# CHAPTER - IV

GLOBAL AND INDIAN EXPERIENCES

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CHAPTER - IV
GLOBAL AND INDIAN EXPERIENCES

4.1 INTRODUCTION

Development situation across the globe is appalling. Governments and their relational arms, the international agencies grouped under the umbrella of the UN (which also includes the Bretton Woods institutions: the World Bank, International Monetary Fund (IMF) and their newest recruit - the World Trade Organization) have failed in their attempts to rid the planet of under-development, widespread inequalities and poverty. After half a century and US$1 trillion (1000 billion US dollars) in development aid, more than 2 billion people still live on less than $2 a day and, indeed, some of the poorest economies are going backwards.,

This clearly indicates there is a need for the corporates to intervene and contribute substantially in the developmental issues. Corporations all over the world need to realize the importance of their bit in achieving the millennium development goals. Corporate Social Responsibility has therefore gained significance and the corporates are increasingly practicing it. Globalization and the global recession has necessitated corporations all over the world to perform in a manner that will ensure sustainable performance. Embedding CSR as a practice can leverage the performance of corporate and thereby assure sustainability.

This chapter enumerates the trends in CSR implementation in the developed countries, developing countries and culminates to the scene in India. According to UNDP's Human Development Index, Developed countries are those with very high Human Development Index (A composite measures of assessment in three basic dimensions of human development a long healthy life, access to education and a decent standard of living). World Bank (2002) says that developing countries are those with a Gross National Income

(GNI) per capita of $9,265 or less. The World Bank also classifies economies as low-income (GNI $755 or less), middle-income (GNI $756-9,265) and high-income (GNI $9,266 or more). Low-income and middle-income economies are sometimes referred to as developing countries.

Increasing importance of CSR in business is evident from these facts: In 2000yr OECD guidelines for Multinational Enterprises were amended, passed by member states.

UNDP is promoting the concept of a meeting point for business and other stakeholders to develop partnerships promoting human development to support the creating of National Partnership Fora that would facilitate networking, dialogue and action among business and other stakeholders.

G3 sustainability reporting guidelines, developed by Global Reporting Initiatives are increasingly followed by companies worldwide.

The International Organization for standardization has developed the ISO26000 guidance standard on social responsibility.

In yr 2008, United Nations(UN) Global Compact-a framework to guide corporate commitment to social environment issues was formed in the form of 10 principles.

The UN "Norms on the responsibilities of transnational corporations and other business enterprises with regard to human rights" has been the subject of dialogue between business, governments and civil society on expectations of big business viz a viz human rights.

In 2000 the UN launched the Global Compact, which involves business, labor, Non Government Organizations and governments. Its original nine principles were derived from the Universal Declaration of Human Rights, the International Labor Organization's(ILO) Fundamental Principles on Rights at Work and the Rio Declaration on Environment and Development.

Assurance Standard such as The International Auditing and
Assurance Standards Board (IAASB), ISAE3000 (International Standard on Assurance Engagements) has been integrated as a specific assurance standard for CSR reporting. Issues specific frameworks have been developed to guide corporate in implementing CSR.

The World Bank took up the CSR banner in the late 1990s. A Corporate Social Responsibility Practice was set up within the Private Sector Development Vice Presidency. It is located within the Private Sector Advisory Service Department and advises developing-country governments on ways to deploy and encourage corporate social responsibility. The training arm of the bank, the World Bank Institute, organizes periodic electronic conferences on CSR and has been involved in offering training courses in this area.

The Inter-American Development Bank has also engaged in the promotion of corporate responsibility, holding an annual conference on the subject.

Other development agencies have also recently emphasized the role of CSR in promoting development. These include CIDA (Canadian International Development Agency), the Swedish International Development Agency (SIDA), the German Federal Ministry for Economic Cooperation and Development (BMZ) and the Dutch Ministry of Development Cooperation (MBZ).

### 4.2 CSR IN SOME DEVELOPED COUNTRIES

Most of the companies in Western Europe, Japan, United States, Japan and Australia have integrated corporate social responsibility activities in their business.

