

A Study on the Importance of CSR for the Economic Development of the Society

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Abstract

The term (CSR) corporate social responsibility is not a new term. Earlier only a few companies for the betterment of society used to do something. IN any business organization all the share holders are the integral part. The ssorganization will definitely sustain if they are served in a better way. TO understand the necessity of CSR for the economic development of the society is the purpose of the paper.

Keywords – Economic development, sustain, CSR.

Introduction

In the DNA of the company, a sense of responsibility towards the well-being of the society should be present “the individual sense of social responsibility is the extension of the CSR. Ratan Tata mentioned that active participation in projects of CSR is necessary for the company.

In the present situation digitalization plays a significant role in both Business and non-business organization. These days many activities of the business has become feasible and easy because of Internet usage right from promotion , virtual display , production , distribution and many others . In many ways it helps the company, but there are some challenging roles to act upon which we cannot deny. Betterment of the society with the assistance of the organizations is all about corporate social responsibility. Development and upliftment of the society lies in the hands of the corporations, as business run and exists for the community. To benefit the society to a larger extent every organization must follow CSR ethically. Due to digitalization, internet plays a vital role in promoting economically and developing positivity among the public. Digitalization by various means benefit CSR. Also the activities of the Marketing CSR benefits a lot,

- Retention of consumer and wider support
- High level of competition
- Positive positioning
- Involvement of the society
- Gaining trust by evidence- based decision

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In the current and rapid growing world, the Government is solely not responsible for serving the society; the business houses are also responsible towards the society. They should not forget that to sustain their business in the society, it is their primary responsibility to serve the community and by CSR they should make contributions for the betterment of the society. Therefore the organizations must face the problems and challenges of the economy thus they need to bring out some strategies and policies that will benefit the society at greater extent.

Corporate social responsibility (CSR), it is a concept on management where organizations try to cooperate environmental, social and economic problems and thus assists the corporations in coordinating with all the shareholders. Operations of the business are also influenced by CSR .Attempt should be made by companies to use resources optimally, so that the environment can be protected. CSR is the prime responsibility of a civil citizen therefore the companies cannot force to follow CSR. CSR tries to maintain stability with regard to social, environment and social concerns by fulfilling the shareholders' expectations. As a whole CSR refers to something that is done for the upliftment and betterment of the society.

For the development of the communities it is a necessary aspect especially for economically backward and downtrodden areas.

Yet in regard to CSR, India has not performed that well, still we can mention some examples, by whom CSR was started long before it was made into a Act by the government few organizations are P and G, TATA, Mahindra and Mahindra etc. Health education, sanitation essential infrastructure development, women empowerment are few of the activities that are included under CSR.

After demonetization, digitalization is the buzz word in today's time, the usefulness and impact of digitalization in all the sectors research is being done. India is the third largest nation in the world in terms of using Smartphone, 75% of the people above 18 year use smart phones. The digital way has developed and has become a more economical, comfortable, transparent, convenient, quicker and more extensive method of doing something then why not promotes and advertises about CSR.

CSR - Legal Framework

(MCA) Ministry of Corporate Affairs framed in 2009 on corporate social responsibility voluntary guidelines this was the first attempt made by the government of India. Way before that Report of the Task Force on Corporate Excellence by the Ministry of Corporate Affairs (MCA, 2000) Was discussed CSR policy was brought into under the voluntary guidelines of 2009 it involved focus for all shareholders , respect for human rights , to promote social and overall development and also respect for rights of the workers' and their well-being .

National Voluntary Guidelines on Social, Environmental & Economic Responsibilities of Business also issued by the MCA (MCA, 2011) in the year 2011, followed the guidelines of 2009. According to the 2009 guidelines , these guidelines were voluntary in scope where these organizations were suggested to make usage of all the nine principles and based on these guidelines "apply or explain principle " was used to report and to adhere to these guidelines . One of the implementation strategy

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recommended in the guidelines of 2009 was to allocate – a specific amount of money to profits after tax, CSR activities cost, or any other proper parameter.” in the 2011 guidelines no such recommendation was included.

With the enactment of Section 135 of the companies act 2013 (MCA, 2013) the CSR activities were made mandatory. For the first time in India Section 135 made spending and reporting CSR compulsory and under the purview of corporate law the established the CSR activities of Indian corporate . Companies with a total worth of rupees five hundred crores or more or has an annual turnover of rupees one thousand crores or more or a net profit of rupees five crores or more come under section 135.

