

Legal mechanism related to Corporate Social Responsibility in India

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I.INTRODUCTION

Universal happiness and prosperity as reflected in the Sanskrit sloka "*Sarve Bhavantu Sukhinah, Surve Sant Nirmayaha...*" forms the core of the Indian culture and tradition. This tradition is characterized by an attitude of selflessness and generosity, which is an essential component. For history, there are several instances of kings, nobles, and merchants making significant contributions to charity organizations. The major component of all Hindu rituals is known as "Daan," which refers to the act of providing food, clothing, and financial assistance to those who are disadvantaged and destitute. This is considered to be a vital condition for attaining nirvana, also known as Moksha. In Islam, one can also find an allusion that is akin to this. Wakf is a social organization that was founded by affluent individuals who donated land and property in the name of Allah with the goal of providing assistance to those who are destitute, lacking in resources, orphans, and people who are traveling. In India, the pluralistic society that is characteristic of the country is characterized by the presence of similar examples in all religions. These initiatives have not only assisted those who are underprivileged, but they have also resulted in the active participation of civil society and have promoted social solidarity, peace, and charity.

Any business's ability to function and succeed depends on its ability to fulfil its obligations to society and other stakeholders. As a result of numerous political, social, and economic developments, the scope and character of this duty are always evolving. As far as society is concerned, there is no universally applicable standard prescription. The strategy must remain adaptable in order to satisfy the shifting demands of society.

The Indian Constitution aims to provide all of its citizens with social, economic, and political justice; freedom of thought, expression, belief, faith, and worship; equality of status and opportunity; and the promotion of fraternity among all of them while upholding each person's dignity and the unity and integrity of the country. Through affirmative action, special measures have been provided for the underprivileged segments in order to redress the significant disparity in social and economic status.

You get what you give. Every single thing is interconnected. Only the return that a man deserves from his snow will be given to him. This is how doing what is not damaging to others is motivated by the virtue of responsibility. It is the responsibility of a decent citizen to give back to society what he receives. In a similar vein, a business must assume accountability for its actions that affect the environment and society. You get what you give. Every single thing is interconnected. Only the return that a man deserves from his snow will be given to him. This is how doing what is not damaging to others is motivated by the virtue of responsibility. It is the responsibility of a decent citizen to give back to society what he receives. In a similar vein, a business must assume accountability for its actions that affect the environment and society. Businesses have obligations, such as preserving the environment and hiring members of under-represented groups. However, because the firms did not hold themselves accountable, they questioned these duties. "In order to achieve a more rational management of resources and thus to improve the environment, countries should also adopt an integrated and coordinated approach to their development planning so as to ensure that

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development is compatible with the need to protect and improve the environment for benefit of their position." During the United Nations Conference on the Human Environment that took place in Stockholm, Sweden in 1972, this was one of the principles that was approved by the United Nations. The conference was discussing the relationship between business activities and the influence that they have on the community. Consequently, the idea of Corporate Social Responsibility (also known as CSR) came into existence.

II. SOCIAL RESPONSIBILITY OF CORPORATIONS

A business bears responsibility for the effects its operations have on the community and must take the necessary steps to make amends for the harm it has caused. Corporate citizenship and corporate social responsibility are interchangeable terms. Also known as "corporate citizenship," corporate social responsibility might entail short-term expenses that support constructive social and environmental development rather than immediately benefiting the business financially. Beyond what environmentalists want, a company's corporate social responsibility activities and efforts go beyond that.

The Companies (Corporate Social Responsibility Policy) Rules, 2014 give the following definition of "Corporate Social Responsibility (CSR)": (i) Initiatives or plans relating to the Act's Schedule VII operations, or (ii) Projects or programs that pertain to activities carried out by a company's board of directors (Board) in response to recommendations from the Board's CSR Committee in line with the company's declared CSR Policy, as long as the policy covers subjects listed in Schedule VII of the Act.

"Corporate Social Responsibility is the ongoing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large," according to the World Business Council for Sustainable Development.

According to the World Bank, corporate social responsibility (CSR) is "the commitment of businesses to contribute to sustainable economic development by working with employees, their families, the local community, and society at large to improve their lives in ways that are good for business and for development."

From a corporate perspective, there are three levels of corporate social responsibility:

In analyzing corporate social responsibility, three tiers become apparent when looking at it through the lens of a firm.

The bare minimum of compliance is the first level. In this case, the management adhere to the legal minimum social criteria. The corporation operates its business activities within the bounds of the law and stays inside it. Transaction ethics serve as a guidance for this.

On the second level, we have enlightened self-interest. In this case, CSR is used as a weapon to prove to consumers that they are better than their competitors. Companies are expected to reap long-term benefits from investments in corporate social responsibility because consumers, communities, and society at large want to do business with firms that are involved in social activities. This is guided by the ideas of enlightened self-interest and acknowledging ethics.

