CORPORATE SOCIAL RESPONSIBILITY IN INDIA

Presented by:-

Deepti Narang
Abstract

This paper focuses on the concept of Corporate Social Responsibility and its importance in India. It also includes the different phases of CSR in India. CSR not only ensures that companies follow an ethical approach towards business but also helps sustain that approach. CSR, as in the past, is not confined to corporate philanthropy, but it now includes the company's contribution towards the general public, its employees and the environment. Moreover, non-profit organizations and institutional investors have gained considerable financial clout and the power to influence investor's decisions. The rise in the number of corporate scandals has made CSR vital for companies to maintain a virtuous image in the public and also attract investors who have started giving ethical values as much importance as Profitability. This paper also focuses on the challenges of CSR along with the various examples of CSR in India and it also focuses on CSR development in rural sector.
INTRODUCTION

“We are committed to creating economic value, but we are not indifferent to how we do it. ... Progressive businesses are gaining competitive advantage by responding to societal signals. ... We prosper by helping society to prosper.”

Idar Kreutzer, CEO Storebrand, 2005

The business environment has undergone vast changes in the recent years in terms of both the nature of competition and the wave of globalization that has been sweeping across markets. There is growing recognition of the significant effect the activities of the private sector have—on employees, customers, communities, the environment, competitors, business partners, investors, shareholders, governments and others. It is also becoming increasingly clear that firms can contribute to their own wealth and to overall societal wealth by considering the effect they have on the world at large when making decisions.

The organizations around the globe are forced to wake up to the need for being committed towards Corporate Social Responsibility. Over the years this concept of Corporate Social Responsibility (CSR) has gained unprecedent momentum in business and public debate and has become a strategic issue crossing the departmental boundaries, and affecting the way in which a company does business. It has become so important that many organizations have rebranded their core values to include social responsibility. Almost all corporate websites/policies/reports talk about their endeavors for CSR which has become a way of ensuring that the organization is fulfilling all the obligations towards society and thus is eligible for the license to operate. It assures that the organization can grow on sustainable basis.

These activities of CSR ranging from small donations to bigger projects for social welfare sustainable practices differ from organization to organization depending on the resources available to an organization for undertaking sustainable practices. Business practices of big and successful companies, with plenty of resources at their end, have set the trend for being committed to sustainable practices. Such business houses around the globe show their commitment to social responsibility.
In India, the initiatives of Dabur India Limited, for example, which commenced ‘Sundesh’ in 1993, a non-profit organization, with an aim to promote research and welfare activities in rural areas are appreciable. On the same track to fulfill its urge to do something for community, Bharat Petroleum Corporation Limited has adopted 37 villages as their responsibility to develop in all walks of life. It has made efforts to make them self-reliant, provided them fresh drinking water, sanitation facilities, medical facilities, vocational training and literacy camps. Around its industrial facilities, Tata Group has created towns and cities like Jamshedpur, Mithapur, Babrala for the benefit of its employees. Cadbury India, Glaxo and Richardson Hindustan are some of the companies which are helping farmers to grow crops which in turn shall serve as raw materials for them (Tripathi & Reddy, 2006).

Although the implementation of such activities involves time, effort and resources yet the business houses have realized that it (CSR) is one of the important ways in which an organization can distinguish itself from its competitors. A powerful tool like CSR not only enhances the brand image and reputation of the business but also leads to improvement in sales and customer loyalty, and increased ability to attract and retain employees. By capitalizing on it, the organizations can improve their financial performance and attract more investment with immense economic value. The word CSR has, as a result, occupied very important place in the plans and strategies of the organizations in the present era. The current trend of globalization has brought a realisation among the firms that in order to compete effectively in a competitive environment; they need clearly defined business practices with a sound focus on the public interest in the markets (Gray, 2001).

**What is corporate social responsibility?**

“Social responsibility (is the) responsibility of an organisation for the impacts of its decisions and activities on society and the environment through transparent and ethical behaviour that is consistent with sustainable development and the welfare of society; takes into account the expectations of stakeholders; is in compliance with applicable law and consistent with international norms of behaviour; and is integrated throughout the organisation.”

