

Mandatory Corporate Social Responsibility (CSR) Activities in India

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Abstract:

According to the medical condition in the ending weeks of pregnancy, the foetus babies often settled in position. In some rare cases, the baby can be seen in lying sideways position or in a transverse position. This position is known as malpresentation. The most common problem seen in early weeks of pregnancy is that when the babies are more mobile, most babies change their position into the head down position by the last trimester, But Sometimes it is different than the expected, the malpresentation is called transverse lie. It is almost difficult and problematic to deliver a transverse baby vaginally. There are too many complications for the baby and risk associated with women too. We are developing robotic hand by which the position of the baby can be sensed in the degrees and using that robotic hand, according to the requirement the position of the baby can be changed before delivery. In Our proposed work we are going to develop the artificial intelligence that can sense the position of the baby and using AI (Artificial intelligence) the surgery with the robotic hand can be performed accurately and with minimum risks.

Keywords: Degree of Freedom, Artificial Intelligence, LabVIEW, Robotic hand.

I. INTRODUCTION

The presence of CSR and sustainability in the corporate level is defined in numerous ways based on the relevance, necessity, time and the context. CSR is a form of maintaining good relations with the community. Companies Act of 1956 lays down the rules for companies to run their operations in India. An amendment to this act was made in the year 2013. Section 135 (Schedule VII) was one of the key changes and was introduced making India the first country in the world to make CSR spending mandatory. It also identified the potential areas of CSR activities. The eligible companies are required to contribute a minimum of two percent of their net profit towards CSR activities across the country.(Bhanu, Murthy, & Usha). These activities include implementation of programs for education, conservation of environment, improving healthcare, empowerment of women, upliftment in living standards and driving self sufficiency of farmers. Organisations decide areas of CSR spending based on factors such as their own business, importance

and relevant issues for the society, availability of funds(Navjeet, vips.edu, 2017). The new law not only mandates a minimum spending on CSR activities, but also limits the activities for which CSR funds could be used. The present study tries to explore the important provisions of the Companies Act 2013. An attempt has been made to study the success and efficiency in implementation of CSR activities after the implementation of the new law. Various issues and problem areas have been identified in this study.

II. REVIEW OF LITERATURE

Premlata and Anshika Agarwal have studied various aspects of the mandatory CSR legislation. They have identified some key hindrances in the implementation of the new law.(Agarwal, December 2013 27). They concluded that through CSR companies can realistically contribute to the welfare of society in more than one way. Companies are a part of society and they have responsibility towards all the stakeholders of the company both internal as

well as external. It is company's responsibility to ensure that all the stakeholders are satisfied. The authors suggest that exceptional achievements are possible in social welfare schemes when the government and corporate sector work in tandem. Nitin Kumar analyzes the status of CSR in India. He has focussed on identifying issues and challenges relate to implementation of CSR in India. He has also attempted to study the impact of CSR on Business. (Kumar, May, 2014)). He concludes that by making public aware, effective implementation of CSR activities is possible. This effort will ensure that more companies will join the CSR initiative to tackle burning problems such as lack of access to education, healthcare facilities and employment opportunities for Indian population by way of innovative CSR practices.

According to (Sarkar, August 2015), the new CSR legislation has not been framed to transfer the responsibility of social welfare from government to business enterprises. The legislation provides sufficient autonomy to the companies in selecting the CSR projects and implementing them. This will pave a way for efficient and effective project implementation without any serious conflicts with the company's objective of maximising the shareholder value. The author concludes that the new CSR law maintains a good balance between social welfare and economic objectives.

According to Dr. Reena Shyam, CSR provides an excellent opportunity to corporates to create a competitive advantage for them and showcase their innovation and in this process they can also contribute substantially to the goal of achieving sustainable development. Corporates in India have identified these opportunities in taking up CSR initiatives and they have intergates them in their business processes". (Shyam, May, 2016). She has also studied the CSR initiatives taken by the small and medium enterprises of India. She highlights the challenges faced by these enterprises in implementing CSR activities. She concludes that Indian corporates have the requisite expertise and resources to bring about a visible change in social

welfare. In her opinion partnering of the government with corporate sector and other private agencies such as NGOs can increase the pace of change in social welfare.