#### 4.2.1 CSR in America

Philanthropy has been a part of culture of America society since many years. In United States, CSR trends evolved in large part through the efforts of a few visionary leaders like Rockefeller, Carnegie, Ford, Hewlett and Packard. Beginning in the late 1960s and early 1970s the U.S government established regulatory agencies that shaped much of the internal CSR benchmarks.
OSHA (Occupational Safety and Health Administration), EEOC (Equal Employment Opportunity Commission), CPSC (Consumer Product Safety Commission) and EPA (Environmental Protection Agency) created standards for responsible corporate business practices which have become thresholds for minimal internal CSR behavior. Technology based economies in US have focused their CSR in education. A special Global Pulse report prepared on the basis of study conducted by Boston College-Centre for Corporate citizenship in the year 2008 has given the list off US companies which are most socially responsible. Here are top five companies: 1. Google 2. Campell Corp co. 3. Johnson and Johnson. 4. Walt Disney. 5. Kraft foods Inc. IBM. Microsoft (Bill Gates), Berkshire Hathaway (Warren Buffet) ranked later.

4.2.2 CSR in Japan

CSR in Japan can be divided into five phases (NLI Research Institute)

Phase1, 1960: Industrial pollution created distrust of companies and anti business sentiments. Civic movement arose; problems were resolved case by case

Phase2, 1970: Criticism of supremacy of corporate profits in post oil shock era. Companies set up anti pollution department and foundations to return profit


Phase5, 2000: Corporate scandals emerge, stakeholders face crisis, SRI funds emerge, CSR ratings become widespread, and companies establish CSR department. 2003 is recognized as start of CSR management era.
4.2.3 United Kingdom

Guidelines for UK are chalked with the objective to ensure that UK businesses take into account their economic, Social and environmental impacts, and address the key sustainable development challenges based on their core competencies wherever they operate- locally, regionally and internationally. The strategy for advancing their vision is to:

1. Promote business activities that bring economic, social and environmental benefits.

2. Work in partnership with the private sector, community bodies and other stakeholders

3. Encourage continuing development and application of best practice

4. Ensure decent minimum levels of performance in areas such as health and safety, the environment and equal opportunities.

4.2.4 Scotland.

There is a major shift in the approach of CSR here, from private sector engagement being considered a philanthropic gesture, to a strategic investment aimed at delivering mutual benefit to both company and society. Companies in Scotland are willing to and able to play a role in the society. Scottish Business in community is leading organization on CSR in Scotland which supports companies intending to engage in CSR.2

4.2.5 Europe

An increasing number of European companies are promoting their corporate social responsibility strategies as a response to a variety of social, environmental and economic pressures. European Commission strives to encourage the member countries to take up CSR effectively. It emphasizes the need for stronger promotion of OECD guidelines for multinational enterprises in EU external relations agreement, besides mentioning the importance of

2. Pehez Sergio, Focus on Scotland: CSR magazine in Europe, Jan 2003
promoting awareness and application CSR principles by both foreign and domestic investors. (SIA is a process undertaken during trade negotiations, which seek to identify economic, social and environmental impacts of trade agreements). A distinctive European approach has developed because of the efforts of the committee. European Multistakeholder forum of CSR is created to enhance the credibility and effectiveness of SR.

4.3 CSR IN DEVELOPING COUNTRIES

CSR in developing countries is distinct from CSR in the developed world, the reasons being fourfold:

1. Developing countries represent the most rapidly expanding economies, and hence the most lucrative growth markets for business (IMF, 2006);

2. Developing countries are where the social and environmental crises are usually most acutely felt in the world (WRI, 2005; UNDP, 2006);

3. Developing countries are where globalization, economic growth, investment, and business activity are likely to have the most dramatic social and environmental impacts (both positive and negative) (World Bank, 2006); and

4. Developing countries present a distinctive set of CSR agenda challenges which are collectively quite different to those faced in the developed world.