Working definition, ISO 26000 Working Group on Social Responsibility, Sydney, February 2007 Corporate Social Responsibility (CSR) is viewed as a comprehensive set
of policies, practices and programs that are integrated into business operations, supply chains, and decision-making processes throughout the organization -- wherever the organization does business -- and includes responsibility for current and past actions as well as future impacts. CSR involves addressing the legal, ethical, commercial and other expectations society has for business, and making decisions that fairly balance the claims of all key stakeholders. Effective CSR aims at “achieving commercial success in ways that honor ethical values and respect people, communities, and the natural environment.” Simply put it means “what you do, how you do it, and when and what you say.” Several terms have been used interchangeably with CSR. They include -- business ethics, corporate citizenship, corporate accountability, sustainability and corporate responsibility.

The issues that represent an organization’s CSR focus vary by size (small, medium and large), sector (for example, financial institutions, infrastructure providers, textile manufacturers, agri-producers, supermarket retailers, etc.) and even by geographic region. In its broadest categories, CSR typically includes issues related to business ethics, community investment, environment, governance, human rights, the marketplace and the workplace.

Corporate social responsibility (CSR) is also known by a number of other names. These include corporate responsibility, corporate accountability, corporate ethics, corporate citizenship or stewardship, responsible entrepreneurship, and “triple bottom line,” to name just a few. As CSR issues become increasingly integrated into modern business practices, there is a trend towards referring to it as “responsible competitiveness” or “corporate sustainability.”

CSR is an evolving concept that currently does not have a universally accepted definition. The World Business Council for Sustainable Development has described CSR as the business contribution to sustainable economic development. Building on a base of compliance with legislation and regulations, CSR typically includes “beyond law” commitments and activities pertaining to:

- corporate governance and ethics;
- health and safety;
- environmental stewardship;
- human rights (including core labour rights);
- sustainable development;
• conditions of work (including safety and health, hours of work, wages);
• industrial relations;
• community involvement, development and investment;
• involvement of and respect for diverse cultures and disadvantaged peoples;
• corporate philanthropy and employee volunteering;
• customer satisfaction and adherence to principles of fair competition;
• anti-bribery and anti-corruption measures;
• accountability, transparency and performance reporting; and
• supplier relations, for both domestic and international supply chains.

**Why has CSR become important?**

Many factors and influences have led to increasing attention being devoted to the role of companies and CSR. These include:

- **Sustainable development:** United Nations’ (UN) studies and many others have underlined the fact that humankind is using natural resources at a faster rate than they are being replaced. If this continues, future generations will not have the resources they need for their development. In this sense, much of current development is unsustainable—it can’t be continued for both practical and moral reasons. Related issues include the need for greater attention to poverty alleviation and respect for human rights. CSR is an entry point for understanding sustainable development issues and responding to them in a firm’s business strategy.

- **Globalization:** With its attendant focus on cross-border trade, multinational enterprises and global supply chains—economic globalization is increasingly raising CSR concerns related to human resource management practices, environmental protection, and health and safety, among other things. CSR can play a vital role in detecting how business impacts labour conditions, local communities and economies, and what steps can be taken to ensure business helps to maintain and build the public good. This can be especially important for export-oriented firms in emerging economies.

- **Governance:** Governments and intergovernmental bodies, such as the UN, the Organisation for Economic Co-operation and Development (OECD) and the International Labour Organization (ILO) have developed various compacts, declarations, guidelines, principles and other instruments that outline norms for
what they consider to be acceptable business conduct. CSR instruments often reflect internationally-agreed goals and laws regarding human rights, the environment and anti-corruption.

- **Corporate sector impact**: The sheer size and number of corporations, and their potential to impact political, social and environmental systems relative to governments and civil society, raise questions about influence and accountability. Even small and medium size enterprises (SMEs), which collectively represent the largest single employer, have a significant impact. Companies are global ambassadors of change and values. How they behave is becoming a matter of increasing interest and importance.

- **Communications**: Advances in communications technology, such as the Internet and mobile phones, are making it easier to track and discuss corporate activities. Internally, this can facilitate management, reporting and change. Externally, NGOs, the media and others can quickly assess and profile business practices they view as either problematic or exemplary. In the CSR context, modern communications technology offers opportunities to improve dialogue and partnerships.

- **Finance**: Consumers and investors are showing increasing interest in supporting responsible business practices and are demanding more information on how companies are addressing risks and opportunities related to social and environmental issues. A sound CSR approach can help build share value, lower the cost of capital, and ensure better responsiveness to markets.

- **Ethics**: A number of serious and high-profile breaches of corporate ethics resulting in damage to employees, shareholders, communities or the environment—as well as share price—have contributed to elevated public mistrust of corporations. A CSR approach can help improve corporate governance, transparency, accountability and ethical standards.