- 1) In order to appoint a Committee of CSR comprising of at least three directors (one independent director) and
- 2) This CSR committee directs that in every financial year, out of the average net profit made by the company during the three immediate preceding fiscal years, the company has to spend two percent of it for activities related to corporate social responsibility.

Under section 135 , it is mandatory to keep a check on the amount of money spend on CSR activities also to report about it , the company has the choice to select the type of CSR activities it wants to do that can be referred to as inbuilt versatility . Instead of regulating the limitations of CSR , the act of Annexure VII has been broadly defined , the scope of CSR with respect to a list of activities that can be undertaken by the corporations , the choice of activities are left in the hands of the corporation . A comply-or-explain approach is used by the law to comply with the section 135, for not complying there are no explicit penalties.

As notified by the ministry of corporate affairs the rules regarding CSR on February 27, 2014. Under the policy of CSR list has been made of the activities on which the companies are liable to spend more than the limit. CSR activities that benefit the employees and their families are not counted under provisions of CSR spending, therefore these rules guard against the expenses of self-serving by the corporations. The rules restricted under section 135 of the ACT, from April 1, 2014 came into force. Through reputed institutions, the organizations may build CSR capacities of their employees in way that expenses must not be beyond five percent of the overall CSR spending made by the organization in the financial year.

The ministry of corporate affairs observed under the law of section 135 of the companies act , 2013 , in the report on the Standing Committee on Finance – LSS, 2010 , provisions on CSR in company law and spending on CSR activities were made mandatory for corporate on basis of pre-specified aspects , India was the first country to include these .

Therefore in countries like Norway , Australia , France , the Netherlands , Denmark , china and Sweden , either regulations of the government or regulations on stock exchange or both need corporate to expose their sustainability reporting of their CSR activities . The significant feature of the Section 135 is that not only mandates report on CSR activities but in the first place going a step further makes CSR activities mandatory.

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Objective of the Study

The purpose of the study is, for the development of the society economically, understanding the significance of CSR.

Research Methodology

Secondary data such as from various articles and journals has been used by the researcher. This is a conceptual study.

Review of Literature

In the paper by Premlata and Anshika in 2013, discussed on the concerns regarding CSR with respect to Indian perspective. By referring to variety of books, articles, and journal and so on the researcher has tried to find out the significance of CSR in each organization. The vitality of CSR about economy of the country has been further explored by the researcher. In the prevailing scenario the importance of CSR has been found in the paper and how it is supposed to aid in the development of the economy. In context to modern corporate philosophy, there has been attempt made to understand the need of CSR and the challenges faced while executing CSR. Secondary data collected from articles, websites, policies etc are used by the researcher. In corporate philanthropy, the traditional perspective has been given stress, which means charity for religious, social and cultural purposes and also stress on modern perspective for long term interest of the shareholders and development in a sustainable way. The foremost purpose of the research is to see why it is necessary for the organization? In the economic development of the country, why should they contribute? And also what are the key steps that the government should take to enhance the contribution of corporate in activities of CSR?

CSR Activities of Some Companies

Emphasis on higher education, granting scholarship, and assistance to deserving students from the less-privileged sections of the society, divisions for building schools etc, ONGC CSR projects laid focus on these activities.

- "Project- Drishti" introduced by reliance industries to bring back the eyesight of Indians who are visually challenged from the under privileged sections of the society of the country. Through this project awareness has been created about the compelling need for donating eye. As of now 5000 or so people have been helped under this project.
- In conservation of the environment, providing medical care and health, self-employment programmes, sports and games, education etc, these activities have been undertaken by SAIL.
- A scheme on CSR has been developed by BHEL and its Mission statement on CSR is - "Be a committed Corporate Citizen, alive towards its CSR". Socio-economic and development programs to enhance education, living conditions and hygiene in villages these activities are undertaken by BHEL.
- A unique kind of ESOPs - Employee Social Option launched by Mahindra & Mahindra to enable Mahindra employees, to indulge themselves in activities of social responsibility as per their choice. Contribution is also made in Mahindra pride school, Mahindra Education Trust, Mahindra

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Hariyali. One million trees have been planted under Mahindra Hariyali, to increase the green cover of the country.