The third level seeks to proactively enhance society as a whole. CSR at this level is typically found in well established companies. It is not reliant on immediate business benefits. Because the company is adamant that being socially responsible to the society in which it operates is ingrained in its DNA, it portrays itself as a CSR company. Change ethics serve as a guidance for this.

Features of Corporate Social Responsibility in India under the Companies Act of 2013

For a long time, Indian firms were managed and regulated under the archaic Companies Act, 1956. The Indian Parliament finally passed the New Companies Act of 2013 after much deliberation over many years.

With 29 chapters and 7 schedules, it's organized into 470 sections.

Numerous new features have been added to corporate legislation, such as requiring at least 2% of net profit to be spent on CSR, reducing corporate delinquency by punishing those who falsely include someone in a contract with a bank or other financial institution to obtain credit facilities, creating a new entity called a "one person company," streamlining the merger and acquisition process, limiting the number of companies in which the same auditor may be appointed, empowering women by requiring at least one female director in the boardroom, capping the number of maximum partners, etc.

On September 12, 2013, the Companies Act of 2013 went into effect. However, on April 1, 2014, the CSR-related provisions of section 135 went into force. The following describes the characteristics of Section 135 as read with Schedule VII and the 2014 Corporate Social Responsibility Policy Rules:

The Companies Act of 2013 states in Section 135(1) that "any company having net worth of at least Rs. 500 crore, turnover of at least Rs. 1,000 crore, or net profit of at least Rs. 5 crore during any financial year shall constitute a Corporate Social Responsibility Committee of the board consisting of three or more directors, out of which one shall be an independent director." The CSR provisions will therefore apply to any company with a net worth of at least 500 crore, a turnover of at least 1000 crore, or a net profit of at least 5 crore in a fiscal year. This specific regulation is applicable to both foreign and Indian companies.

On January 22, 2021, the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021 (the "Rules") were implemented by the Indian government. "Existing Rules" refers to the 2014 Companies (Corporate Social Responsibility Policy) Rules that were modified by the rules.

Amended Definitions

In response to the epidemic, the Rules have modified the definition of Corporate Social Responsibility

("CSR") to make it clear that actions conducted in the course of a company's regular commercial operations will not fall under the purview of CSR. There is an exception to the Rules, though. For the fiscal years 2020–21, 2021–22, and 2022–23, any company that conducts research and development of novel vaccines, medications, and medical devices as part of its regular business operations may do so in relation to COVID-19 as a corporate social responsibility initiative. The rules have also made it clear that any activity a company does outside of India will not be regarded as corporate social responsibility (CSR) unless it involves training Indian athletes to represent the nation internationally or any state or union territory nationally. In response to the epidemic, the Rules have modified the definition of Corporate Social Responsibility ("CSR") to make it clear that actions conducted in the course of a company's regular commercial operations will not fall under the purview of CSR. There is an exception to the Rules, though. For the fiscal years 2020–21, 2021–22, and 2022–23, any company that conducts research and development of novel vaccines, medications, and medical devices as part of its regular business operations may do so in relation to COVID-19 as a corporate social responsibility initiative. The rules have also made it clear that any activity a company does outside of India will not be regarded as corporate social responsibility (CSR) unless it involves training Indian athletes to represent the nation internationally or any state or union territory nationally.³

The rules have also made it clear that activities performed to satisfy other legal requirements or donations made to political parties under Section 182 of the Companies Act, 2013 ("Act") will not be regarded as corporate social responsibility. Additionally, the Rules have made it clear that CSR does not include activities that benefit the company's employees as specified in clause (k) of section 2 of the Code on Wages, 2019 or that are sponsored by businesses in order to generate marketing benefits for their goods or services.

³ Rule 2 (d) (ii) of the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021.

CSR Implementation

The Rules have completely amended Rule 4 of the Previous Rules. Corporate social responsibility (CSR) initiatives can be spearheaded by an organization or implemented by its subsidiaries or affiliates. (1) Any business that has been in operation for at least three years in a similar capacity; (2) Any public trust or registered society as defined in Sections 12A and 80G of the Income Tax Act, 1961; (3) Any entity established by an Act of Parliament or a State legislature; or (4) Any business that has been in operation for at least three years in a similar capacity as defined in Section 8 of the Act, Sections 12A and 80G of the Income Tax Act, 1961.⁴

Every organisation that must engage in any kind of corporate social responsibility must register with the central government. Beginning on April 1, 2021, these organisations would have to electronically complete the CSR-1 Form and submit it to the Registrar of Companies.⁵

The revised Rule 4 makes it clear that the board of the firm is in charge of keeping an eye on how CSR projects are being carried out in compliance with project schedules and making sure that the money is being used for the intended purpose. The board has been given the authority to change the projects if it thinks it's essential to guarantee better execution within the allotted time. The company's chief financial officer is subject to an additional duty under the modified Rule 4. The Chief Financial Officer (CFO) or "person" in charge of financial management must certify that any monies disbursed for a CSR project are used to the board's satisfaction and in the way that the board has approved. According to the aforementioned rule, it is also acceptable to work with other businesses to carry out CSR projects as long as the reporting mechanism is individualistic, as well as to engage external organisations, whether domestic or foreign, for the design, assessment, capacity building, and monitoring of CSR projects.⁶

Since the necessary elements were already included in Rule 4 after the amendments, Rule 6 is no longer included in the Rules..