- **Consistency and Community**: Citizens in many countries are making it clear that corporations should meet the same high standards of social and environmental care, no matter where they operate. In the CSR context, firms can help build a sense of community and shared approach to common problems.

- **Leadership**: At the same time, there is increasing awareness of the limits of government legislative and regulatory initiatives to effectively capture all the
issues that CSR address. CSR can offer the flexibility and incentive for firms to act in advance of regulations, or in areas where regulations seem unlikely.

❖ **Business Tool:** Businesses are recognizing that adopting an effective approach to CSR can reduce the risk of business disruptions, open up new opportunities, drive innovation, enhance brand and company reputation and even improve efficiency.

“Companies are now recognizing that dealing with environment and social issues can provide benefits when reputational risk is high and sustainable competitiveness and development becomes a key strategy.” Susan Ariel Aaronson, Senior Fellow, National Policy Association.

**Benefits for firms implementing CSR :-**

There are many reasons why it pays for companies, both big business and SMEs (small and medium enterprises) to be socially responsible and be conscious about the interest of the key stakeholders.

➢ **Better anticipation and management of an ever-expanding spectrum of risk.** Effectively managing governance, legal, social, environmental, economic and other risks in an increasingly complex market environment, with greater oversight and stakeholder scrutiny of corporate activities, can improve the security of supply and overall market stability. Considering the interests of parties concerned about a firm’s impact is one way of better anticipating and managing risk.

➢ **Improved reputation management.** Organizations that perform well with regard to CSR can build their reputation, while those that perform poorly can damage brand and company value when exposed. Reputation, or brand equity, is founded on values such as trust, credibility, reliability, quality and consistency. Even for firms that do not have direct retail exposure through brands, their reputation for addressing CSR issues as a supply chain partner—both good and bad—can be crucial commercially.

➢ **Enhanced ability to recruit, develop and retain staff.** This can be the direct result of pride in the company’s products and practices, or of introducing improved human resources practices, such as “family-friendly” policies. It can also be the indirect result of programs and activities that improve employee morale and loyalty. Employees are not only front-line sources of ideas for
improved performance, but are champions of a company for which they are proud to work.

- **Improved innovation, competitiveness and market positioning.** CSR is as much about seizing opportunity as avoiding risk. Drawing feedback from diverse stakeholders can be a rich source of ideas for new products, processes and markets, resulting in competitive advantages. For example, a firm may become certified to environmental and social standards so it can become a supplier to particular retailers. The history of good business has always been one of being alert to trends, innovation, and responding to markets. Increasingly, mainstream advertising features the environmental or social benefits of products (e.g., hybrid cars, unleaded petrol, ethically produced coffee, wind turbines, etc.).

- **Enhanced operational efficiencies and cost savings.** These flow in particular from improved efficiencies identified through a systematic approach to management that includes continuous improvement. For example, assessing the environmental and energy aspects of an operation can reveal opportunities for turning waste streams into revenue streams (wood chips into particle board, for example) and for system-wide reductions in energy use, and costs.

- **Improved ability to attract and build effective and efficient supply chain relationships.** A firm is vulnerable to the weakest link in its supply chain. Like-minded companies can form profitable long-term business relationships by improving standards, and thereby reducing risks. Larger firms can stimulate smaller firms with whom they do business to implement a CSR approach. For example, some large apparel retailers require their suppliers to comply with worker codes and standards.

- **Enhanced ability to address change.** A company with its “ear to the ground” through regular stakeholder dialogue is in a better position to anticipate and respond to regulatory, economic, social and environmental changes that may occur. Increasingly, firms use CSR as a “radar” to detect evolving trends in the market.

- **More robust “social licence” to operate in the community.** Improved citizen and stakeholder understanding of the firm and its objectives and activities translates into improved stakeholder relations. This, in turn, may evolve into more robust and enduring public, private and civil society alliances (all of which relate closely to CSR reputation, discussed above). CSR can help build “social capital.”
➢ **Access to capital.** Financial institutions are increasingly incorporating social and environmental criteria into their assessment of projects. When making decisions about where to place their money, investors are looking for indicators of effective CSR management. A business plan incorporating a good CSR approach is often seen as a proxy for good management.