- Wipro: Several actions towards women development has been taken by the organization. Activities related to education sector , conservation of the energy and environment sector are the three main activities of the CSR .
- India's largest software service company is TATA consultancy services and has been felicitated with Asian CSR award for commencing work towards community development and executing various programs and dedicating leadership and honesty as on-going commitment towards implementing ethical values. Improving education sector is one of the prime focuses of the company. The organization is allotting literacy programs, literacy models that are TCS designed computer based to teach adults, therefore known as the adult literacy program. THE Organization is also working upon developing policies on environment and to develop products and services that are environment friendly.
- ITC: ITC Limited (ITC) of India has a diverse portfolio of companies and is a leading private sector company. 'Triple bottom line' is the concept ITC is working with, that will contribute to the growth of social development, environment and economy. Raising agricultural productivity and to aid rural economy to be more inclusive socially is the primary focus of the company.
- Maruti Suzuki, an auto-mobile industry works towards global warming and global issues like change in climate. THE Company has been actively financing in product and their manufacturing that is best for the society and environment friendly. THE company is also working towards preserving and conserving the environment. In all their manufacturing units they have laid emphasis on the concept of Three R That is reduce, reuse and recycle.
- Infosys: Is one of the leading software companies. Lays emphasis on providing computer and language education .Unique program for under privileged children are being undertaken by the company, various skills and change in their outlook is being taught. TO THE needy ones the company also provides chess board, chess, chocolates etc. Blood donation camp is also one of the activities of CSR. In the domains of education, environment conservation, social improvement and health care Infosys foundation has been consistently working.

Conclusion stated by the researcher of this study that CSR was introduced by government because they want organizations to be responsible towards all shareholders. And therefore with the implementation of CSR the society will develop and thus it will contribute towards building the nation. To take care of the society by providing a bit towards the welfare of society is the responsibility of the businessmen. By using voluntary initiatives like ecological certification and reporting , code of conduct , fair trading schemes , social investment programmers and social units big steps are taken by large corporations to enhance their social and environmental performance . FOR THE dramatically changes and welfare of the society the government and corporate need to work together.

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THE influence of digital marketing on performance of CSR has been found by Bindu Tiwari & Dr Naveen Kumar in 2018. IN this paper it has been found the usage of digital facility optimally In CSR activities. HOW CSR aids in marketing various services and goods has also been the focus of the article. ON basis of secondary data this research has been done. Promotion and initiation of CSR has become easy because of digitalization

Two objectives of this paper have been framed by the researcher, and the following were the findings of it:

- 1) To know that if any changes has occurred in the performance of CSR with the opportunity of digital marketing.
- 2) To know that in India if corporate social responsibility performance is used as a marketing tool.

Therefore he concluded that CSR cannot be used completely for promoting CSR but can be used as a part of marketing. It helps to gain more support, raise awareness and prevent negativity, increase loyalty and word of mouth. In India focus is always given to effectiveness.

Views by many researchers on that initiation of activities of CSR, performance promotion of CSR are one feature. Therefore CSR investment from 2% of the profit is compulsory and should be properly executed. Therefore some changes in the activities of CSR have been found because of the mandatory Indian company act 2013, section 135 but not because of digital marketing.

On internet sites like YouTube, FACEBOOK campaigns on CSR content are launched. Also, various ad campaigns on different services and products are being run on digital media. Therefore we can expect that performance of CSR activities can widen up by digitalization of marketing as it is not only target customer specific or domain specific issue anyways is a global issue. It has been found that the acceptance and implementation of digitalization of marketing is high and the changes are remarkable and unique.

Therefore the researcher concluded that for an organization CSR runs as blood circulation, similarly the way human being needs shelter, clothing, food and other basic things and to maintain the environment suitable for water and food source, relationship, society, security etc and with the help of digital media promoting it, so the corporation needs to comprehend its responsibility and seriousness towards it.

Performance of the CSR has been increased with the increased responsibility, content of marketing, increased in competition, emergence of new domains of responsibility etc. Is neglected. Digitization of marketing in comparison to contribution is more demanding. For organizations, performance of CSR is now legal compliance and for sustainability is just an obligation.