4.3.1 CSR in Latin America

Economic crisis in Brazil in 1997-98 and the total breakdown of the system with Argentina's political collapse in December 2001 heightened focus on the human aspects of economic policies in Latin America. Since then CSR has gained significance in this subcontinent. Rockefeller foundation and Ford foundation have been successful in carrying Green Revolution in Latin America. Brazil and Argentina lead the other Latin American companies in CSR practices.

3. www.waynevisse.com
Brazil: Brazil has most implemented CSR and created a network of managers and owners to develop research and promote CSR.

Argentina-Corporations such as Arcor, Manpower, Kodak, Unilever and C&A have boosted their CSR activities in both work policies and non profit organizations.

Chile, Uruguay and Mexico are also following these two countries. Organizations like ETHOS Institute of Business and society, ANDRS (Association of HRM Argentina, INICIA have taken initiatives to guide and encourage CSR in Brazil and throughout Latin America.

4.3.2 CSR in Asia

The Association of Southeast Asian Nations (ASEAN) was established on 8 August 1967 in Bangkok by the five original Member Countries, namely, Indonesia, Malaysia, Philippines, Singapore, and Thailand. Brunei Darussalam joined on 8 January 1984, Vietnam on 28 July 1995, Lao PDR and Myanmar on 23 July 1997, and Cambodia on 30 April 1999. The region has a total area of 4.5 million square kilometers. For the five ASEAN countries covered by the APEC (Asia Pacific Economic Cooperation), the following observations are made, regarding CSR:

Indonesia

The state of CSR is still at its early stages but the development indicates encouraging signs with Indonesian companies, especially those operating in the global market, becoming increasingly aware that they are required to balance the social, economic and environmental components of their business, while building shareholder value.

Philippines

The birth of the CSR concept and its initial practice can be traced back to the 1950s and has increased in significance with latest recorded corporate giving (2002-2004) increasing three-fold in a period of ten years. Most CSR efforts are philanthropic in nature with education and health being the main recipients.
Singapore

The government-centric approach influences CSR approaches in Singapore with much emphasis on compliance with legislative requirements as a means of achieving and regulating socially responsible behavior.

Thailand

The practice of CSR is in an early stage of development and is substantially influenced by religious beliefs and traditional norms of ethical practice. The general perception is that CSR is primarily business philanthropy. Engagement with the NGO sector deals with broader aspects of CSR, including sound environmental practices and social development while engagement with government emphasizes compliance with environmental, health, labor and safety standards.

Vietnam

CSR activities are regulated and supervised by the government and corporate social policies observe state regulations, which are outlined in the companies’ annual plans. Enterprises and government are the two main players in the promotion of CSR where enterprises determine the success of CSR and government promulgates policies, supervises the enforcement of regulations and provides information on CSR issues.

4.3.3 CSR and India

According to A P J Abdul Kalam “For a prosperous and developed India, the important thrust will be on the growth in the number of such creative leaders who can create wealth to their institutions and also contribute to the upliftment of environment and people in their neighborhood.”

If India wants to join the league of powerful nations and become an economic powerhouse, it must accelerate reforms and take immediate steps to overcome institutional and infrastructure bottlenecks. India’s performance in health, education and other human development indicators has also been far from satisfactory
and it ranks very low at 134 (Yr. 2011) in the Human Development Index of the United Nations. Role of Government in economic development is shrinking and to meet the supply demand dynamics corporate social responsibility has become imperative. There is an increasing awareness about the need for and efficacy of social responsibility and ethical business amongst the corporates in India. While some Indian Corporate houses like Tata, Bajaj and Birla have done much by way of corporate philanthropy the new shift in corporate governance goes beyond traditional corporate philanthropy

4.3.3.1 Evolution of CSR in India

In India the CSR development can be categorized into four phases:

The First Phase (1850-1914): CSR activities in this phase were mainly undertaken outside the companies and included donations to temples and various social welfare activities.

The Second Phase (1914-1960): was largely influenced by Mahatma Gandhi's theory of trusteeship. Gandhiji advocated Sarvoday which meant moral as well as material well being of all sections of the community. The Gandhian principle of trusteeship expresses the inherent responsibility of business enterprise to its consumers, workers, shareholders and communities and the mutual responsibilities of these to one another.