➢ **Improved relations with regulators.** In a number of jurisdictions, governments have expedited approval processes for firms that have undertaken social and environmental activities beyond those required by regulation. In some countries, governments use (or are considering using) CSR indicators in deciding on procurement or export assistance contracts. This is being done because governments recognize that without an increase in business sector engagement, government sustainability goals cannot be reached.

➢ **A catalyst for responsible consumption.** Changing unsustainable patterns of consumption is widely seen as an important driver to achieving sustainable development. Companies have a key role to play in facilitating sustainable consumption patterns and lifestyles through the goods and services they provide and the way they provide them. “Responsible consumerism” is not exclusively about changing consumer preferences. It is also about what goods are supplied in the marketplace, their relationship to consumer rights and sustainability issues, and how regulatory authorities mediate the relationship between producers and consumers.

**Dimensions of CSR :-**

The Green Paper (2001) by the Commission of the European Communities identifies two main dimensions of CSR, an internal dimension relating to practices internal to the company and an external dimension involving the external stakeholders.

**Internal Dimension** includes-:
- ✔ Human Resource Management
- ✔ Work safety and Health measures
- ✔ Adaptation to change
- ✔ Management of Environmental Impacts

**External Dimension** includes-:
- ✔ Local Communities
- ✔ Business Partners
- ✔ Human Rights
Areas of Corporate Social Responsibility

How does CSR relate to a country like India?

Mahatma Gandhi, the charismatic visionary leader who brought the cause of India’s independence from British colonial rule, was a person who in several respects was ahead of his time. His view of the ownership of capital was one of trusteeship, motivated by the belief that essentially society was providing capitalists with an opportunity to manage resources that should really be seen as a form of trusteeship on behalf of society in general. Today, the world is coming round full circle in emphasizing this concept through an articulation of the principle of social responsibility of business and industry and this trend is no different in India either.

A much less publicized but deeper aspect of the importance of CSR in India comes to light when one considers CSR as a concept that covers a range of issues under
the fabric of sustainable development. This is a crucial terminology for developing nations in the world today. Protection of the environment and a country’s natural resources are a key element of this concept. Additionally, there is this equally important need to ensure that society does not suffer from disparities of income and provision of basic services like health care, education and literacy.

To illustrate, the United Nations' Millennium Development Goals (MDGs) and the Water, Energy, Health, Agriculture, and Biodiversity (WEHAB) agenda of the UN Secretary General are deemed as essentials for bringing about a solution to the basic problems facing a society in a developing country such as India. Consequently, if corporate actions are to target the most fundamental problems facing a poor country like India, then the components of the MDGs, including water and sanitation, prevention of eradicable diseases and the items included in the WEHAB agenda in some sense become guideposts for corporate social strategy and action.

**Four Phases of CSR in India**

❖ During the first phase (1850-1914) CSR activities were mainly undertaken outside companies and included donations to temples and various social welfare causes.

❖ The second phase (1914-1960) was largely influenced by Mahatma Gandhi’s theory of trusteeship, the aim of which was to consolidate and amplify social development. The reform programmes included activities geared particularly to abolishing untouchability, empowering women and developing rural areas.

❖ The third phase (1960-1980) was dominated by the paradigm of the “mixed economy”. In this context, CSR largely took the form of the legal regulation of business activities and/or the promotion of public-sector undertakings (PSUs).

❖ The fourth phase (1980 until the present) is characterized partly by traditional philanthropic engagement and partly by steps taken to integrate CSR into a sustainable business strategy.

**The current status of CSR in India**

As of the year 2000, CSR is fast gaining momentum as an important aspect of business practice in India. An appreciative quantum of roundtables and networks pertaining to CSR are being established and doing good work. Given below are a few of the more prominent examples.
Corporate Roundtable on Development of Strategies for the Environment and Sustainable Development - Business Council for Sustainable Development (CoRE-BCSD) of India

There are several bodies now emerging on the Indian scene that focus on issues of CSR. For instance, the Corporate Roundtable on Development of Strategies for the Environment and Sustainable Development - Business Council for Sustainable Development (CoRE-BCSD) of India is a grouping of Indian corporates trying collectively and individually to build in sustainable development concepts into their operations. Initiated by The Energy and Resources Institute (TERI), CoREBCSD India includes some of the most innovative, some of the largest and also the most forward looking organizations in the country. Subject experts from these corporates identify and conceptualize projects. A team of industry members and TERI researchers then works to develop appropriate solutions/strategies for use by the industry. Currently the Roundtable includes some of the leading Indian corporates, such as:

