Chapter 5
CORPORATE SOCIAL RESPONSIBILITY IN INDIA

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5.1 Introduction

The emergence of corporate social responsibility (CSR) and the effects of globalization have made CSR gain an increasing impetus. However, the meaning of social responsibility of business has changed over a period of time. During the twentieth century CSR meant charity, donation, philanthropy, compliance to business ethics and maintaining harmonious labour relations. In the 21st century, CSR has come all the way from corporate giving for social causes to corporate actually working for the improvement and development of the society from which they make profits.

Any business needs the support and co-operation of all its stakeholders for its existence and progress. Every employee of an organization is an inseparable part of the society and the physical environment and same applies to other stakeholders of the business also. Apart from customers, employees, suppliers, distributors and the government, the physical environment and the community have become crucial for the growth and survival of business.

Thus, considering the critical business society interface, CSR has been defined in simple terms as the responsiveness and sensitivity of a business towards all its stakeholders in such a way that it enables an improvement in their lives, fulfills its responsibilities towards them beyond compliance in an obligation and dutiful manner.
CSR reforms in India have involved a wide range of institutional and corporate initiatives that include

(i) Improving the functioning of capital markets,

(ii) Ensuring more effective protection of minority investors through promoting greater transparency of operations and higher standards of information disclosure,

(iii) Reforming company board structure and operational systems to make the Board of Directors more accountable to the shareholder,

(iv) Reforming governance mechanism of financial institutions, and the like.

CSR initiative come from the government via government legislations involving several amendments of the Companies Act, 1956: from the organizations regulating capital market, notably the Securities and Exchange Board of India, in the form of statutory regulations: and through self disciplining and voluntary initiatives taken by the industry chambers and business associations, professional bodies and the companies themselves.

5.2 Evolution of CSR in India

5.2.1 Emergence of CSR

There is growing awareness today that the government alone cannot bear the responsibility for the development of India and that a variety of resources and talents need to be harnessed. Recent political
and economic developments such as nuclear testing and its adverse fallout, economic reforms and globalization indicate that these will need to, and will, come from the private business sector.

The business community's contributions for social development are made in three different ways: through trusts and foundations set up by wealthy industrial families or by corporations; donations by companies direct to philanthropic work being carried out by individuals and organizations; and, operating corporate programmes for rural development, health care, heritage conservation, promotion of art and culture and the like. Nor are the contributions limited to money. Today, companies also offer, support in kind, such as equipment, facilities, services, skills and consultancy advice to charitable organizations.

However, there is surprisingly little knowledge or appreciation in our society of the history, magnitude and nature of Indian business philanthropy, its socio-cultural context, the impact it has had on our national life, or its future potential. It would help the business community to respond positively to the new challenge if society were to simultaneously recognize the contribution it had already made, and if an environment was created which encourages a greater participation in social development. For this it is important to impart a sense of prestige to business philanthropy and to consider ways in which it can become a partner, rather than an adversary, of government and civil organizations.
5.2.2 Concepts

1. Charity

'Charity', the oldest, the most familiar and popularly used term for altruistic giving, implies giving to the poor and to victims of calamity, natural or manmade, to alleviate immediate distress, and need. It is not concerned with removing conditions which cause that distress. It is generally linked to religious belief and teachings.

A phenomenon common to all societies, its form and nature is rooted in the ethical notions of a particular culture. It therefore, differs in different religions and nations and even among the same people at different stages of their religious or political history.

2. Philanthropy

Philanthropy, derived from Greek word *philein* (to love) and *anthropos* (man), means love for mankind, and has come to refer to charity which promotes general welfare and in which there is no *quid pro quo*, i.e. no expectation of any direct benefit from the beneficiary. Philanthropy has also been defined, as the creative use of wealth for the long term benefit of society, without any expectation of a *quid pro quo*.

3. Social Responsibility

Social responsibility is an ethical or ideological theory that an entity whether it is a government, corporation, organization or individual has a responsibility to society. This responsibility can be "negative," in that it is a responsibility to refrain from acting
(resistance stance) or it can be "positive," meaning there is a responsibility to act (proactive stance). While primarily associated with business and governmental practices, activist groups and local communities can also be associated with social responsibility, not only business or governmental entities.

