR projects or programmes approved prior to the 01st day of April 2021.

Form CSR-1 shall be signed and submitted electronically by the entity and shall be verified digitally by a Chartered Accountant in practice or a Company Secretary in practice or a Cost Accountant in practice. On the submission of the Form CSR-1 on the portal, a unique CSR Registration Number shall be generated by the system automatically.

The Growing Importance of CSR in the Present Scenario:

Because corporate social responsibility is not compulsory, many companies might not feel the need to engage in it. However, there are several reasons I believe it is important for companies to prioritize social responsibility.

CSR can help to attract and retain employees.

One of the major reasons people apply to various companies is because of their CSR strategies. It shows that the company is compassionate and treats all the people well and is committed to improving the environment which is likely to attract more talent. CSR effort also help to foster a more productive and positive environment for the employees.

CSR can improve customers' perception of your brand.

The competition in the business world of today is stiff, and it can be quite challenging for a company to set itself apart in the eyes of customers. However, businesses that take social responsibility seriously can win consumers, as well as develop a platform to market and earn their audience's attention.

Putting it simple, CSR can help people see your company as a positive force in society. The projects you and your team take on can help raise awareness for important causes and keep your business top of mind.

CSR can enable you to better engage with customers.

From my perspective, CSR can help your business better engage with customers. Many forms of CSR involve businesses interacting directly with members of society, who may also be customers or potential customers. You can get direct feedback on what you are doing right and what your company needs to improve on. Word-of-mouth is still an effective form of advertising, and customers who have been part of the social responsibility created by a company are able to tell other potential customers about the business.

In conclusion, businesses can no longer operate with the sole aim of making profits at the expense of the environment, society, economy, consumers and employees. Companies need to consider how they can give back to society, and this can help you attract customers and keep your best employees. Customer satisfaction and employee retention are the keys to any successful business, after all.

List of Permitted CSR Activities (Schedule VII):

Following are the list of permitted CSR Activities-

- Eradication of hunger, poverty, and malnutrition.
- Promotion of education, including special education and employment-enhancing vocational skills
- Advancement of health care, including preventive health care.
- Ensuring environmental sustainability and ecological balance.
- Protection of national heritage, Art, and culture.
- Measures for the benefit of armed forces veterans, war widows, and their dependents.
- Promotion of gender equality and empowerment of women.
- Contributions to the Prime Minister's National Relief Fund or other funds set up by the Central Government.
- Rural development projects.
- Development of slum areas.

Activities not considered as CSR Activities:

Following list of activities not be considered for CSR initiatives-

- Activities undertaken in pursuance of normal course of business of the Company.
- Projects that exclusively benefit the Company's employees and their families.
- Contributions made to political parties.
- Activities conducted outside India, with the exception of training Indian sports personnel representing at international levels.

Measures taken by Companies towards CSR:

Following are the some highlighting examples of companies who initiated notable CSR initiatives in the recent years:

01. **ITC Limited** in the financial year 2022-23 has spent Rs. 1.56 crores for Promoting healthcare including preventive healthcare activities under the project name 'Rural Health Care Project' in different states of India.
02. **Reliance Industries Limited** in the financial year 2022-23 has spent Rs. 101 Crores for Eradicating hunger, poverty and malnutrition, drinking water; Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare; Rural development projects in different states of India.
03. **Tata Motors- CSR Programs and Projects** for FY 22-23 are as under:
 - a. **For Employability (Kaushalya Programme)**
 1. Training in Technical & Automotive Trades1.
 2. Training in Agriculture & Allied trades2.
 3. Training in Non-Automotive Trades3.
 - b. **For Education (Vidyadhanam Programme)**
 1. Scholarships for secondary education/ Financial Aid for Higher Education.
 2. Fellowships
 3. Special coaching classes for secondary education & competitive entrance exams such as IIT-JEE, NEET, Civil Services
 4. Co-Curricular activities
 5. School Infrastructure improvement & Institutional
 6. School Fee Subsidy
 - c. **For Health (Aarogya Programme)**
 1. Combating Infant and Child Malnutrition
 2. Health awareness program for women2.
 3. Preventive and curative health services & Institutional Strengthening

d. Environment (Vasundhara Programme)

1. Tree Plantation
2. Creating Environmental Awareness & Adoption of Environmental friendly practices.

Tata Steel is guided by the approach that wealth created must be continuously returned to society. The responsibility of combining the three elements of society - social, environmental and economic – is of utmost importance to the way of life at Tata Steel. It is the combination of these three elements that ensures that business is sustainable for all stakeholders. From the earliest days, Tata Steel has taken responsibility for the impact of its activities and led the way in employee welfare measures, social and community initiatives, and environment sustainability. In India, Tata Steel continues to concentrate on safety, corporate social responsibility and climate change initiatives through its various social arms. CSR lies at the heart of TATA Group as a whole. So it can be said that Tata Steel is a pioneer in adopting Sustainability as a Policy.

Fines and Penalties for Non-Compliance:

In case a company fails to comply with the provisions relating to CSR spending, transferring and utilising the unspent amount, the company will be punishable with a penalty of Rs.1 crore or twice the amount required to be transferred by the company to the CSR fund specified in Schedule VII of the Act or the Unspent Corporate Social Responsibility Account, whichever is less.

Further, every officer of such Company who defaults in compliance will be liable to pay Rs.2 lakh or one-tenth of the amount required to be transferred by the Company to CSR fund specified in Schedule VII or the Unspent Corporate Social Responsibility Account, whichever is less.

Conclusion:

CSR is not merely a regulatory obligation but a strategic imperative that enhances business reputation, fosters community development, and ensures long-term sustainability. CSR is not a charity or a mere donation. It is a way of conducting business, by which corporate entities visibly contribute to the social good. Socially responsible companies do not limit themselves to using resources to engage in activities that enhance their profits. They use CSR to integrate economic, environmental and social objectives with the Company's operations and growth.

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