- The Associated Cement Companies Limited
- Bharat Heavy Electricals Limited
- Bharat Petroleum Corporation Limited
- Century Textiles & Industries Limited
- Gas Authority of India Limited
- Gujarat Ambuja Cements Limited
- Hindustan Lever Limited
- Infrastructure Leasing & Financial Services Limited
- ITC Limited - Paper Brands & Speciality Papers Division
- National Thermal Power Corporation Limited
- Reliance Energy Limited
- Tata Chemicals Limited

Activities of CoRE-BCSD India

- Weekly email news (on environment and sustainable development) service called CoRE Clips.
- Specific referral service, help desk and project work relating to energy, environment, CSR and sustainable development
Publication of a quarterly newsmagazine called EnCORE; theme-based publications include “Cleaner is Cheaper”, “Cases Compendium on Corporate Environmental Excellence”, “Business Unusual : Proceedings of CEO Forum Citizens at Work: CSR compendium of companies nominated for TERI CSR Awards”

- Participation in meetings and workshops; for instance the Annual CEO’s Forum to chalk out a road map for its activities
- Annual steering committee meeting and CoRE – BCSD, India quarterly meetings on a focal theme.

- **India Partnership Forum of the Confederation of Indian Industries (CII)**
  The India Partnership Forum of the Confederation of Indian Industries (CII) is also an active proponent of CSR. It encourages a multi-stakeholder dialogue for promoting CSR in Indian business, including policy issues with regard to creation of an enabling environment. The activities of the forum do not just stop there. They also include mainstreaming CSR education in business schools, capacity building on community development, capacity building on sustainable reporting processes and indices, building an Indian CSR case study database and “operationalizing” CSR.

- **The British Council’s CSR Network**
  - As a step towards promoting Corporate Social Responsibility and generating awareness and interest amongst young future business leaders, the British Council in partnership with New Academy of Business, UK has supported programmes and workshops on CSR since 2002. In March 2004, the British Council launched the ‘CSR Network’ in partnership with several Management schools in North India. The network members are:
    - Aravali Institute of Management, Jodhpur
    - Institute for Integrated Learning in Management, New Delhi
    - Institute of Management Technology, Ghaziabad
    - National Law University, Jodhpur
    - New Academy of Business, UK
    - University Business School, Panjab University
The aim of the network is to generate awareness on CSR by building a shared understanding of the subject and promote links between academics, students and corporates through practitioner experience and engagement with local communities.

- **CSR Models on Offer by the Times Foundation**, India that CSR is quickly becoming a business catch-phrase – or (depending on the way one sees it) even an industry by itself - is evident when one sees the various “CSR models” that the Times Foundation, one of the largest and most professionally managed media conglomerate in India has to offer. Some of the CSR models on offer include:
  - Micro-credit and enterprise programme (a model for financial institutions)
    - Providing loans to establish micro-businesses in order to induce self-sufficiency and sustainable development.
  - Raising funds for co-operative banking – For example, Citibank India community partners extend micro-credit to low income women in urban areas. They have successfully organized women’s collectives and directed financial resources to those women who cannot access banking channels.
  - Payroll contribution (Giving financial resources by involving the employees of an organization) - Here, the organization deducts a small amount from the salaries of their employees who volunteer under the scheme. The money so collected is used to support a cause directly or indirectly.
  - Consumer donations – In this model, interested consumers can make donation through their organization. The model works through:
    - Online donation through a website
    - Invitation to donate directly through mail for a cause
    - Donations on a transactional basis as in the case of credit cards, billing of bills, etc. For instance, ICICI has launched a social development portal - www.icicicommunities.org, comprising of a medium for online donation and resource centres on education and infant mortality prevention. A trading zone to local communities enabling them to access the global retail market is also envisioned for the future.
• **Cause related marketing** – This is a sales-driven, promotional tactic that is centred around boosting profits, enhancing brand image and publicity. Cause-related marketing campaigns vary in their scope and design, the types of non-profit partners, and the nature of the relationships between companies and their marketing partners. In the most common type of relationship, an organization might donate a portion of each purchase made by its customers during a specific period of time to the non-profit entity. CRM benefits the buyer of the product because they feel a part of purchase is going for a good cause.