4. Corporate Citizenship

Social responsibility of business again became a subject of debate in the 1960s because of widespread social unrest in inner city areas and campuses of Western countries due to increased unemployment and inadequate state provision for social welfare. It became clear to businesses that their survival and continued profitability depended on more systematic involvement in regenerating the local communities which went beyond customer relations. The name given to the new style of business giving for public benefit was 'corporate citizenship'.

The concept of 'giving' was itself enlarged to include not only the giving of money but also of personal involvement, skills, facilities, equipments, etc. in sum, being a good corporate citizen meant putting something back into the community that generated your profit, not in the least because the profits depended on the prosperity and well being of the community.

5.2.3 From Merchant Charity to Corporate Citizenship

The roots of business philanthropy go back a very long way in India. The concept of parting with a portion of one's surplus wealth for
the good of society is neither modern nor a Western import into India. The business community occupied a significant place in ancient Indian society. Merchants were treated with respect and civility and regarded as an instrument of social good, not least because of their philanthropy. Nourished by a social and religious ethic which put charitable giving high on its list of virtues, charity was an ingrained part of the life of most hereditary merchant communities that form the backbone of the modern business class.

Merchants provided relief in times of famine or epidemics by throwing open godowns of food and treasure chests to look after the needy; built and supported temples, dharamshalas, night shelters, water tanks, wells and provided drinking water facilities. They donated for education in traditional schools and even for dowries for poor girls. The practice of business giving continued through the ages, though as economic, political and social conditions changed, so did business response to social need. This can be summed up as a shift from merchant charity to corporate citizenship.

The first shift was from a more or less purely ameliorative charity for religious reasons and causes during the pre-industrial era (pre 1850), towards the more Western form of philanthropy in the period 1850-1914. The period saw the beginnings of industrialization in India and is like their counterparts in the West the newly rich business families began to setup trusts and endow a host of modern institutions such as schools, colleges, hospitals, orphanages, art galleries and museums for the welfare of society and the preservation
and propagation of Indian culture. At the same time, they continued
to contribute to older forms of charity such as building and
maintenance of old charities. The Gujarati and Parsi business
communities of Bombay in particular, led by Jamsetji Jejeebhoy,
Jamsetji Tata, Sir Dinshaw Petit and Premchand Roychand,spearheaded the new trend. The early pioneers of industry
were leaders not only in the economic but also the social fields and
took an active interest and part in religious and social reform and in
public life.

In the second phase (1914-1960), which was the golden period
of both Indian capitalism and business philanthropy, there was a
maturing of philanthropic practice. Apart from making political
donations for the freedom struggle, business also contributed to many
of the social and cultural causes associated with the movement such
as revival of Indian art and culture, nationalist education, and so on.
Many of India’s leading businessman – G D Birla, Jamnalal Bajaj, Lala
Shri Ram, Ambalal Sarabhai and others, came under the spell of
Mahatma Gandhi and his theory of trusteeship of wealth. They
contributed liberally to his programs for removal of untouchability,
women’s emancipation and rural reconstruction, even as the earlier
preoccupation with creating with creating a physical and social
institutional infrastructure continued, further honed by the vision of a
free, progressive and modern India.

When India became free, the independent state looked to the
business community to propel the country to a prosperous future and
in the euphoria of Independence, the business class, confident of its capabilities, responded both by creating more wealth and utilizing it for non-business purposes. Several business leaders like GD Birla, JRD Tata, Lala Shri Ram, Kasturbhai Lalbhai and others, endowed institutes of scientific and technical research as well as art academics and institutes for the study of Indian history and culture. Many of the best Indian institutions in several fields, such as Tata Institute of Fundamental Research, Birla Institute of Technology to name but a few, owe their existence to private business munificence of the time.

From the period of 1914-1960, organized charity was a disarray. Each community gave to and looked after its own and the idea of giving to anyone in need, irrespective of caste or creed was not widespread, though Jamsetji Tata, Nowrojee Wadia and some others had tried to set a different example. People applied to a multitude of charities and managed to live on doles instead of helping themselves. This was possible because there was little co-operation between charities.