CSR Committee

Under Rule 5, it is mandatory for businesses to set up a CSR committee. Although Rule 5 (1) remains unchanged, Rule 5 (2) has been replaced by the Rules. According to the revised Rule 5(2), the company's CSR committees must create an annual action plan that aligns with the company's CSR policy and submit it to the board. According to its CSR committee's recommendation, this annual action plan may be sent out at any point during the fiscal year. It must contain the following: (a) an approved list of CSR projects; (b) information on how the projects listed will be carried out; (c) a mechanism for monitoring and reporting on the project's progress; (d) information about the need for project and impact assessments, if any; and (e) a schedule for implementation and timeline for using funds.⁷

CSR Expenditure

The regulations governing the management of monies allotted to CSR have been added to Rule 7 on CSR expenditures. The regulations make it clear that a company's administrative CSR expenditures cannot account for more than 5% of its total CSR spending in a given fiscal year. The revised Rule 7 also makes it clear that any money left over from a company's CSR project cannot be used for any other business profits or ancillary purposes than those allowed by the rules. Instead, it must be reinvested in the same CSR project, transferred to a fund listed under Schedule VII of the Act, or kept in the company's unspent CSR Account to support other CSR policies or annual action plans.

corporations can now deduct any CSR expenditure beyond the statutory 2% in any fiscal year from the needed expenditure for up to three fiscal years, according to a modification to Rule 7. This allows corporations to spend more than their CSR requirements. But for that to happen, the board needs to approve a resolution saying as much and making

⁴ Rule 4 (1) of the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021.

⁵ Rule 4 (2) of the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021.

⁶ Rule 4 of the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021.

⁷ Rule 5 (2) of the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021.

sure that the surplus that can be offset doesn't contain any money that comes from CSR initiatives.

A company incorporated under Section 8 of the Act, a registered public trust, a registered society with a charitable objective, or a public authority can hold the capital asset that is created or acquired with the CSR amount, according to the amended Rule 7. Another option is for the project's beneficiaries, which can be entities, collectives, or self-help groups.⁸

CSR Reporting

According to Rule 8 of the Rules, the Board must now submit an annual report on CSR as part of the revised CSR reporting structure.¹⁷ The balance sheet that a foreign company sends to the Registrar in accordance with Section 381 (1)(b) of the Act is required to be included in the annual report on corporate social responsibility (CSR) in the manner that is stipulated by the Rules. Rule 8 mandates that businesses having a corporate social responsibility obligation of at least ten crores of rupees must carry out an effect assessment for their corporate social responsibility projects that are worth at least one crore of rupees. This evaluation must be completed within one year of the impact study by an independent agency within the three fiscal years prior to the current fiscal year. In addition, a company is permitted to report expenses of up to fifty lakh rupees or five percent of the total amount spent on corporate social responsibility (CSR), whichever is smaller. This is given that the expense is the result of completing an impact assessment of the company in question.

Historical Development of CSR

Corporate social responsibility (CSR) in India has evolved through four major phases: community engagement, socially responsible production, and socially responsible employee relations. It began in the 19th century with business families like Tata, Birla, and Godrej. Between 1960-80, high taxes, licensing, and restrictions led to corporate malpractices. The Companies Act, 1956 provided clear provisions for

CSR, but the new Companies Act, 2013 makes it mandatory.

Phase 1 (1850–1914): The first phase of corporate social responsibility is well-known for its benevolent and altruistic features. Values of the family, traditions, culture, religion, and industrialization all had an effect on corporate social responsibility. For the sake of bettering society, wealthy businesspeople contributed their wealth to the construction of temples and other places of worship. During times of hunger and drought, these merchants ensured that their granaries were accessible to those who were hungry and living in poverty. When the colonial era began, this concept to corporate social responsibility underwent a dramatic transformation. Tata, Birla, Godrej, and Bajaj were among the industrialization pioneers of the pre-independence era who championed the concept of corporate social responsibility by establishing trusts for community development, educational and hospital facilities, and charitable organizations. These trusts were established in order to support charitable organizations. The advancement of social advantages during this historical period was driven by political considerations.

Phase 2 (1910 to 1960) During the Independence movement, Mahatma Gandhi emphasized trusteeship and social reform, urging industrialists to share wealth and benefit marginalized groups. He influenced trusts for colleges, research, and women's empowerment, contributing to socio-economic growth.

Phase 3 (1950-1990) saw the rise of Public Sector Undertakings (PSUs) to improve wealth distribution, legislation against labor, environmental, and business malpractices was enacted, though. With a countrywide workshop on CSR in 1965, the corporate sector stepped up its involvement in socio-economic development.