The Third Phase (1960-80): was dominated by the paradigm of the “mixed economy”. Lal Bahadur Shastri the Prime Minister of India then (1965) said that the company must act as a citizen of the community. It can be transformed into a social entity through a combination of public spirit and shrewd business sense. Declaration of the Social Responsibilities of Business was published in 1965. Social responsibilities of enterprise were spelt out as its responsibility to itself, to its customers, workers, shareholders and the community. The declaration stated that every business has overriding responsibilities to make the fullest possible use of its resources both human and material.

4. Social Responsibilities of Business: Sponsored by India International Centre New Delhi 1965

Material: Bombay Seminar

85
The Fourth Phase (1980 till now) the present characterized by traditional philanthropic engagements and partly by some steps taken to integrate CSR into the business strategy. This is evident from the way in which companies like Tata, Infosys, Wipro, ITC have been implementing CSR.

Initial approach of Philanthropy has now metamorphosed into a proactive and comprehensive corporate approach. This metamorphosing can be distinctly classified into four models suggested Kumar et al (2001)

1. The Ethical Model as suggested by Mahatma Gandhi, where companies voluntarily commit to public welfare and participate in nation building.
2. The Statist Model, propounded by Jawaharlal Nehru, calls for state ownership and legal requirements of CSR
3. The Liberal Model by Milton Friedman talks about CSR being limited to private owners or shareholders.
4. The latest Stakeholder Model, championed by R. Edward Freeman, calls for companies to respond to all stakeholders needs. This model includes all groups with legitimate interests who participate in an enterprise.

All the above models coexist in India today. Infact, CSR now comes under the purview of corporate governance practices.5

CSR in India can be traced back to when the TISCO was floated in 1907 and CSR was rigorously done by TATA. Following the footsteps of Tata are the other major companies in India like LT&T, Birla, Bharti, ITC, Bajaj. These leading Indian Companies do not view CSR as an instrument of enhancing their reputation; instead they display an earnest desire to give back to society and contribute to the nation’s progress. Social obligation also remains an integral part of business of public sector enterprises such as Bharat heavy Electricals Ltd, HDFC (Housing Development Finance Corporation), NTPC (National Thermal Power Corporation), and ONGC (Oil and Natural Gas Corporation). New generation enterprises such as Infosys, Ranbaxy, Wipro, Dr. Reddy etc have also made CSR a part of their business initiative.

There is a growing interest in corporate to take lead in addressing those issues in which national government has failed to come up

5 'Altered Images: The 2001 State of Corporate Responsibility in India Pol'
with solutions. It is not that the corporates will provide an answer, but they are better placed than any other actors taking interest.

APJ Abdul Kalam has also been asking corporate leaders and industrial houses to ensure that the fruits of development and modernization reach to those living in rural hinterland. ( The Hindu, May 8, 2007).

The Indian companies have to realize that the future of business depends on its ability and willingness to respond to the changing expectation of society. If a company has to be global it has to develop global sensitivity. CSR initiatives of some major corporates in India reflect the CSR culture in the Indian Industry.

4.3.3.2 CSR Initiatives of Some Major Companies in India

Tata CSR

JameShetji Nusserwanji Tata had said “...in a free enterprise the community is not just another stakeholder in our business, but in fact is the very purpose of the existence of our enterprise.” CSR in Tata is now an exemplar for the companies in India. Tata Council for Community Initiatives. The Tata Group - spends Rs 800-1,000 crores a year on corporate social responsibility.

TATA Index for sustainable human development:

The following are the purpose statements of TATA on corporate social responsibility.

1. Serving the Community is the purpose of our business.
2. Enhancing human excellence and Improving the Quality of Life is our endeavor.
3. Conserving the Environment, Restoring Biodiversity and Social Development are integrated into one.
4. Core Competence, Expertise and Technology reach the common people especially the underprivileged.
5. Tata Companies are Partners in Development.
6. The culture of Volunteering is pervasive throughout the Tata Group.
7. Working with People brings Organizational and Personal Learning.
8. Tata Companies and their business process are environmentally and socially sustainable.
Tata have developed an Index for sustainable human development which is very unique in India. The CSR done by Tata has an assessment mechanism which is developed to measure the effectiveness of its CSR programs.