The next shift came in the 1960s which ushered in an era of economic and political troubles and saw the business community operating under several constrains. The state also took on many of the obligations that were traditionally the responsibility of the society as a whole, such as education, care of the sick, relief in the wake of natural calamities and care of the destitute. It led to a corresponding decrease of interest in private philanthropy. Mistrust of business consequent to sharp and unethical practices by some, coupled with high taxes to
finance state-led development, further contributed to disinclination to part with private wealth for public benefit. Ironically, the high tax regime aided by deterioration in business morality led to a large expansion in the establishment of charitable trust for the purpose of tax planning.

The disillusionment consequent on the failure of the government to remove poverty and bring about social change at the pace required to remove the ever widening gap between the rich and the poor and to provide a richer quality of life, led to a renewed interest in private initiative to spearhead change. It made individuals look to voluntarism as a solution and an alternative to official action, and made business more conscious of the need to contribute to approve national development goals.

The 1970s thus saw a renewed corporate interest in social concerns and a new element emerged on the philanthropic scene—corporate philanthropy, as distinct from family business philanthropy. Spurred partly by the realization that supporting community development through philanthropic giving is in their own best business interests and partly by the use of the carrot and stick method by the government, several business leaders began to advocate more social responsibility on the part of business. Of this philanthropic giving was only one aspect, the others being more ethical business practices and concern for the physical environment in which business operated. There was a diversification in the causes supported.
Even as the cynicism and malpractice continued, a contrary trend became visible in the 1970s, which indicated that business attention was shifting from purely charitable behaviour measured in money terms to one where charity was only one aspect of socially responsible behaviour, and in which development of communities was considered as important as charitable giving through trusts and establishment of prestigious institutions. The fast deteriorating image of the business community was responsible for the first, while global trends, mounting social problems, proactive chambers and the carrot and stick policy of the government led to the latter.

The post-1980 period saw an upswing in business fortune due to economic reforms and other factors and with it, a reemergence of self-confidence. It increased, both, business willingness and ability to give, as well as public and government expectation of business. This contemporary phase, characterized by corporate citizenship has seen a further swing away from charity and traditional philanthropy towards more direct engagement in main stream development concerns and in helping disadvantaged groups in society.

In sum, the development in business and industry in India has been accompanied by a clear change in their attitudes of society and the business community itself about its obligation to society and how they need to be expressed. Though the shift from merchant charity to corporate citizenship is not complete and it is not unusual to find all three – charity, philanthropy and corporate citizenship – being practiced by the same business family, or corporation.
With the 1980s came the contemporary phase of business/society interface, characterized by a dynamic corporate sector on the one hand and a variety of approaches to social development on the other. Along with the growth of the sector and a new corporate culture, there has been a transformation in business attitudes to non-business concerns, which can be summed up by the term 'corporate citizenship'. The term implies behaviour which would maximize a company's positive impact and minimize the negative impact on its social and physical environment, while simultaneously providing a competitive return to its financial stakeholders. It means moving from supply-driven giving to more demand-led strategies; keeping in mind the welfare of all the stakeholders and not only shareholders; more participatory approaches to working with communities to meet their needs rather than paternalistic decisions as to what is needed; balancing the economic costs and benefits with the social; and finally, dealing with processes rather than structures.

In practice, this has meant more involvement with grass-roots work at the community-level on mainstream development concerns, a trend which had started in 1970s; more responsible behaviour, especially in relation to the physical environment, so that mere financial contribution is not considered a philanthropic act if the company is at the same time polluting the community's water supply through its effluents; and experimentation with several different ways of making a contribution to social development other than endowment of institutions, such as corporate sponsorship of social causes.
partnership among different sectors for a synergistic solution to problems; and more donation of non-monetary resources such as skills and time to needy organizations and people.

In many ways, it is a continuation and a strengthening of the trend for more social responsibility which had started in the 1970s, except that in the new paradigm enlightened self-interest is more strongly stressed than before, and 'giving' includes giving of all corporate resources. The goal is to establish a dynamic relationship between the community, business and philanthropic activities, such that each compliments the other. This is diagrammatically shown as in figure 5.1.