Phase 4 (1980 onwards): A sustainable company strategy was classified as corporate social responsibility (CSR) during this final stage. The rapid expansion of the nation's economy can be attributed to a licensing system that is relatively lenient as well as

⁸ Rule 8 (1) of the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2021.

the general trend toward liberalization, privatization, and globalization (LPG). Furthermore, this sped up industrial development, enabling companies to contribute more to social responsibility. What started out as almsgiving is now seen as accountability.

Significance of Studies:

Corporate philanthropy, corporate citizenship, corporate giving, corporate community involvement, community relations, community affairs, community development, corporate responsibility, global citizenship, and corporate societal marketing are some of the various names for corporate social responsibility. What this corporate social responsibility is known as is irrelevant. To meet the demands of the market and its stakeholders, a new method of conducting business has emerged. CSR's justification has been explained in a number of ways. It basically comes down to creating sustainable enterprises, which require thriving markets, economies, and communities. As a result, all firms, whether private or public, must engage in CSR initiatives. The government has mandated that industries adhere to social responsibility. They cannot conduct production and generate profits while ignoring society. It is possible to find a strong correlation or association between CSR and sound public governance. This was not previously specified or carried out since the industrial policy and resolutions did not highlight the true function of industries in society. The existence and functioning of industrial homes are the main causes of the actual costs that society bears. Public sector entities may be required to invest 2–5% of their profits in CSR. A PSU's CSR program might no longer be a chance for the chairman to take pictures; instead, it would involve people-focused initiatives that are financed with two to five percent of the company's net profit.

III. LITERATURE REVIEW

Corporate Social Responsibility during the COVID-19 Pandemic by Isabel-María García-Sánchez and Alejandra García-Sánchez, *Journal of Open Innovation: Technology, Market, and Complexity*, ISSN 2199-8531, MDPI, Basel, Vol. 6, Iss. 4, pp., 2020.

In order to confront a situation that has never been encountered before, the author of this essay has emphasised the importance of cooperation among all actors in addressing the health, economic, and social repercussions of the SARS-CoV-2 virus. This paper's goals are to examine the role that major Spanish corporations played during the most difficult times of the pandemic and to identify the goals that these companies pursued alongside them. The findings demonstrate that a number of businesses have demonstrated a strong commitment to society by creating initiatives that lessen the effects of COVID-19, while others have created multiple methods with various goals. Three clusters of responsibility have been identified by the author in this paper: (i) solely safeguarding the interests of investors and shareholders; (ii) promoting the welfare of Spanish society in general and vulnerable groups in particular; and (iii) fusing prior charitable deeds with business interests.

Filippo Vitolla, Angela Rella, Nicola Raimo, *A Conventional Approach to Addressing Emerging Social Concerns: Corporate Social Responsibility During the COVID-19 Pandemic, 2021*. A significant number of medical, societal, and economic implications have been brought about as a result of the COVID-19 epidemic. Within this hard context, it is expected of businesses to carry out programs that fall under the category of corporate social responsibility (CSR) in order to provide assistance to society and the most vulnerable members of society. This study looks at how Spanish businesses have partnered with non-governmental organisations (NGOs) to benefit vulnerable people and society. In this context, a multiple case study analysis was carried out using 14 companies that are listed on the Madrid Stock Exchange and have established partnerships with various non-governmental organisations. The findings indicate that the primary goals of these collaborations are to support society and vulnerable people with food, health, social, and technological assistance. To the best of our knowledge, this is the first study to look at how businesses around Europe helped society during the COVID-19 pandemic.

IV. CORPORATE SOCIAL RESPONSIBILITY IN INDIA: FEATURES UNDER COMPANIES ACT, 2013

For a long time, Indian firms were managed and regulated under the archaic Companies Act, 1956. The Indian Parliament finally passed the New Companies Act of 2013 after much deliberation over many years. With 29 chapters and 7 schedules, it's organized into 470 sections.

Numerous new features have been added to corporate legislation, such as requiring at least 2% of net profit to be spent on CSR, reducing corporate delinquency by punishing those who falsely include someone in a contract with a bank or other financial institution to obtain credit facilities, creating a new entity called a "one person company," streamlining the merger and acquisition process, limiting the number of companies in which the same auditor may be appointed, empowering women by requiring at least one female director in the boardroom, capping the number of maximum partners, etc.

The 12th of September 2013 was the effective date of the Companies Act, 2013. Section 135's CSR-related provisions, however, were effective as of April 1, 2014. Schedule VII, the (Corporate Social Responsibility Policy) Rules, 2014, and Section 135 are all characterised by the following:

1. Companies Coming Within the Ambit of CSR Provisions:

Companies are mandated by Section 135(1) of The Companies Act, 2013 to establish a Corporate Social Responsibility Committee within their board of directors. This committee must consist of a minimum of three directors and one independent director for every fiscal year in which the company's net worth, turnover, or net profit exceeds 500 crore, 1,000 crore, or 5 crore, respectively. Companies are required to comply with CSR regulations if their annual net worth is 500 crore rupees or more, if their turnover is 1000 crore rupees or higher, or if their net profit is 5 crore rupees or higher. Any company having its headquarters in India, whether local or international, is subject to this particular provision.