• **The EU-India CSR Network** - The EU-India Network for Corporate Social Responsibility acts as a forum for exchange of information, experiences and best practices between European and Indian companies on corporate responsibility. It aims to make CSR an integral part of EU-India relations. Unfortunately, numerous excellent and innovative schemes being developed by corporations in India go unnoticed. The EUIndia CSR has been active in both turning the spotlight on them and acting as a voice from the South in the debate on corporate responsibility in Europe.

Currently, the network is in the process of developing the first-ever 'CSR Kit' on India. This kit profiles over **100 companies** operating in India and their CSR initiatives. It also includes a comprehensive list of European and Indian NGO's and civil society organizations which are working in this field.

**CSR at India**

Several major CSR initiatives have been launched in India since the mid-1990s. Nearly all leading corporates in India are involved in corporate social responsibility programmes in areas like education, health, livelihood creation, skill development, and empowerment of weaker sections of the society. Notable efforts have come from the Tata Group, Infosys, Bharti Enterprises, ITC Welcome group, Indian Oil Corporation among others. The 2010 list of Forbes Asia’s ‘48 Heroes of Philanthropy’ contains four Indians. The 2009 list also featured four Indians. India has been named among the top ten Asian countries paying increasing importance towards corporate social responsibility disclosure norms.
Tata Group an India-based indigenous multinational enterprise with a unique 140-year old commitment to the community is the pioneer in India for CSR activities. Despite the 2008-2009 global recession, the Tata Group topped the economic value creation charts. In 2008-2009, the Group had grossed US$70.8 billion in revenues. 64.7 per cent of the Group’s revenues were now coming from outside India. It explores value-creation, leadership, ethics and sustainable development on the backdrop of rapid internationalizations and shifting stakeholders’ expectations for corporate social responsibility (Oana Branzei, 2010).

Coca-Cola

With the accelerating pace of globalization and increasing competition, it becomes inevitable for companies to have clearly defined business practices with a sound focus on public interest. In India, the world’s largest beverage maker Coca-Cola Inc. (Coke) was engaged in a number of community-focused CSR initiatives. These initiatives were further accelerated since 2003 following the various allegations and issues such as presence of pesticide residues in its beverages and water resource contamination issues that the soft drink giant faced in India. To address these issues and to rebuild its tarnished brand image in India, Coke engaged itself in a number of environment-focused CSR initiatives, like executing the eKO management system in 2003, under which it preserved local water resources. It also adopted measures to reduce water consumption in its production processes. This case facilitates discussion on whether Coke used CSR as a tool for its sustainability in India or only as a green washing effort to counter its allegations. The case also helps to emphasise the need for adopting ethical values in the business practices of multinationals operating in India.

Satyam Computer’s ‘Gram IT’:

An Indian IT Giant’s CSR Model India based Satyam Computers which is a leading global consulting and IT service company leverages its core business namely Information Technology to bridge the yawning digital divide between the urban and rural areas. Satyam has integrated its business within built social values and is a staunch community reformer. Satyam views its socially responsible initiatives as an important strategic aspect for the long term sustainability of the organization. This case focuses on the Gram IT approach, an initiative taken by the Byrraju Foundation, an NGO promoted by Satyam Computers. Gram IT takes business process outsourcing to the educated
unemployed youth in villages. It is an initiative that enables rural youth to create wealth by honing their computer and English skills for world class service delivery. Gram IT was such a unique model that it is found near perfect for rural India. For this venture, Satyam bagged the Asian CSR award under poverty alleviation category in 2007. The case examines how this unique technology platform can endure the teething troubles usually associated with growing economies.

Although corporate India is involved in CSR activities, the central government is working on a framework like CSR Credits for quantifying the CSR initiatives of companies to promote them further. Moreover, in 2009, the government made it mandatory for all public sector oil companies to spend 2 per cent of their net profits on corporate social responsibility.

Today, CSR in India has gone beyond merely charity and donations, and is approached in a more organized fashion. It has become an integral part of the corporate strategy. Companies have CSR teams that devise specific policies, strategies and goals for their CSR programs and set aside budgets to support them. For example, organizations like Bharath Petroleum Corporation Limited, Maruti Suzuki India Limited, and Hindustan Unilever Limited, adopt villages where they focus on holistic development. They provide better medical and sanitation facilities, build schools and houses, and help the villagers become self-reliant by teaching them vocational and business skills.