**Fig: 5.1**

*Position of Philanthropic Activities between Business and Community*
Old style philanthropy in the form of establishment of trusts, foundations and institutions continued alongside. But even here, there is a change of attitudes and practice among the more enlightened donors who seek to bring it more in line with professional business practices. Amongst the factors responsible for such changed attitudes and practices are improvements in the economic environment, coupled with persisting social deficits. This has put pressure on industry to do more for society, both from the resource strapped government, and the growing and vocal voluntary sector. Business leadership could not ignore either the domestic pressures or the global trends which indicated that corporate citizenship would need to be an essential part of business strategies in order for the business to survive and grow in a greater competitive environment.

The liberalization of the 1980s and 1990s a new wave of MNCs (multinationals) have setup shop in India either on their own or in collaboration with Indian companies. Companies which are household names elsewhere in the world like Coca Cola, Pepsi, Sony, Samsung, etc, and which have large programmes of philanthropy in their home locations are now becoming a part of the Indian scene.

The change in business thinking about corporate role in society is reflected in practice. At present, corporate contributions for public welfare take six different forms:

- Establishment of trusts and channeling of funds through these.
- Establishment of mega institutions for public causes.
- Operation of community programme directly by companies.
• Giving donations on request to individuals or organizations.

• Forming partnership with government or NGOs for particular projects.

• Sponsorships.

By these various ways of meeting social need, direct company involvement seems to be the most prevalent new trend along with the trend to form partnerships with NGOs. Though corporate sponsorship of causes has also grown considerably in the past two decades, it can be considered philanthropy only marginally because there is an expectation of a direct *quid pro quo*. The other forms of expressing social concern are a continuation of previous practice though here too there has been a change of approach.

5.2.4 Institutionalization

Unable to ignore the signals from the government, and led by the more enlightened among the business community, chambers of commerce and industry too stepped up their efforts to motivate their members. The various Indian chambers and associations active for CSR are detailed below:

• Federation of Indian Chambers of Commerce and Industry (FICCI):

Since 1987, FICCI explicitly stated that the business community is part and parcel of the society in which it functions and could not remain aloof from it, and the speeches at various FICCI forum over the years emphasized that participation of industrial houses in such social development activities was in their own self-interest.
• Confederation of Indian Industry (CII):
At the 1994 session it was pointed out that though social development activities went beyond the traditional concerns of industry, they were an investment by the members in future. To help its members, CII has setup a Social Development and Community Affairs Council whose mandate is to motivate industry, help members integrate social development activities into corporate plans, to network with government and non-government organizations and to create a data bank of useful information.

• The Associated Chamber of Commerce and Industry of India (ASSOCHAM):
ASSOCHAM, the third major apex body, began its education and action programmes later than the other two chambers, through many of its members. Some of its members had been engaged in rural development, family planning and educational activities of their own since long.

• Indian Chamber of Commerce (ICC):
Amongst the actions taken by the ICC, were the establishment of a Substance Abuse Prevention Cell, a Drug Rehabilitation Center and a Citizen's Action Forum to undertake several economic, social and cultural projects.

• Bombay Chamber of Commerce (BCC):
In Bombay too, BCC took civic facilities of the city as its first priority. The BCC has concentrated on the population problem and on civic issues of Bombay City.
• Indian Merchant Chambers (IMC):
Apart from conducting seminars and conferences on issues of social responsibility and mobilizing the business community to respond in times of distress, IMC, in its Platinum Jubilee Year (1982), created an endowment from which awards are given for outstanding service to humanity.

• United Planters Association of South India (UPASI):
UPASI has also undertaken similar kind of projects for local communal and societal benefits.