2. Activities That Can Be Undertaken As CSR Initiatives

Recognizing that CSR is more than just complying, the Policy pledges to back programs that help the poor in

ways that can be quantified, according to the areas listed in Section 135 of the Companies Act 2013 and the Companies (Corporate Social Responsibility Policy) Rules 2014:

- i. Abolition of hunger, poverty, and malnutrition; promotion of preventive health care and sanitation; provision of safe drinking water; ii. Improvement of education, particularly for children, women, the elderly, and the differently abled; iii. Establishment of homes and hostels for women and orphans; iv. Measures to reduce inequalities experienced by socially and economically disadvantaged groups; v. Reduction of child mortality and improvement of maternal health through the provision of quality healthcare and affordable medicine;
- ii. The provision of hospital and dispensary facilities, with a greater emphasis on clean and decent sanitation, in order to combat diseases such as the human immunodeficiency virus, acquired immune deficiency syndrome, malaria, and other ailments;
- iii. Preserving natural resources, agroforestry, animal welfare, ecological balance, soil, air, and water quality, and protecting flora and fauna;
- iv. Vocational abilities that facilitate employment
- v. Preserving the nation's artistic and cultural legacies, including restoring historically significant structures and artworks; establishing public libraries; fostering the growth of traditional arts and crafts;
- vi. Programs designed to assist veterans, war widows, and their families;
- vii. Programs to train people to participate in rural sports, nationally recognised sports, and Olympic sports;
- viii. Funds allocated to the Prime Minister's National Relief Fund or another Central Government fund for the socio-economic development, relief, and welfare of women, people of colour, and other marginalised groups;
- ix. Money given to technology incubators at universities that have been approved by the Central Government;
- x. Programs for rural development, among other things development in low-income neighbourhoods
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Explanation: For the purposes of this article, the word "slum area" refers to any place that has been proclaimed as such by the Central Government, any State Government, or any other competent body in accordance with any law that is now in effect.

3. Benefits of A Corporate House Gets from Corporate Social Responsibility

1. Companies that actively engage in positive social responsibility see an uptick in both their public perception and the loyalty of their customer base. Businesses are seen as more charitable when they show they care about different causes, as opposed to firms who don't do anything about corporate social responsibility. The level of public awareness of a company's social responsibility initiatives directly impacts the public's perception of that organisation. Keep in mind that people like to buy at businesses that are involved in community service. Make an effort to improve your public image (and announce it far and wide!). Companies can boost their reputations by giving back to the community through collaborations, in-kind donations of goods and services, volunteer work, and financial contributions. Corporate social responsibility (CSR) initiatives that are well-publicized have a better chance of winning over consumers.

2. Media Attention: If your organisation has an effective CSR program, it will be more likely to be featured in news articles. In the absence of public awareness, a company's environmental efforts will go unnoticed. Establishing rapport with local media outlets increases the likelihood that such outlets will cover a company's tales. By contrast, the media will highlight a company's involvement in production or activities that have detrimental effects on the community. Regrettably, negative news travels farther and faster than positive news. Gaining exposure in the media can only help your organisation in the long run.

3. Increases Employee Buy- In CSR programs are a great way to bring in new talent and hold on to the hard-working people you already have. When a company is frequently mentioned in positive light in the media, it creates a positive impression for employees. Productivity rises when workers are satisfied. Working hard is important to nearly 60% of workers who take pride in their company's social responsibility initiatives. Employers that demonstrate a commitment to their communities through various corporate giving programs, such as matching donations and volunteer grants, stand a better chance of attracting and retaining talented, devoted, and enthusiastic workers. People looking for work are more likely to apply and even interview with companies that have a charitable bent. When employed, engaged employees are more likely to remain with the company, increase daily productivity, and bring fresh ideas to the table compared to disengaged individuals.

4. Attracts and Holds on to Corporate social responsibility is important to investors, and businesses should take this issue seriously. When people put their money into a company, they want assurance that it is being utilised wisely. This necessitates not just well-thought-out financial strategies and plans, but also a robust sense of CSR on the part of firms. Businesses show their investors they care about more than simply making money when they give to charities and encourage staff to volunteer. On the contrary, they demonstrate concern for both the local and international communities. Companies that care about more than just making a profit—their employees, customers, and the communities in which they operate

all benefit from increased interest and financial backing from investors.

4. Benefits A Non-Profit Corporate House Gets from Corporate Social Responsibility

1. The potential for corporate partnerships is another benefit of corporate social responsibility (CSR) for nonprofit organisations. Nonprofits, which may lack the funds for extensive advertising efforts, greatly benefit from these collaborations, and corporations greatly benefit from them as well. A charity organization can get its name on a ton of promotional materials that would have been out of reach on a shoestring budget if it partnered with a large firm, whether it was a local or national one. Increasing awareness of the nonprofit's mission is a key benefit of the collaboration.