In the paper of Dr. ReenaShyam, 2016 has laid emphasis on to develop the level of understanding CSR and also on recent developments of CSR analysis has been done in India. The different policies that regulate CSR have been evaluated by the researcher and also discussion on some of the cases of

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various firms of India and SMEs in CSR. Some of the recommendations to tackle and enhance the various CSR initiatives in India have been listed by the researcher.

- The general public must be aware about CSR and the activities.
- For executing CSR successfully, it is necessary to analyze and a bridge the gap amongst all the shareholders for successful implementation of various initiatives of CSR.
- Encourage SMEs, so that the benefits can be enjoyed by the public at large.
- By taking into consideration the present and the upcoming aspects of all the shareholders in various initiatives of CSR it is necessary to build strategies.
- For efficient implementation of CSR, allocation of CSR.
- To promote and create awareness about CSR activities for a better outcome, collaborating with NGOs is must.
- To develop and achieve goals of the organization and the society, CSR should be framed with respect to run a long term.

Various papers and articles has been reviewed by Amit Kumar Srivastava (2017) and concluded that innumerable problems that are existing in Triple Bottom Line are being faced by world at large. To resolve these issues CSR can be used as a device as in a society the business works by using resources optimally, for betterment of the country these organizations should try to address these problems that may aid in eliminating these issues. As Mahatma Gandhi said that a business is a integral part of the society therefore it should fulfill the responsibilities of the society. To the entire planet and the people living inside and outside the business organizations, social responsibility is for everyone. Many of the social and environmental problems can be solved by if the society and the companies come together and work together.

For incorporating CSR law in New Company act -2013 initiative has been taken by government, according to which it is compulsory for organizations to allot 2% of their net-profit in activities of CSR. Various issues like community engagement, business ethics, water management, global warming human rights and dignity can be tackled with their help. Therefore to sustain and survive in the automatic world, the corporations need to build a strong relation with the community.

Schedule VII of Companies Act, 2013 describes activities to be undertaken as CSR:

- Encouraging education, that includes special education and vocation skills that enhance employment especially amongst women, elderly, children and the differently abled and projects that enhance livelihood.
- ERADICATING poverty, hunger and mal-nutrition, creating awareness on health care and sanitization and accessible to clean drinking water.

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- Guaranteeing ecological balance, environmental sustainability, animal welfare, protection of flora and fauna, agro forestry, conservation and maintenance of natural resources and quality of water, air and soil.
- Empowering women, promoting gender quality, building homes and hostels for orphans and women, also nursing homes centers for day care, for senior citizens providing facilities and steps taken to reduce discrimination faced by economically and socially underprivileged people.
- Training to enhance rural sports, Paralympics and Olympic sports and nationally recognized sports.
- Conservation of national ART, culture, heritage also includes restoring sites and buildings that have historical significance and art works, building libraries for public, promoting and developing traditional handicrafts and art.
- Promoting projects on rural development
- Contributing in the Prime Ministers National Relief Fund or any other fund that is being set by the central government for both social and economic development and also for the relief and welfare of Scheduled tribes and castes, minorities and women and other backward classes.
- Steps taken to benefit armed force veterans, war widows and their dependents.
- Funds or contributions provided by technology incubators that are found within academic foundations that are approved by central government.

Therefore (CSR) Corporate Social Responsibility, In this concept corporations along with growth and profit , should take into consideration the interest of environment and society as well , also take the responsibilities for their affect of activities on environment , shareholders and all members comprising of the public sphere . The relationship among society, corporate and environment towards corporate sustainability is represented by triple bottom line approach.

Analysis of the CSR status of INDIA has been done by Nitin Kumar, 2014 and laid emphasis on the problems and obstacles faced during activities of CSR in India. On basis of various books, journals, articles he has tried to do deep research.

CONCLUSION

It is difficult to come to any conclusion, as at the grass root level there is difference in introducing the act and its feasibility. In the domain of business CSR has been deeply engrossed. In order to make it feasible it is necessary to recognize and comprehend the vital arenas that require diagnosis. On the size and working style of the corporation the activity of the CSR is based. The number of CSR programs depends upon how big the organization is and vice-versa. It is necessary that amongst shareholders create awareness and to develop a conducive environment in the society is necessary to win the confidence of local people. CSR is a vital component of the business houses to enhance the

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comprehension and to indulge all the shareholders for the general development of the society. Unless CSR is social, moral and ethical it cannot be successful in developing the society socially and economically.

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