Approach of Indian Organisations towards CSR

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Abstract- **Corporate social responsibility is not a new subject now in India. India through its vast natural resources and huge manpower potential has secured a prominent place in the world corporate ladder. The country is growing enormously in terms of capitalization, and opportunities. This growth has resulted in new challenges particularly in the field of corporate social responsibility and its pursuance. This article looks to critically understand the nature of corporate social responsibility in India as well as policies from the government and the corporate sector towards enhancing corporate responsibility measures.**

Key words: CSR, Company Bill,

I. INTRODUCTION

Corporate social responsibility practices in India sets a pragmatic level of grassroots growth through coalition and partnerships with sustainable progress approaches. At the heart of the elucidation lies inherent coming together of all stakeholders in shaping up a divergent route for a fair as well as just social order. These represent the soul of a national survey conducted in India on corporate responsibility practices.

In spite of a real awakening, lack of understanding, inadequately trained personnel, non- availability of specific and authentic data and lack of information on the type of corporate social responsibility activities have acted as barriers to know the effectiveness of corporate social responsibility activities in India. But an encouraging fact is that the situation is changing on a fast phase. Many corporate are recognizing the importance of corporate social responsibility activities and their measurement. They have understood the importance of community, health and environment in business.

What went wrong in India before was that no one was very clear about what corporate social responsibility encompasses. The government of India was trying to make statutory to spent at least 2% of the profits on corporate social responsibility activities. Due to strong criticism, this move was withdrawn. The spending is now voluntary. But the debate still exists. If the mandatory rule was still is play then the government would have defined corporate social responsibility in its own and the vagueness that exists today about the term would have gone.

Even though development shave been made by corporate in implementing corporate responsibility schemes, some companies still think that corporate social responsibility activities constitute providing lunch to its employees. For some others it's just tackling of global warming and solving some environment issues. The government has not defined clearly about corporate social responsibility but has recast the term as "responsible business" in a set of voluntary guidelines for corporate. However this was not the last word of government policies to hit the board. The latest news is that the government has asked the corporate to keep tabs on corporate responsibility spending and disclose it to the stakeholders.

The new company bill that is passed has these new measures incorporated into it. This has removed the weakness that the old companies act of 1956 in the area of corporate social responsibility activities. Of late government had a view to make it mandatory for corporate social responsibility activities and to make its funding public. This would put adequate peer pressure on the corporate stragglers.

From the nationalist point of view it's an irony that the industry is totally against the mandatory clause. Instead the federation of Indian chambers of commerce has suggested tax breaks for those who follow corporate social responsibility activities voluntarily. The confederation of Indian industry has opinioned that mandatory corporate responsibility would prove counter-productive. They are of the view that corporate may resort into camouflaging to meet regulations. The lobbying group has been arguing that camouflaging would be acute during periods of recession and downturns. India's philanthropic community is also totally against compulsory corporate social responsibility. They have dismissed this as a crazy idea.

Making corporate responsibility mandatory has opened a wide debate. Many in the industry and social sectors have taken turns to support the 'yes' and the 'no'. Even industrialists have not formed a unified view on mandatory social responsibility. Some have the views supporting mandatory laws while the others totally oppose it. The country has a tradition of corporate philanthropy. The real trouble that lies is somewhere along the way the lines between giving and corporate responsibility have grown hazier. Corporate philanthropy and corporate responsibility are two different things these two terms have become blurred particularly in India. Corporate social activities are getting confused with giving something to the local communities rather than conducting the business in more socially acceptable patterns.

In India corporate social responsibility understanding and its implementation and corporate business has become a deadly combination. Defining corporate social responsibility has become a serious question. Corporate responsibility can mean different to different people.

Stakeholders of the company are looking only through the narrow lens of profitability and ignoring the broader potential of corporate social responsibility. The government is playing a hide and seeks game. It is not showing the will power to impart concrete and long lasting changes in this area. The fear of losing confidence hangs like the sword of Damocles. Even though traditional forms of corporate social responsibility has been continuing in companies, the bigger form of corporate responsibility that have the power to generate deeper and long lasting is failing to get adopted. Corporate social responsibility must change its idea from mere charity to something that is more productive.