2. Increased Volunteer Participation: Matching gift schemes can increase an organization's fundraising income by two or even three times. Businesses that provide volunteer grants are contracting with qualified nonprofits to provide assistance. Under such a scheme, a company might, for instance, give \$250 to a nonprofit once an employee has volunteered for the organisation for at least ten hours. Many companies also provide pay-per-hour grants, which pay a certain amount for each hour of voluntary work. This type of socially conscious initiative benefits all stakeholders. Corporation employees are observed volunteering and contributing their time to worthwhile community causes, and nonprofit organisations are receiving volunteer work and free time, both of which are critical to the operation of many charitable organisations.

3. Developing Corporate Partnerships: CSR fosters close ties between businesses and nonprofit organisations. The potential for business relationships is yet another advantage that corporate social responsibility offers nonprofit organisations. These collaborations are essential to a company's ability to do good in the community and to a nonprofit that might not have the funds for large-scale advertising efforts. A nonprofit organization's name appears on a ton of marketing materials that it otherwise could not have on a tight budget thanks to a collaboration with a local or national firm. One important advantage is that

the collaboration raises awareness of the nonprofit's mission.

4. Diverse Revenue Sources: Nonprofits may also receive funding from corporate social responsibility initiatives. Individual donations are insufficient to sustain nonprofit organisations. While it is true that around three-fourths of an organization's funding comes from individuals, this does not mean that nonprofits should disregard companies and enterprises as potential revenue streams. In reality, corporations with robust CSR initiatives seek out charitable organisations to receive grants, volunteer grants, and matching contribution programs. Nonprofits can use CSR programs to make up the remaining 25% after pursuing individual contributors.

V.CSR INITIATIVES TAKEN BY COMPANIES AND IMPACT OF SECTION 135

1. Tata Power: As part of its strong commitment to corporate social responsibility, Tata Power Company's subsidiary Coastal Gujarat Private Limited (CGPL) set out to identify the root cause of the problem and implement a solution at its 4000MW Ultra Mega Power Plant in Kutch. Launched in 2012, CGPL's community-based sustainable livelihood program is a collaboration with India's Aga Khan Rural Support Programme. The Sagarbandhu program zeroed primarily on the Mandvi Taluka villages of Modhva and Trigadi, two of the most important places for the local fishermen to live and work in their off-season.

Inspiring communal development, personal ownership, and independence among the villages, the Sagarbandhu programme sought out ways to provide the fisher folk with alternate jobs for the remainder of the year. Forming VDACs, conducting value chain analyses, starting a revolving fund at season's beginning, collecting rainwater from rooftops, making exposure visits, holding regular meetings, forming SHGs, providing access to clean water and sanitation, implementing interventions at the school level, and distributing boat lights, fishing nets, and marketing equipment are all part of the activities that are carried out. There were local institutions established to aid in the community's development. Two of these were a Village Development and Advisory Council and Self

Help Groups (SHGs). These provide opportunities for the local fisherman and villages to learn new fishing techniques. Additionally, the settlements' infrastructure has been enhanced to facilitate easier access to nearby marketplaces.

The Aga Khan Rural Support Programme and CGPL's idea have inspired the communities, and the communities have responded enthusiastically. In 2013, they chose to expand Sagarbhandu by launching a second phase, which would assist the initiative reach more villages in the area. The fisher folk were really enthusiastic and praised them for their success once again.

2. Cognizant: 'In 2005, the Cognizant Foundation was officially recognized as a "Charitable Company" under the Indian Companies Act. Since then, it has provided financial and technical support, designed and implemented programs to improve education and healthcare, and partnered with NGOs, educational institutions, healthcare institutions, government agencies, and corporations to improve the lives of people across India.

section four In 2007, as a way to commemorate reaching the two billion dollar revenue threshold, Cognizant decided to create Outreach to give back to society. Cognizant associates' volunteer efforts and company funds will be pooled in this program to advance educational opportunities. Cognizant takes part in this program by acquiring poor children's homes and schools, providing financial support to improve their facilities and provide teachers with the resources they need to succeed.

Collaborating with Outreach, a volunteer corporate social responsibility group at Cognizant with the goal of improving the educational opportunities for disadvantaged children, a group of Cognizant associates has begun collecting donations of notebooks to be given to pupils in a government school in Chennai who are in need. Up to 44 schools in India now have this "spirit of giving" inside them.

3. Infosys: As a leading software company, Infosys is into the providing language and computer education. Company has special program for unprivileged

children by which the company teaches them various skills and change their outlook too. Company also donates carom, chess board, chocolates etc. to the needy ones. One of the Infosys team works with Kaliyuva mane that is an informal school for dropouts. The company's CSR activities include blood donation camp, eye donation camp, foundation has been working in the sectors of health care, education, environment preservation and social rehabilitation.