5.2.5 Early Philanthropies
The societal effect of 19th century brought in the advent of industrialization and favoring social causes as tabulated under

Table 5.1

Pioneering Philanthropies (1850-1914)

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Philanthropists</th>
<th>Institutions</th>
<th>Other Contributions</th>
</tr>
</thead>
<tbody>
<tr>
<td>01.</td>
<td>Jamsetji Jejeebhoy</td>
<td>JJ School of Arts, JJ Hospital, Lady Jamsetji Causeway</td>
<td>Schools, dharamshals, Parsi Charities, water works.</td>
</tr>
<tr>
<td>No.</td>
<td>Name</td>
<td>Foundation/Grant</td>
<td>Details</td>
</tr>
<tr>
<td>-----</td>
<td>-----------------------</td>
<td>-------------------------------------------------------</td>
<td>----------------------------------------------</td>
</tr>
<tr>
<td>02.</td>
<td>Jamsetji Nusserwanjee Tata</td>
<td>JN Tata Endowment Scheme (1892), Indian Institute of Science</td>
<td>--</td>
</tr>
<tr>
<td>03.</td>
<td>Nowrojee Maneckji Wadia</td>
<td>Wadia Foundation</td>
<td>--</td>
</tr>
<tr>
<td>04.</td>
<td>Jaggannath Shanker Shet</td>
<td>--</td>
<td>To Grant Medical College, Victoria Museum, Elphinstone College; girls education</td>
</tr>
<tr>
<td>05.</td>
<td>Premchand Roychand</td>
<td>--</td>
<td>To Bombay University Library; to James Fergusson for volumes on Indian architecture</td>
</tr>
<tr>
<td>06.</td>
<td>David Sasoon</td>
<td>David Sasoon Library, Sasoon Mechanics Institute</td>
<td>--</td>
</tr>
<tr>
<td>No.</td>
<td>Name</td>
<td>Organization/Institution</td>
<td>Details</td>
</tr>
<tr>
<td>-----</td>
<td>-------------------------------</td>
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<td>--------------------------------------------------</td>
</tr>
<tr>
<td>07</td>
<td>Cowasjee Jehangir</td>
<td>Jahangir Ophthalmic Hospital</td>
<td>--</td>
</tr>
<tr>
<td>08</td>
<td>Baldeodas Birla</td>
<td>Dental clinic, Maternity home, Ayurveda hospital, Teachers training college, Sanskrit college, Library</td>
<td>To Banaras Hindu University, hospitals, temples, wells, dharamshalas</td>
</tr>
<tr>
<td>09</td>
<td>Hemabhai Vakatchand</td>
<td>Hemabhai Institute</td>
<td>To Gujarat Vernacular Society</td>
</tr>
<tr>
<td>10</td>
<td>Madhavlal Chotalal</td>
<td>RC Technical Institute</td>
<td>--</td>
</tr>
<tr>
<td>11</td>
<td>Maganhbai Karamchand</td>
<td>--</td>
<td>Girls school</td>
</tr>
<tr>
<td>12</td>
<td>Pacchayappa</td>
<td>Pacchayappa’s college</td>
<td>--</td>
</tr>
<tr>
<td>13</td>
<td>Rajendralal Mallik</td>
<td>Marble Palace</td>
<td>Various Charities</td>
</tr>
</tbody>
</table>
Table 5.1 clearly shows that the pioneer business philanthropies were inclined purely towards overall societal development and fulfilling the society needs and wants. This also indicated changes in the philanthropic work between India and Western corporations largely. There were major contributions towards society by establishing institutions and other form of charities like dharamshalas, colleges, temples, girl's school, etc.

## 5.3 Philanthropy in India and West

The reason for the development of modern philanthropy in India appear to be the same as those in the West, viz. religious belief and sentiment coupled with the accumulation of capital and industrial wealth, along with its attendant social consequences. Its outward expression in the form of public trusts and corporate social responsibility programmes also seems to bear a close resemblance to developments elsewhere in the world.

Yet, while there are undoubted similarities to philanthropy elsewhere, it is also a fact that the form philanthropy takes in any
society depends uniquely on a society’s history, ethical, cultural and social traditions and economic and political organization. For one, India’s business class is not homogenous but is made up of several traditional business communities following different religions and business traditions. Some of these, such as the Parsis, the Marwaris, the Gujratis and Chettiars, have established a lead not only in business but also in philanthropy. The development of philanthropy has also varied between regions with very different social and political backgrounds. While the trust or foundation is as popular a mechanism for philanthropic giving in India as in the West, there is a strong preference for hands-on philanthropy or keeping operational control of philanthropic activities in the donor’s hands. Consequently, there are very few grant making foundations in India compared to the West, and most are what would be characterized as ‘operating foundations’.