CSR has come a long way in India. From responsive activities to sustainable initiatives, corporates have clearly exhibited their ability to make a significant difference in the society and improve the overall quality of life. Corporates have the expertise, strategic thinking, manpower and money to facilitate extensive social change. Effective partnerships between corporates, NGOs and the government will place India’s social development on a faster track (Ramya Sathish, 2010)

Violation of CSR principles- Case of Coca Cola in India:

The high degree of public protests against the Coca Cola plant in Plachimada, Kerala, India got international attention and also led to government intervention for closure of the plant. The plant at Plachimada was alleged to have exploited the ground water resources leading to drying up of wells and other natural water resources in the area. The entire region which was a thriving agricultural land had to rely on water supplied by tankers. Coca Cola was drawing 1.5 million liters/day from the common
groundwater resource. However, due to inherent water scarcity, the company is able to extract only 800,000 liters from the bore wells. The company drew water from the nearby villages to compensate for the lack of availability, causing parched lands of more than 2000 people residing within 1.2 miles of the factory (Jayaraman, 2002).

The Coca-Cola company had to deal with protests from the local community and supporting environmental conservation groups. Protesters picketed the factory gates for a long period of time, causing large scale media attention. Adding to the water exploitation, Coca-Cola was accused of supplying poisonous waste as fertilizer to the local farmers. Tests done by an independent agency on behalf of BBC showed that the sludge contained high levels of Lead and Cadmium (Srivastava, 2004). The sludge, which was disposed off in open ground, ran along with rain water to the natural water resources. The contamination caused by the sludge has allegedly caused allergic symptoms and perpetual headache to the local population. Tests also show that the water available in the wells is contaminated and unsuitable for consumption (Iype, 2003). The Kerala incidents were not isolated ones and the company had to face similar accusations from various parts of the country. For example, in Varanasi, the local community protested against Coca-Cola for exploiting water resources and spilling waste into the sacred Ganges. Added to these were the findings from the Centre for Science and Environment that twelve large soft-drink brands manufactured by Coca-Cola and its rival Pepsi, sold in and around Delhi, contained a cocktail of pesticide residues, including chemicals which can cause cancer, damage the nervous and reproductive systems and reduce bone mineral density.

Coca-Cola is one of the most recognized brands across the globe and is associated with a certain style of life. Coca-Cola is also associated as a representative of globalization and essentially western culture. It ranks among one of the top foreign investors in India. However, the protests from the local community have led to worldwide reaction, and has even led to open campaigns for boycott of products of Coca-Cola. The government of Kerala also ordered the stopping of operations of the plant at Plachimada to safeguard the interests of the local community.

Coca-Cola’s behavior in its expanding Indian market has led to worldwide apprehension with the international media and agencies showing support to the protests against the multinational. There were campaigns for international boycott of Coca-Cola’s products (Atlanta IMC, 2003). In India the protests were also directed against MNCs in general as there were demands for irresponsible MNCs to leave the country.
Coca Cola responded to these by litigations in the court and applying pressures through its power centers in US. Public Relations agencies were hired to neutralize the situation. The company also issued releases which mentions about its socially responsible behavior and good corporate citizenship.

The case clearly shows that emerging markets can respond and protest against irresponsible behaviors of MNCs. However the bad publicity and loss of brand value has repercussions not only in the local markets but also in the global market scenario. The case of Coca Cola also shows that emerging markets might have loose laws which do not protect the interests of the local population or laws that are not implemented properly. However it is in the best interest of the corporations to take care of the welfare of the local community. The adverse publicity caused by the protests and media coverage brings out high degree of negative public response for the product safety of the company.

Corporate Social Responsibility in Rural Development Sector

Historically, CSR has been viewed as developed countries’ phenomena. As such a large body of literature on CSR practices has merged in the context of developed countries. However, literature on the theory and practices on CSR in the developing countries remains scant (Belal, 2001). Hardly a few studies have looked at CSR practice in India. Different researches at different points of time and classical Indian literature have emphasized the CSR practice of corporate entities in India. A long back Kautilya in his ‘Arthasastra’ mentions traders’ responsibilities to the local society.