Infosys had spent a total of 239.54 Crores out of the mandated 243 Crores in 2014-15. According to the Annual Report, the balance amount was spent in April 2015. Out of total 15% of contribution was to Akshaya Patra Foundation towards eradicating malnutrition and hunger. Next top 5 grantees also include Chennai Mathematical institute, Ramakrishna Mission, IISC Bengaluru, Infosys Science Foundation and Spark IT Training Program run by the Infosys Foundation. Other allocations include donations to IIT Bombay under healthcare and medical facilities and to Banerghatta National park towards destitute care and rehabilitation.

4. Tata Consultancy Services (TCS): TCS is India's largest software company and has also won the Asian CSR award for initiating community development work and implementing various programs and devoting leadership and sincerity as ongoing commitment in incorporating ethical values.

Most focus of the company is on education sector. Company is working upon literacy program that cares TCS designed computer based literacy model to teach adults and this program is known as adult literacy program. Company is also working upon environment policy and has been developing environment friendly products and services.

TCS has also taken some footprints into the health sector too i.e. its actively supporting children's hospital in Mumbai. Success of all these CSR practices is shared by company with a three dimensional framework that comprises employees, management and workplace.

More than 220 Crores were spent in 2014-15 against a mandated 285 Crore. 70% of the expenditure was made through TCS foundation. The foundation does not have a separate website and the details of implementing agencies of the foundation are also not given. Some of the supported activities include Tech support for hospitals and child line software to track missing children.

5. MRF: MRF is a public limited company having main objective to attain global standards with ongoing continuous improvement by improving the quality of products and survives. Its CSR focus areas are health care and education Centre. Company having its own coaching center and career guidance seminars, for children of the weaker section of the society. Also awards academic scholarships to the students of local government schools. Main objective behind initiating educational initiatives is to ensure better quality of life to the future citizens of India. Special focus is on women empowerment and social awareness. MRF also works with the motto of prevention of diseases rather than cures and covers sections like gynecology, dubieties, dental clinic, organizes awareness program for aids, alcoholism and de-addiction etc.

6. Oil and Natural Gas Limited (ONGC): 'Oil and Natural Gas limited' is India's largest and most active company involved in exploration and production of oil. It contributes 77% of India's crude oil production and 81% of India's natural gas production. ONGC actively participates in CSR practices. Company has also received 'Golden Jubilee Award' for practicing and initiating new corporate social responsibility. Company had and has been working towards water management. 'Project Saraswati' was launched by ONGC in North-West of Rajasthan in the year 2005. The basic aim of this project was to locate fresh water unexploited deep ground water resources. Company also undertook education activities in Dehradun, Andhra Pradesh and North- Eastern States. Its educational initiatives includes activities like financial support for Bal Bhavan, Tamanna, school for computer education for disabled children, giving of Bralle Machine for blind children. ONGC has won 'Golden Peacock Award' for excellence in corporate social responsibility in emerging economies' in the year 2006- by world council for corporate governance, UK

Only 75% of the funding was used by ONGC in 2014–2015. Education (including livelihood), Health, Environment, Infrastructure support near ONGC areas, Promotion of artisans and sports, and the remaining amount of Rs.660 Crore has been distributed equally among the five areas. ONGC is actively recruiting to strengthen its Foundation, which it has registered, so that it may better carry out its CSR program.

VI.ISSUES AND CHALLENGES OF CSR IN INDIA

The following are some of the problems and obstacles that have been identified as preventing CSR from being effectively implemented in India:

1. The general population is blissfully unaware of corporate social responsibility (CSR) programs and shows little enthusiasm for either participating in them or financially supporting them. The absence of data pertaining to CSR is the root cause of this. Things have gotten worse due to a lack of communication between companies who engage in CSR and the general population.

2. Need to Build Local Capacities: Local NGOs require capacity building because there is a severe lack of well-trained and efficient groups that can help to companies' continuing CSR initiatives. Because of this, the breadth of CSR programs is severely limited, and their ability to be scaled up is severely compromised.

3. Issues of Transparency: Because small businesses don't put out enough effort to share information about their programs, audit difficulties, effect assessment, and fund utilization, lack of transparency is a major problem for corporations. The establishment of trust between corporations, an essential component of any CSR program, is hindered by this. Because small businesses don't put out enough effort to share information about their programs, audit difficulties, effect assessment, and fund utilization, lack of transparency is a major problem for corporations. The establishment of trust between corporations, an essential component of any CSR program, is hindered by this.

4. Non-Availability of Well Organized Non-Governmental Organizations: In rural and outlying areas, there is a dearth of well-organized NGOs that can evaluate local requirements, develop strategies to meet those needs, and collaborate with businesses to carry out CSR initiatives effectively.

5. Visibility Factor: Since it distributes positive news and makes people more aware of the many ongoing CSR initiatives of companies, the media's involvement in showcasing successful CSR projects is commendable. Many NGOs become entangled in event-based programs under the apparent pull of branding and publicity, missing out on opportunities for effective grassroots initiatives.