Moreover, while in Western capitalist societies private initiative and abhorrence of government are ingrained values which have encouraged private philanthropy; modern Indian industry and business were born in colonial India and matured in a post-Independence controlled economy. The state has therefore played a more critical role in shaping business philanthropy in terms of the space it has allowed the business sector in creating, retaining, and disbursing wealth. Sometimes it has been positive, at others very negative.
Finally, religion has played, and continues to play, an important role in Indian business philanthropy, while in the West it has counted for less and less with corporate growth. In India, many captains of industry, even today, are motivated by saints, saint-like figures and gurus.

Whereas business contribution to society has been well researched and documented in the West, in India it has excited hardly any interest. The perspective of the non-Indians is, naturally, more Western than Indian.

5.4 Involvement of Corporate in Community

The involvement of corporate in a community generates trust in front of people which in a positive manner creates the identity in the nation. Corporate Community Involvement is about the impact the company has on the wider community. Companies can support the community through a number of activities that use both its staff and resources. People, who are the part of the community always observe the community based activities done by the target industry of their locality. This could include making charitable donations, allowing staff to volunteer their skills to help community groups, or donating office equipment to organizations that need them.
NGO (non-government organization) dedicate themselves to working on issues of social and human development. They range in form from those that work directly with communities at the grass-root level. While NGOs are not the largest development player in India in terms of resources, they are often seen as more effective and are increasingly emerging as the most significant sector. The strengths for choosing a NGO are:

- Passionate commitment to change
- Closer touch with ground reality
- Closer contact with communities and needy families
- Better understanding of the nuances of problems faced by the community

It also has its limitations, limitations which make them incapable of effectively promoting sustainable development alone.

- Absence of sufficient financial staying power
- Inability to even realistically plan expenses and revenues
- Multiplicity of goals
- Lack of focus
- Looseness in management process
In spite of these problems NGOs play a crucial role in helping a corporate fulfill its social responsibility. These roles are elaborated as under:

- Acting a bridge between corporate sector organization and the people.
- Help in understanding ground level situation, analyze problems and work out solution.
- They act as a channelizing agent for helping corporate to fulfill its social responsibility.
- They link people with corporates.
- They sharply define, refine and conceptualize the program of corporate social responsibility.
- They connect with communities and identify 'right beneficiaries'.
- They have high fidelity and efficient implementation of the chosen program.
- They are timely and transparent financial transactions and fiduciary responsibility.
- They rightly represent community interest and needs.
They provide strengthening and fine tuning of the conduct of the CSR process.

They help in contributing to development of perspectives in the company management.

In this manner NGOs contribute to corporate social responsibility in making business entities a responsible existence. This may require strident posturing or positions, but these too are necessary since they force the companies to concede space for negotiation.

Pacchaiyappa Companies focus more on social responsibility projects in villages. Several foundations run by corporate houses plan to devise a common strategy to ensure transparency in their social and community development operations, such as tracking spending in and progress of such projects in their annual reports. The effort is significant because it brings together a wide range of Indian companies to share ideas on innovating sustainable programmes. Among them are Multi Commodity Exchange of India Ltd., Anil Dhirubhai Ambani Group and media company Bennett, Coleman and Co. Ltd. A trend companies are slowly embracing as India's expanding economy contrasts sharply with growing local protests over land for future industrial projects. Indian companies have made little progress in reporting development projects. Only 48 companies have so far
given their commitment to support the United Nations Global Compact. Prime Minister Manmohan Singh said, “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.”

Some industrial groups are also establishing strong relationships with several educational/research institutions to make education/research more industry oriented and market relevant; to upgrade facilities at the institutions; and to provide training for unskilled workers. The following activities are also undertaken by the organizations:

- Public Private Partnership:

Some companies are partnering government departments for accomplishing some of the social goals. While some companies like ITC, HUL, PandG, and others support government social marketing programme. In Mumbai, Bangalore, and Delhi, municipal corporations have invited corporate houses to participate in the upkeep of the city’s infrastructure. However these partnership have been less successful.