The Tata Council for Community Initiatives (TCCI) is an independent and nodal Network on Corporate Social Responsibility (CSR) for the Tata Group comprising of CEOs of all major Tata Companies. TCCI operates with a close understanding with Group Human Resources and the Tata Quality Management Services to assist the process of integrating CSR in all facets of the Human Resource initiatives and the processes of Tata Business Excellence Model. TCCI has worked towards bringing about a high degree of correlation between Tata CSR Initiatives, the Group level Human Resource initiatives and the Tata Business Excellence Model. This helped to give a company the benefits of contemporary development, but in a simple, common and doable manner.

**Partnerships for Benchmarking with Best Practices and Growing Together**

![Diagram showing partnerships for benchmarking with best practices and growing together.](image)

1) Benchmark globally
2) Acknowledge best practice
3) Influence & correlate with business process

*Fig. 1*
TCCI has evolved a framework of key parameters so that companies could merely post their initiatives. A realization also came by that social activity is not easily amenable to measurement and a global need for measurements was deeply felt. The TCCI suggested some obvious parameters backed by the experience within the Group. It also listened to the convergence and developments globally to arrive at a TCCI-UNDP Partnership to develop the Tata (Corporate) Index for Sustainable Human Development - Guidelines 2003-2004.

**TATA Model for Corporate Sustainability**

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<th>Tata Index for Sustainable Human Development</th>
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<tr>
<td>1. Compliance to Regulation</td>
<td>1. Managing Change &amp; Assessment of social impact</td>
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<tr>
<td>2. Reduce, Reuse, Recycle</td>
<td>2. Felt needs of the key community related Core competencies</td>
</tr>
<tr>
<td>3. Green House Gases</td>
<td>3. Efficient management and good governance</td>
</tr>
<tr>
<td>4. Green the supply chain</td>
<td>4. Social concerns addressed through programs</td>
</tr>
<tr>
<td>5. Life Cycle Analysis</td>
<td>5. Improving attitudes / government processes</td>
</tr>
<tr>
<td>7. Conserve Wildlife</td>
<td>7. Learning &amp; Innovation transfer</td>
</tr>
<tr>
<td>8. Deployment Mechanism</td>
<td>8. Volunteering process &amp; Deployment Mechanism</td>
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![TATA Model for Corporate Sustainability](image)

*Fig. 2 Tata Model for CS*

More specifically, the Tata Index for Sustainable Human Development is being deployed to ensure that the goal of all initiatives is assessed in terms of their Human Achievement and Excellence.
A TATA program is a journey towards Human Excellence

The way it is positioned / Scaled up

The distinctions / new perspectives built

Fig. 3 Caterpillar to a Butterfly: Systems Driven Deployment

TCCI evolved an arrangement to deploy CSR uniformly throughout the organization. Special Departments or Key Managers assigned full time for this work had to open up to new roles of leadership in including the employee base. There were various structural and people issues considered before TCCI evolved the concept of CSR Cross-Functional Teams comprising Heads of key functions to uniformly coordinate this work as shown below-Building the Tata Community within (Fig. 4)

Fig. 4

- Strengthening conventional CSR departments by participatory networks
- Making CSR an infectious epidemic pervading through the organization.
18 major Tata Companies have formed CSR Cross-Functional Teams since June 2002 and 5 more Companies are in the process. 12 out of these are geared to the triple-bottom-line reporting under the GRI and 27 Companies are enrolled under the UN Global Compact.