6. Narrow Perception towards CSR Initiatives: Government agencies and non-profits tend to have a myopic view of corporate social responsibility (CSR) programs, viewing them primarily through the lens of donor-driven causes. Accordingly, corporations struggle to determine if, in the medium to long term, they should engage in such activities.

7. Lack of Consensus on Implementing CSR Issues: Concerning CSR initiatives, implementing agencies do not agree on anything. Duplication of efforts by business houses in areas where they intervene is a common consequence of this lack of agreement. The result is that the implementing agencies become more competitive rather than more cooperative in their problem-solving. This prevents the company from performing regular project impact assessments.

VII.RECOMMENDATIONS

In order to strengthen CSR in the company's core business and to establish cooperative connections and efficient networks with all parties involved, we have compiled a list of suggestions for their thoughtful evaluation and possible implementation.

1. Findings indicate that raising public knowledge of CSR is necessary for CSR programs to have a greater impact. Several groups, including the media, might take up this cause of raising public awareness in order to bring attention to the positive contributions made by corporations in this sector. The way people think and

feel about corporate social responsibility (CSR) programs will alter drastically as a result of this.

2. It is observed that, when it comes to CSR, partnerships including all parties involved—the business sector, workers, communities, the government, and society at large—are either ineffective or not operational at the grassroots level. Implementing CSR efforts is frequently hindered by this situation. To ensure the smooth execution of CSR initiatives, it is critical to address the challenge of efficiently bringing together all key stakeholders. As a result, CSR efforts should be approached with a focus on sustainability and the long term by all parties involved.

3. In order to scale up existing programs and create new ones that can reach more beneficiaries, corporations and NGOs should seriously consider collaborating and combining their resources to apply best practices in corporate social responsibility. Because of this, their activities will have a greater effect on the lives of ordinary people. After all, the projects and efforts run by corporations and NGOs both have the potential to benefit the general public. For CSR projects to be effective and efficient, it is crucial to protect their projectization, scaling up, and sustainability.

4. Many corporate social responsibility (CSR) projects and activities are based in cities and other metropolitan areas. Consequently, the undeserved and impoverished in rural areas do not benefit from these projects. That being said, it is important to note that even in urban areas of India, there are still those who are impoverished and in need of basic necessities. While businesses should prioritize metropolitan areas, they should also think about how to help rural areas with issues like health, education, girls, and child labor. This will have a direct impact on rural residents. The majority of Indians still call rural areas home (almost 70%).

5. The government should think about rewarding businesses and NGOs who work together to help the poor and disadvantaged through projects that actually help them.

6. Business schools, colleges, and universities should all make corporate social responsibility (CSR) a required course of study. This would help educate the next generation about pressing social and development issues, as well as the value of CSR in guiding corporations to responsibly balance their commercial and social responsibilities. A more creative and effective response to the problems faced by the poor and the needy can be achieved if we inspire and empower the youth of today to take on the challenges of tomorrow. Key to ensuring youth participation in civic concerns would be the involvement of experts from the corporate sector, non-governmental organizations, and business schools.

VIII.CONCLUSION

Companies are under growing pressure from society to demonstrate social responsibility. Therefore, in order to improve their reputation in society, firms must engage in social responsibility. Some skeptics continue to doubt the notion of CSR, despite the fact that businesses are making significant efforts for sustainable development. Others see Corporate Social Responsibility as little more than a hoax, while others assert that it is based on hidden agendas. The truth is that CSR doesn't help grow brands externally, but it does help cultivate brands internally, among the company's employees. Participating in initiatives that benefit society in some way just increases a company's goodwill. Businesses, governments, and individuals all have a responsibility to practice corporate social responsibility for the following reasons: (1) all income comes from society, and as such, it is only fair that we return some of that wealth to it; (2) all businesses exist to serve the general public's material needs; and (3) all businesses strive to alleviate poverty. Corporate social responsibility (CSR) must permeate every company's principles and the way it treats its employees and customers; it cannot exist as an afterthought. Consequently, CSR is becoming into a dynamic and fiercely competitive arena. Matching public expectations and priorities and successfully conveying engagement and accomplishments is fundamental to being a good corporate citizen, which is becoming more and more important for commercial success.

An estimated 2,500 businesses are now subject to mandatory CSR measures put in place by the Companies Act of 2013; the budget might reach anywhere from INR 15,000 to 20,000 crores. Incorporating fresh investments, strategic initiatives, and accountability into the conception and management of CSR in India, the new legislation is expected to be a game-changer. It has created fresh chances for everyone involved, including businesses, nonprofits, and the government, to come up with creative solutions that promote fair economic and social development. With the support of numerous enabling organizations and regulatory entities, including the Indian Institute of Corporate Affairs (IICA), the Department of Public Enterprises (DPE), and the Ministry of Corporate Affairs (MCA), corporate social responsibility (CSR) in India is currently moving in the right direction. In order to reduce disparities without jeopardizing company growth, these institutions have already started the ball rolling and are playing a significant role in making CSR a common practice.

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