Dharmika Dharmapada and Vikramaditya Khanna (Dharmapada & Khanna, 2017) have studied the impact of CSR on organization in terms of financial value. They have found a significant increase in CSR activities of the firms eligible for CSR under section 135 of the Companies Act 2013. They have not observed any significant impact on sales and accounting performance of these companies. They have also observed that companies which were spending less than 2% of the prescribed amount prior to the introduction of mandatory CSR law have later increased their CSR activity for compliance. Whereas, large organisations which initially spent more than 2% of the prescribed have somewhat reduced their CSR spending after Section 135 came into effect.

Annual survey report by KPMG studies the CSR spending of top 100 companies operating in India. The survey presents data on CSR compliance by these companies, projects undertaken, comparison of PSU vs Non-PSU companies, CSR of Indian vs foreign companies and Sustainable Development Goals (SDGs) (KPMG, 2018).

One of the articles tries to establish a direct link between violence and GDP growth. In this a scenario the author has emphasised on the need for CSR money to be spent on providing access to justice (Sethi, 2019).

In a study on dynamics of CSR with reference to oil and gas industry in India, the authors have tried to assess the trend of expenditures on CSR by the companies in this sector (Bhatt & Sharma, 2019). They have observed that some companies have spent more than the prescribed limit of 2% of profit whereas others have been unable to comply with the norms. The study concludes that the inability of firms to identify suitable projects for spending was the main reason for non-compliance.

III. RESEARCH GAP ANALYSIS

Literature review has shown that a lot of research has been done on the concept of CSR, its objectives and benefits for the society and organisations. However, assessment of the impact of CSR activities based on empirical data has not been studied in details, particularly after the enactment of mandatory CSR law in 2014. Effectiveness of this law is yet to be checked and established. Surveys on CSR spending are conducted by some private agencies such as KPMG but they are limited only to the top 100 companies operating in India. Such a study gives a skewed picture on the CSR scenario in India. A need is felt for a more comprehensive review across different segments of firms. It would also be prudent to comparatively analyze the CSR activities of firms in pre and post 2014 period. The entire study needs to be seen in the light of Sustainable Development Goals (SDGs) or 2030 Agenda as set by the United Nations Development Programme (UNDP).

IV. OBJECTIVES

The paper aims to study the trend of compliance, since 2014-15, to CSR law by firms operating in India. It also aims to study the major reasons for non-compliance and comprehensively review the spending pattern of firms in terms of level of spending, development areas, geographical areas of projects and alignment of the CSR spends with SDGs.

The study mainly uses secondary data available from the CSR portal of the Ministry of Corporate Affairs. Survey reports by private agencies such as KPMG have also been referred.

V. DATA ANALYSIS

Trend of CSR Spends:

A sharp decline in number of companies eligible for mandatory CSR spending can be observed in last four years. Total amount spent has also come down from 10066 Cr. in 2014-15 to 8365 Cr. in 2017-18. However, average amount spent per company has improved over last four years from Rs. 0.60 Cr per company to Rs. 2.70 Cr. per company.

Table 1: Spends After Mandatory CSR Law

	2014-15	2015-16	2016-17	2017-18
No. of Eligible Companies	16785	22064	21470	3117
Total CSR Spend Rs. (Cr.)	10066	14528	14242	8365

Table 2: Compliance to prescribed amount.

	2014-15	2017-18
Zero Spending	9018	582
Less than 2%	5073	875
Exactly 2%	688	206
More than 2%	2006	1454

In 2014-15 only 16% of the eligible firms were able to spend the prescribed amount of 2% or more. This figure has jumped to 53% in the year 2017-18. Thus, the compliance has improved substantially in four years after the enactment of law.