**ITC CSR**

ITC is driven by the core belief that the pursuit of the shareholders value creation and contributions to enhancing ecological as well as social capital can be achieved simultaneously. It does not implement its corporate social responsibility (CSR) through a separate foundation or trust but has built these initiatives into its business models. Some of the social and ecological initiatives taken by ITC during the last decade are narrated below:

ITC e-choupal, ITC Choupal Sagar and ITC social farm forestry programmes were meant for helping the rural masses in several ways. ITC invested substantial sum initially in creating rural infrastructure to strengthen and support two-way flow of goods and services through the creation of rural hubs, christened “Choupal Sagar”. The company has also launched three more social initiatives under the following three heads:

- Creating sustainable rural livelihoods
- Contributing to rural community development
- Contributing to rural water resources management

ITC has won the inaugural World Business Award for business driven initiatives that make a difference to society at the national level, instituted by the United Nations Development Programs (UNDP), the International Business Leader Forum and the International Chamber of Commerce. ITC also won the Golden Peacock Global Award for Corporate Social Responsibility (CSR) in Emerging Economies for 2005.

**CSR at Infosys Technologies**

Infosys Technologies Ltd. is a global information technology (IT)
services, solutions and consulting company. Infosys Technologies, inspired by the Gandhian concept of trusteeship, and its mentor, Mr. Narayan Murthy's inherent faith in the philosophy of 'giving back to the society what the society has given to him' prompted him to create the Infosys Foundation as a 'not-for-profit' trust in 1997 with a clear objective of supporting the poorest of the poor in the society. Infosys Technologies extends total financial support to the Foundation for its philanthropic activities.

The basic objective of the foundation is to improve the health, education and basic facilities, which may ultimately benefit a large number of individuals and institutions. Within a brief period of time, the foundation has successfully implemented multiple projects in the areas of education, health services, social rehabilitation, rural development, education and skill-upgradation of unskilled laborers, and even in the area of art and culture. To start with, the Foundation started its philanthropic activities in Karnataka, which has gradually extended to other states like Andhra Pradesh, Tamil Nadu, Maharashtra, Orissa, Punjab and Haryana. Based on the poverty-index of various states. CSR activities of the Infosys Foundation are as mainly in Social Rehabilitation and Rural Upliftment, Education (The Foundation is reported to have spent around Rs. 7 crore on education works out to about 18% of the total sum invested by the Foundation during the year 2004-05.), Healthcare and promotion of Indian Arts and Culture.

**CSR at Wipro**

Wipro firmly believes in giving back to the society all that it can in the most needed areas of (i) education, (ii) public health and (iii) environment upgradation.

For Wipro, Corporate social responsibility implies either giving out money as donation or charity; or Enhancing their capacity to produce by improving their technical skills through education and training. Wipro prefers the second alternative. Instead of donating money directly to beneficiaries of economically disadvantaged groups of people, the Wipro Foundation prefers to invest in the
health and education of the weaker sections of the society. The Wipro foundation focuses on the education of the masses at the grass root levels, as it will result in permanent increase in their capacity to produce.

The Wipro Foundation has launched two separate initiatives in education. The first initiative addressed the issues concerning quality of education in the rural areas through the Azim Premji Foundations. The second initiative was on behalf of Wipro Ltd. under the caption 'Wipro Applying Thought in Schools (Wastis)'. The initiative sought to address the issues relating to quality of education in the urban areas.

**CSR at Reliance Industries Ltd**

In an interview to Outlook Business (26 Jan 2008) Mukesh Ambani says, “As a global business leader, we are concerned about the society we live in and our environment. We have constantly pursued businesses that will trigger high growth and promote sustainable development, and this has been, and must continue to be, one of our guiding philosophies.” Reliance, India's largest private sector entity contributes in a modest way to critical economic, environmental and social needs of India and aims to attain global leadership in all of its major initiatives. CSR has now become their core business strategy.

