

CSR Provisions – Obligation or Opportunity in the context of corporate thinking

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With the introduction of Corporate Social Responsibility provisions, many corporate consider this provision to be a burden on them. Many of them believe that the business set up by them is for the betterment of their own and their successors and when the Society's welfare comes into picture, they say that govt. has already taken steps by establishing various trusts/NGOs/ Societies and by formulating various plans and policies like The Mahatma Gandhi National Rural Employment Guarantee Act, Kisan Vikas Yojana, etc. Companies are of further view that they have to earmark resources like fund, people, and mind for complying CSR provisions and in this cut throat competition, where Costing is too important, why to bear *unnecessary* burden of expenses but there are certain benefits also, but most important benefit is "**Branding cum marketing of Company**".

Journey of CSR begins:

Social responsibility – what does this word means? Social responsibility means one has to grow not by damaging others but by helping or serving others. A balance must exist between economic welfare of one and social welfare of others too. For achieving one objective, other one shouldn't be ignored. If we are talking about social responsibility in the context of an individual, then it comes from his family background, education, his or her mental perception and most important, his motive. If one wants to do social help, then one can do it, without any hesitation or show off as I have seen lots of gentle people who're helping others hidden and silently without making any excuses.

Further, if we are talking about social responsibility in the context of corporate bodies, here comes the issue. Corporate are of view that why to focus on non-profitable activities as they are money/ business minded. But one shouldn't forget that they're also part of society. If you're living in society, getting something from society, then it becomes your duty cum obligation to share something in return to the society. *It's like double entry system, one credit then one should always be debit.*

What is Corporate Social Responsibility?

Before proceed to further, let's understood the word CSR. Business Dictionary defines CSR as "A company's sense of responsibility towards the community and environment (both ecological and social) in which it operates.

Companies express this citizenship

- Through their waste and pollution reduction processes,
- By contributing educational and social programs and
- By earning adequate returns on the employed resources. A broader definition expands from a focus on stakeholders to include philanthropy and volunteering

As per Section 135 of the Companies Act, 2013, Every Company having

- Net worth of Rs.500 Cr. Or more; or
- Turnover of Rs.1000 Cr. Or more; or

- Net profit of Rs.5 Cr. Or more;

During any financial year shall have to follow CSR provisions like constitution of CSR Committee, to spend at least 2% of its avg. net profits made during 3 preceding financial years on the activities referred to in Schedule VII of the Companies Act, 2013.

Following are some of the activities referred to in Sch. VII of the Companies Act, 2013

- Promotion of education
- Eradication extreme hunger and poverty
- Promoting gender equality and empowering women
- Employment enhancing vocational skills
- Reducing child mortality and improving maternal health
- Ensuring environmental sustainability

Just look at the activities mentioned in Sch. VII of the Companies Act, 2013 for Corporate Social responsibilities activities, it is of much required for developing or under developed Country and up to certain extent for developed country too. Still there are lots of people in India, who are living below poverty line, who haven't get sufficient and good food, there are lots of children who wants to study but due to their financial conditions, they're not afford the education, in today's highly inflationary economic conditions.

If the Company follow its CSR provisions as strategy then it will ultimately creates goodwill as well as helpful to maintain the goodwill of the Company in the market. Why big groups of India are too successful and known as reputed companies of India? Because they run their businesses with the people, through the people and for the people. The Big groups carrying out their CSR provisions voluntarily since long time. The CSR activities can result in the betterment of both i.e. the Company itself and the society. So Company can by its better CSR implication, enhance its image like Tata in the mind of the people and this will be indirectly beneficial to the Company.

Suppose Company is running a school as a part of its CSR provisions, and if this helps some bright & poor students to get high professional qualifications, then it will automatically help the Company. The same is the case if the Company is following its CSR provisions through NGOs or trusts, i.e., renovation of school buildings, providing food to hungry & needy people, helping people at the time of natural calamities like flood, earthquake etc.

There might be chances that sometimes Company will face crisis or cash crunch during some time but if Company follows its philosophy i.e. to benefit the Company along with benefit of the society at large then there are definite chances that Company will survive in long term and be profitable in future too. If Company is good at maintaining its **good** image in the mind of society then such Company will never be faced employee breakdown and employee will be ever delighted to work in the premises and it will ultimately be helpful to the Company and society at large.

Further, if Company is sticking to its motive of social cause, then it will surely enhance its image in the minds of Government too which will help him to attract various incentives and packages, concessions, reliefs from taxes, dues, penalty etc., In addition to, as the Company's image is built up in the minds of people, it will be easy for the Corporate to get sufficient credit or funding at reasonable rate of interest and in time as financial institutions might also think that they're also helping the society indirectly.

Corporate success and social welfare are interdependent. A business needs a healthy, educated workforce, sustainable resources and adept government to compete effectively. For society to thrive, profitable and competitive businesses must be developed and supported to create income, wealth, tax revenues and philanthropy. CSR acknowledges trade-offs between short-term profitability and social or environmental goals, but emphasizes the opportunities for competitive advantage from building a social value proposition into corporate strategy.

Corporate Social Responsibility provision will aid to achieve Company's mission statement and it's also forming part of applied ethics by Corporate.

Most consumers agree that while achieving business targets, companies should do CSR at the same time. Most consumers believe companies doing charity will receive a positive response.

Conclusion: CSR provision is not a burden, but its opportunity for enhancing image of the company in the minds of people cum society which will ultimately beneficial to the all stakeholders like employee, Government, Creditors, Shareholders and the Company itself.

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