Development Sector and SDG wise spends:

Companies act 2013 has specified the areas where CSR funding needs to flow. These areas are broadly based on the Sustainable Development Goals (SDGs) or the Agenda 2030 as declared by the United Nations Development Programme (UNDP). Analysis of the average CSR amount spent in last four years is shown in Table 3 below. It can be clearly seen that approximately 72% of the amount has been spent on key priority sectors such as education, health, poverty, drinking water, sanitation and rural development. However, only a small percentage of the fund has gone to important sectors like Environment (8.78%), Slum areas development (0.36%) and Clean Ganga fund (0.14%).

Table 3: Average Spends - Development Sectorwise.

Development Sector	Average Spend Rs. Cr.	Percentage of Total CSR Spend
Education, Differently Abled, Livelihood	4282.17	36.29%
Healthcare, Hunger & Poverty And Malnutrition, Safe Drinking Water, Sanitation	3136.79	26.58%

Rural Development	1263.47	10.71%
Environment, Animal Welfare, Conservation Of Resources	1035.96	8.78%
NEC/ Not Mentioned	698.14	5.92%
Gender Equality , Women Empowerment , Old Age Homes , Reducing Inequalities	317.67	2.69%
Any Other Fund	310.91	2.63%
Heritage Art And Culture	188.32	1.60%
Swachh Bharat Kosh	185.39	1.57%
Prime Minister's National Relief Fund	165.85	1.41%
Encouraging Sports	124.25	1.05%
Slum Area Development	42.90	0.36%
Other Sectors (Technology Incubator And Benefits To Armed Forces And Admin Overheads)	32.26	0.27%
Clean Ganga Fund	16.19	0.14%

An Analysis of CSR spending in terms of some major states / geographical areas of India are shown in Table 4. The spending is also analysed in context of two important aspects – Human Development Indices (HDI) of the states and number of ‘Aspirational Districts’ in the states. The HDI of states is calculated based on life expectancy, education and per capita income (Wikipedia, 2019). Whereas, the list of ‘Aspirational Districts’ has been declared by NITI Aayog in January 2018. These are the backward districts which need special support for upliftment (mapsofindia, 2018). It can be observed from the table that 35.57 percent of the total amount has been spent in top five states whereas only 10.71 percent of the amount has been spent on the bottom or needy six states. The spending in the North Eastern states is only 1.52% of the total spending.

State wise spends:

State	Human Development Index	Number of Aspirational Districts	Average amount spent in last four years. Rs. Cr.	Average Percentage of Total amount
Maharashtra	0.695	4	4594.26	15.65 %
Karnataka	0.682	2	668.57	5.67 %
Andhra Pradesh	0.643	3	635.62	5.39 %
Gujrat	0.667	2	528.60	4.48 %
Tamil Nadu	0.708	2	516.95	4.38 %
Odisha	0.597	10	375.50	3.18 %
Rajasthan	0.621	5	316.08	2.68 %
Uttar Pradesh	0.583	8	254.03	2.15 %
Madhya Pradesh	0.594	8	170.05	1.44 %
Bihar	0.566	13	67.88	0.58 %
Jharkhand	0.589	19	80.13	0.68 %
North East (7 states)	0.650	13	178.97	1.52 %

VI. CONCLUSION

The Indian government has enacted the mandatory CSR law to involve the corporate sector in development of the country. This is a welcome step. Indian corporates have also responded positively to the government’s initiative. We are in the fifth year after the implementation of the law and we can see the level of compliance has improved substantially and corporate sector is even going beyond mere compliance. The study of spending pattern in last four years has revealed that the spending in the development sectors is by and large in line with the SDG goals. However, it is a matter of concern that majority of the funds have been spent in geographical areas / states which are already well off in terms of HDI. Government has to ensure that the funds should flow to the states with lower HDI and particularly to the ‘Aspirational District’ as identified by the NITI Aayog. The law may be refined in order to achieve these objectives.

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