The Dhirubhai Ambani Foundation (DAF) has instituted several rewards and scholar schemes over the years. As with education, Reliance stresses one more key contributor to the country's human index factor- programmes and projects in areas of health awareness and management. Along with other pre-occupations, social infrastructure is foremost in its mind. Through, Sir Harkisondas Nurrotumdas Hospital and Research Centre (HNH&RC). Mumbai and Dhirubhai Ambani Hospital Lodhivali, Raigad, Reliance contributes substantially in Healthcare. The community development programmes focused on key areas of healthcare, education, and child welfare and infrastructure development.
CSR at L&T

L&T is the first professionally managed Indian multinational with a vast spread of business; CSR is just a tin blip on its extensive, all encompassing radar. This company has been serving the community for over 40 years now. Today 2-3 per cent of L&T’s revenues are spent for CSR activities majorly education and community development. L&T also undertakes environmental initiatives. Today at its Powai campus, the company saves over 3.5 lakh liters of water a day with ‘zero discharge approach’ which basically involves water treatment and recycling. The company has realized the importance of shareholder value creation.

CSR at ICICI Bank

The largest private sector bank in India is a clear winner among banks on parameters like value creation, corporate governance, employee satisfaction and CSR initiatives. It has set up ICICI foundation. The bank’s social initiatives go back to early 2000 when it set up a no profit resource group to focus on the health of the mother and the girl child and on primary education. The bank adheres strictly to the corporate governance.

CSR at Grasim- Aditya Birla Group

Grasim has been founded by visionary businessman and freedom fighter Ghanshyam Das Birla just after independence, and has been at the forefront when it comes to discharging its duties to society. Aditya Birla Centre for Community Initiatives and Rural Development undertakes the social activities like medical camps, installing water harvesting structures, giving medical assistance. Kumar Mangalam Birla report on corporate governance is considered to be the cornerstone of best practices in the country.

CSR at Bharti Ltd

Manoj Kohli, President & CEO of the company admits ‘we have obligation to fulfill society and the communities in which we operate, and that is to help improve the quality of life for everyone, today and in the future.’ Bharti undertakes all its social responsibilities through
a foundation set up specially for this purpose ‘Bharti Foundation’. Education is the main focus area. Social responsibility has come to be viewed as a “Golden Calf of Management Philosophy” and has to be accepted as a “Functional necessity” and not as an “Optional Addition”.

4.3.3.3 Recent Developments in CSR in India.

Some distinct developments are seen in CSR in India recently.

- **The Ten Point charter of the Prime Minister, Manmohan Singh states that**

  Corporate Social Responsibility must not be defined by tax planning strategies alone. Rather, it should be defined within the framework of a corporate philosophy which factors the needs of the community and the regions in which a corporate entity functions. This is part of our cultural heritage. Mahatma Gandhi called it trusteeship. Invest in people and in their skills. Here he has appealed to offer scholarships to promising young people and has suggested to invest in skill-building and education to make our youth employable. *(excerpt from Prime Minister Manmohan Singh’s speech on May 24 at the inaugural session of Confederation of Indian Industry’s Annual Summit, 2007)*

- **Year 2007-** RBI notification to all Banks and Financial institutions recommending that Non Financial Reporting (NFR) be undertaken as a step towards ‘Responsible Banking’

- **Year 2008-** Government of Gujarat mandates CSR expenditure- directs 6 PSU’s to set aside 30 percent of their profit before tax to carry out welfare activities across Gujarat. Draft Industrial policy of Gujarat Government mandates CSR for industry associations and corporate houses in the state.

- **Year 2009-** Voluntary Guidelines given by the Ministry of Corporate Affairs

  The guidelines state that each business entity should formulate a CSR policy to guide its strategic planning and provide a roadmap for its CSR initiatives, which should be an integral part
of overall business policy and aligned with its business goals. The policy should be framed with the participation of various level executives and should be approved by the Board. The guidelines state that the company should allocate specific amount of budget for CSR activities which can be related to profit after tax or cost of planned CSR activities. However, no specific amount of allocation is given in the guidelines. (www.mca.gov.in)

- Year 2009- Petroleum Ministry makes mandatory for public sector oil companies to spend minimum of 2 percent of their net profits on CSR activities. (www.karmayog.org)

4.3.3.4 Awards for CSR in India

Exceptional and substantial contribution as CSR is now awarded to encourage increasing number of companies to undertake CSR. Some of these awards are:

- **The Asian CSR awards**

  This is Asia’s premier awards program on corporate social responsibility. This program recognizes and honors companies for implementing programs and initiatives that demonstrate leadership, sincerely as well as on going commitment in incorporating ethical values compliance with legal requirements and respect for individuals, communities and environment into the way they do business. TCS (Tata Consultancy services has won this award in 2003 September.)