II. History

The concept of corporate social responsibility has grown all over the world. It has emerged as a towering influence in modern corporate day activity. The slogan that business should realize its value through employee boosting, attracting staff, saving the planet etc. has gained prominence than never before. The idea of corporate social responsibility is slowly replacing by corporate social compulsion and created shared value. Prominent management thinkers like Michael E Porter and Mark R Kramer along with industrialists and investors like Bill Gates and Warren Buffet support these views.

They opinioned that creating shared activities should get precedence over corporate social responsibility activities. This is because corporate social responsibility activities focus more on building reputation and have less connection towards business making them hard to justify in the long run. In contrast creating shared value is an integral part of companies' profitability and competitive position. It can effectively leverage the unique expertise and resources of the company to create economic value by creating social value.

III. GENESIS

In India there should be a clear need to recognize a more coherent discourse on corporate social responsibility activities. Responsibility activities are often seen as a strategy to clean all sins of pollution, or to facelift the corporate image. Corporate strategies should before providing cleaner reputation and socially responsible identity for the companies. Moreover most of the companies in India do not have instituted structured systems for approaching or deploying corporate social responsibility activities. The companies need to structure the responsibility initiatives through articulation of policies and guidelines, allocation of resources and performance evaluation.

Social responsibility should not be considered as an exclusive domain of the government. And passive philanthropy no longer constitutes social responsibility. The government should use the carrot and stick approach other than mandatory provisions to govern the companies for implementing social responsibility activities. There should be transparency in disclosure for both financial and non-financial information and better understanding from the investors. The holistic stakeholder approach to corporate social responsibility activities should gain ground. Also Indian corporate social policies should be in corporate with the global public policies. International agencies should be given a chance to play across country sharing experience.

Keeping updated with the current developments in the international corporate world as well as obliging to the continuous queries from the community and the Indian corporate, the government is now planning to implement special provisions in the new company bill, which is expected to replace the old companies' act 1956. In this context an overview into the new bill recommendations stands necessary.

IV. CSR: Recommendation in the new Companies Bill

The corporate sector in India is on the verge of a new awakening with the implementation of the new company bill. The new bill is expected to replace the old companies' act of 1956. The bill still in discussion has spread lots of rumors with regard to many aspects governing the corporate sector. This new bill is expected to be enacted during the year end of 2011. The bill was approved by the cabinet November 25, 2011 and will be tabled in parliament in the current session. This omnibus bill is expected to have stricter corporate governance laws. The bill is expected to aim for several corporate governance disclosure norms as well as modernization of corporate regulation. This would herald an era of e-governance, increased accountability and most importantly CSR in a new form (Cabinet approves Companies Bill 2011).

IV. A. CSR in the Company's Bill 1956

The old companies' act of 1956 as well as its amendments in later years provided a vague definition for CSR activities in India. This has resulted in chaos in determining the exact meaning for CSR by Indian corporate. The companies' act of 1956 has laid down the following objects and reasons which may be said to make the companies socially responsible they are:

- To ensure minimum standard of good behavior in the company promotion and management
- To provide fullest possible disclosure before and after the company is formed.
- To cause preparation of company accounts in such a way that all facts are disclosed in an understanding manner.
- To call and conduct meetings of the company in such a way that all the shareholders receive reason able facilities for exercising an intelligent judgment on management activities.
- To meet cases of abuse or distortion of the corporate system.

As seen in these provisions, the companies' act of 1956 gave more importance to invest or protection. The investor was made to receive more and more information from the companies to decide about his investment in companies.

The act supports the investor to get more control over the corporate management and for this purpose. The central governments control on corporate was also increased. Investor protection was the main concern of this law. The law made companies responsible towards investors by the regulating the corporate impact on them. This law among other things does not provide for regulating corporate impact over social groups and aspect so there than investors.

V. Conclusion

All over in western corporate sectors, CSR have a new meaning. That is that of a contributor to the society rather than a mandatory activity. Prof Milton Friedman once opinioned, that "the only social responsibility of business is to do business and

Increase the shareholders' value". Companies now pay a superfluity of taxes without having the voting power. Industrial big wigs argue that mandatory spending would encourage double taxation on shareholders. Managements must not be forced to not spend a single rupee on CSR. If the shareholders want CSR they have to instruct the management to do so. Moreover mandatory spending would definitely open new doors of unfair practices by corporate to hide profits. These are the opinions of alarmed corporate. Should the companies follow CSR and spend compulsorily is a policy decision that is to be determined by the government. These decisions should be made by keeping national interests, social welfare, and above all protection of stakeholders' interests as paramount.

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