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1 www.livemint.com
Corporate Sponsorship:

Corporate sponsorship, though not philanthropy in the true meaning of the word because of the expectation of some benefit in return, has become a popular way of contributing to social causes and getting immediate returns for the company in the form of publicity and goodwill. Sports and cultural performances are the causes most favored for sponsorship. Though there are no figures to show the magnitude of giving through sponsorship, it is evident that the line between philanthropy and self-interested sponsorship is becoming thinner.

**Fig: 5.2**

**Types of Corporate Community Involvement**

Source: Mahakud Ranjan Shoubhagya; Corporate Social Responsibility-Indian Perspective; Indian Institute of Planning and Management; New Delhi
The Figure 5.2 above shows the findings of a recent survey as to various ways a company contribute to the society apart from NGOs and rehabilitation or adoption of villages. The corporations now have started involving their employees largely for fulfilling their social responsibilities. These activities include:

- Staff fundraising and donations
- Volunteering and sharing skills
- Providing workplace visits
- Sourcing production
- Providing training
- Giving office equipments in donation
- Making corporate donation
- Staff payroll

The impact of business activities on its community has a ripple effect in a pond. As a company's involvement in solving community problems may also go on expanding through various levels as shown in figure below.
As the Figure 5.3 indicates that a company at Level 1 fulfils basics responsibilities by paying taxes, observing the law, dealing fairly and honorably with its employees, suppliers and shareholders. At Level 2, a company takes account of its effects on the environment and seeks to minimize the negative effects on the environment and seeks to minimize the negative effects like controlling pollution of the environment and avoiding product misuse. Organizations at this level act in the spirit, rather than to the letter, of the law and are in the forefront in anticipating trends in legislation and consumer awareness. Level 3 companies, on the other hand, believe that healthier the environment better would be the company's prospects, and are, therefore, concerned to do something about the ills that
constraint the healthy development of society. As such, the involvement of corporate enterprises in the affairs of the community differs from organization to organization.

5.5 Determinants of Corporate Social Responsibility

From the experience of a variety of countries of the East and the West, it is evident that the level, nature and impact of CSR in any society depends on a variety of factors. They are as under:

- Capital accumulation
- Availability of economic surplus
- Passage of time
- Stable environment
- Economic growth
- Economic environment
- Taxation policies
- Absence of restrictions
- Religion and ethical tradition
- Intellectual and social movement
- Nature of government-business relation
- Legal and regulatory framework
- Freedom of association and expression
- Tolerance of diversity
Corporate Social Responsibility in India

- Societal acceptance
- Leadership
- Levels of profits
- Tax incentives
- Geographic scope
- Field of interest
- Degree of institutionalisation

5.6 Conclusion

60 years of independent India, but we still haven't experienced a real economic growth and development. The government plans take a long time to get implemented and the policies are highly skewed. If the corporate houses choose to intervene, perhaps, the day won't be far when, India can boast of a real economic boom. Every country should embrace the remarkable concept of individuals and businesses forming a partnership to support social causes. A successful modern Indian company also needs to be well managed, with a corporate culture that promotes integrity. In the context of India, such a partnership has enormous potential for strengthening society. The main obstacles, we think, are lenient attitude of the Government in enforcing Quality control measures. Interestingly, however, the state is also criticized for too much interference. Irresponsible and unpractical government regulations in sector that are best left to private hands, keeps the government too busy to understand the
difficulties of an average small businessperson whose capabilities and spirit is being choked due to the lack of infrastructure. There were also references made to cleaning up the corporate governance structure and clamping down on corruption in India. Broad frameworks on corporate governance should be developed and followed. And, penalties for non-compliance should be strictly implemented. Benefit from corruption should be reduced. This is to be done by flattening the tax structure and reducing exclusive authority on government agencies. In an era of increasing global competition, the need to create an image that shows that corporate are part of the community and care about it is growing. People as the part of community and a strong part of the workforce for the production in organizations plays important role and benefits acquired from them cannot be ignored as far as possible for growth of the organization.

The above status is however theoretical in nature. The practical application of the same in Reliance group of industries and Tata group of companies is discussed in following chapters.