  - The Good Corporate Citizen Award by the Bombay Chamber of Commerce and Industry
  
  - The Mother Teresa Award for Corporate Citizen By Chennai based Loyola Institute of Business Administration
  
  - Golden Peacock Award for CSR
  
  - Golden Peacock Environment Management Award.
  
  - TERI (The Energy and Research Institute) Award for CSR: Tata Steel (2003) has been one of its recipient
● TERI Corporate Environment Award
● Business World FICCI-SEDF CSR
● CII-ITC sustainability Award
● B.G. Deshmukh CSR Award instituted by MCCIA Pune

4.3.3.5 Some CSR Guiding Organizations in India

Role of Confederation of Indian Industry and FICCI in promoting CSR

The Confederation of Indian Industries believes that “Corporate Social Responsibility is about how companies manage the business processes to produce a positive impact on society.” CII Networking forum has been set up in all CII locations in India to sensitize CII members to CSR and also give them services.

CII along with UNDP has also launched an India Partnership Forum (IPF) for enhanced Corporate Social Responsibility and have given the Code of Business Ethics.

FICCI has set up SEDF (Socio-Economic Development Foundation) in 1995 to promote CSR among FICCI members. It has also instituted an award for corporate excelling in CSR initiatives.

Partners in Change (PiC)

PiC offers a wide range of CR-related services to businesses and civil society organizations operating in India, and works in close association with international networks and alliances, especially in the South Asia region. The organization works with Government in the development of National and International CSR Standards and Guidelines. It also works with Management Institutions and Student Bodies for promotion and integration of CR education and research for the development of business leaders of tomorrow.

Centre for Social Markets

This a non-profit organization based in Bangalore which works in promoting and guiding the CSR initiatives of the organization. Its objective is of ensuring that business and enterprise, especially
India Inc., are a force for good, and promote new business models that actively contribute to sustainability and social welfare.

**Indian Institute of Corporate Affairs**

This institute is set up by the Ministry of Corporate Affairs for capacity building and training of various matters related to corporate regulation and governance, Corporate Social Responsibility being one vital matter. Besides guiding the companies on various aspects of CSR, it also provides help in preparing the sustainability report.

**NASSCOM Foundation**

The foundation aims to channelize the potential of the IT-BPO industry towards inclusive development of India by actively facilitating through Advocacy, Advisory, Research and Programs. It encourages its members to plan their CSR initiatives, presenting best practices, and promoting and assisting their implementation.

### 4.4 CONCLUSION

While the governments of the countries globally are withdrawing from their responsibilities in social development, the companies have started taking initiatives in social responsibilities. Companies have realized that sustainability is the key to survive and succeed. Although the CSR issues and formats differ from country to country, they are of extreme importance in achieving the Millennium development Goals. CSR, everywhere is voluntary. However it is expected that the companies spend a certain amount on CSR.

In US, corporations are allowed to spend 3% of pretax profit on CSR and in India the stipulated percentage is 2% of pretax profit. Parliamentary Standing Committee on finance has proposed a mandate in the Companies Bill 2009 that companies having (net worth of Rs. 500 or more or turnover of Rs. 1000 crore or more) or (a net profit of Rs. 5 crore or more during a year) shall be required to formulate a CSR policy to ensure that every year at least 2 p.c of its average net profits during the three immediately preceding
financial years shall be spent on CSR activities as may be approved and specified by the company. (www.mca.gov.in). CSR efforts globally have metamorphosed from philanthropy to CSR as a part of corporate governance. As compared with the developed countries like US, CSR in developing countries is seen as part of corporate philanthropy where corporations augment the social development to support the initiatives of the government. However, in the US it is seen as a strategic tool which helps the organizations to have a legitimate existence in the society. In India, where disparities are wide, it is important that corporates change their approach and strategize CSR.