In ancient India, such responsibilities were voluntary and not mandatory. A survey by TERIEurope and ORG-MARG (2001) in several cities in India revealed that more than 60% of the people felt that the companies should be held responsible for bringing down the gap between rich and poor, reducing human rights abuses, solving social problems and increasing economic stabilities. Some of the surveys like ‘Corporate involvement in social development in India’ by Partners In Change (PIC)’, Altered Image: the 2001 State of Corporate Responsibility in India Poll’ by Tata Energy Research Institute (TERI), Corporate Social Responsibility: Perceptions of Indian Business’ by Centre for Social Market (CSM), and ‘Corporate Social Responsibility Survey, 2002, India presented jointly by the British Council, UNDP, Confederation of Indian Industries and Price Water house Coopers have also highlighted the emerging Indian participations in the CSR process.
The findings of these surveys emphasized companies across India reveal that philanthropy is the most significant driver of CSR, followed by image building, employee morale and ethics respectively. Centre for social markets (2003) conducted a study in which it was found that social responsibility is seen to be an important business issue within the sample firms, irrespective of firm size, age, sector, location, primary purpose or legal status.

Thus social responsibility is regarded as an important business issue of Indian companies irrespective of size, sector, business goal, location of the company. Because Indian companies are realizing that without socio-economic development of the local communities, there can be no stability and sustainability for doing business so as to compete with the global market.

**Details of CSR initiatives of Indian Companies**

<table>
<thead>
<tr>
<th>Company</th>
<th>Thematic areas</th>
<th>CSR initiatives for Rural Development</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aditya Birla Group</td>
<td>Livelihood</td>
<td>Employment generation schemes</td>
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<tr>
<td></td>
<td></td>
<td>Health care, safe drinking water</td>
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<td></td>
<td></td>
<td>Education and training</td>
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<tr>
<td>Tata Steel</td>
<td>Livelihood</td>
<td>Enterprise promotion</td>
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<tr>
<td></td>
<td>Health</td>
<td>Maternal &amp; child health, AIDS awareness, hospital on wheels.</td>
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<tr>
<td></td>
<td>Education</td>
<td>Fellowship, coaching programmes.</td>
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<tr>
<td></td>
<td>Infrastructure</td>
<td>Construction of school, hospital,pump,tubewell.</td>
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<tr>
<td>ICICI bank</td>
<td>Livelihood</td>
<td>Micro financial services</td>
</tr>
<tr>
<td></td>
<td>Health</td>
<td>Early child health, improve nutrition among women &amp; children</td>
</tr>
<tr>
<td></td>
<td>Education</td>
<td>Universalisation of</td>
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<td>Organization</td>
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<tr>
<td>Satyam Computers</td>
<td>Livelihood</td>
<td>Income generation</td>
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<tr>
<td></td>
<td>Health</td>
<td>Health care</td>
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<tr>
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<td>Primary education</td>
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<td>Environment protection</td>
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<tr>
<td>Coca-cola India Inc</td>
<td>Education</td>
<td>Education for children through “The Schools into Smiles Project”</td>
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<tr>
<td></td>
<td>Environment</td>
<td>Sustainable water management</td>
</tr>
<tr>
<td></td>
<td>Infrastructure</td>
<td>Construction of check dams, schools</td>
</tr>
</tbody>
</table>

**Challenges to CSR**

There are a number of challenges to the implementation of CSR they are –

- Maintaining continuous improvements in safety performance throughout the organization.
- Building a more robust safety culture
- Achieving significant reductions in resource use.
- Reducing waste arising and improving recycling rates decisions.
- To strengthen the people management framework to develop a positive and productive working environment.
- To achieve greater consistency in the management of people processes across the business.
- To communicate effectively the organization’s goals and direction
- To improve the employee attitude survey ratings.
- To achieve greater diversity in the workforce.
- Build the relationship with business in the community and with Local Authorities.
- To integrate consideration of environmental and social issues into the purchasing process.
But perhaps the biggest challenge posed by CSR is its very definition... some organizations see CSR as an off-shoot of fair / ethical trade, while others see it as a recognition of employee aspirations at the work place, while yet others see it as a business element with a philanthropic bent. Clearly, the verdict on what exactly constitutes CSR is still out.

**Conclusion**

CSR is not a new concept. Companies have always to some extent tried to acknowledge the responsibility towards the community. CSR today, is seen as something more far-reaching, engaging at a much wider level with business’ operations and relations with communities. It embraces the ‘triple bottom line’ and requires attention to be paid not only to economic performance, but to environmental and social impacts as well. It is essentially about business’ contribution to sustainable development and how best to maximize that contribution. Thus, CSR is becoming a fast-developing and increasingly competitive field.
References :-

- Aabhas Sharma 2006, Bringing Good things to People, Business Standard, 21 March.