Chapter I
INTRODUCTION

This chapter provides background information of the research issue followed by explanation of the existing problem that is of critical importance and therefore, needs extensive examination. It also details the research design, because, research design refers to a scheme or plan, procedure and strategy of a study in order to obtain answers to the research questions. This chapter details the framework of the research, research strategy and the research methodology. The research framework provides a foundation on which the whole structure of the research rests while the research methodology explains the procedure and methods that have been employed for conducting research and analyzing the collected data. Finally, this chapter explains the composition and the structure of the thesis.

1.1) INTRODUCTION:

CSR has been practiced by companies in the developed world in a big way. Most of the large private universities in the United States (US) were setup as a part of CSR activities undertaken by large corporate. A lot of multinational companies contribute towards the development of societies in which they operate. A most notable example is Shell, an Anglo-Dutch multinational oil and gas company, which supports the local communities in Nigeria. In India, large scale philanthropic activities were undertaken post-independence, which led to the setting up of some of the most prestigious institutions of professional education. Companies also contributed by making donations to non-governmental organisations (NGOs) and their own trusts, which were deductible
under Section 80 G of the Income Tax (IT) Act. However, the donations were not transparent and lacked accountability.

- **CSR Made Mandatory**
  
  In order to streamline the philanthropic activities and ensure more accountability and transparency, the government of India made it mandatory for companies to undertake CSR activities under the Companies Act, 2013. The concept of CSR is defined in clause 135 of the Act, and it is applicable to companies which have an annual turnover of Rs 1,000 crore or more, or a net worth of Rs 500 crore or more, or a net profit of Rs 5 crore or more. Under this clause, these companies are supposed to set aside at least 2% of their average profit in the last three years for CSR activities. The law has listed out a wide spectrum of activities under CSR, which cover activities such as promotion of education, gender equity and women’s empowerment, combating HIV/AIDS, malaria and other diseases, eradication of extreme poverty, contribution to the Prime Minister’s National Relief Fund and other central funds, social business projects, reduction in child mortality, improving maternal health, environmental sustainability and employment enhancing vocational skills among others. The companies can carry out these activities by collaborating either with a NGO, or through their own trusts and foundations or by pooling their resources with another company.
  
  The law also entails setting up of a CSR committee which shall be responsible for decisions on CSR expenditure and type of activities to be undertaken. This committee shall consist of three or more directors, with at least one independent director whose presence will ensure a certain amount of democracy and diversity in the decision-making process.
The law is very significant, because India is at the threshold of demographic dividend, and there is an urgent need for the creation of human and physical capital to reap its rewards. Investment in education, health, skill development and social infrastructure will enhance capabilities of the youth by improving their nutritional, skill and educational level, which in turn will better their employment prospects.

Traditionally, this has been the responsibility of the government, but since public delivery of goods and services has been riddled with corruption and bureaucratic inefficiency and the welfare schemes are plugged with leakages, CSR is being seen as an alternative to governmental provision of merit goods. CSR will increase availability of funds for welfare activities and may lead to delivery of goods and services to the people in a cost-effective manner. The clause on environmental sustainability will help in bringing down pollution and emission of greenhouse gases and will help in compliance with international norms and regulations. Therefore, the clause on CSR is a step towards achieving social and environmental sustainability, which will benefit society in future.

In the first section, the trend of CSR expenditure incurred by the top firms in the country in the last three years and the changes that have occurred in the wake of the enactment of the new Act have been looked at. The second section highlights the positive correlation between profits and CSR and how this relationship gets accentuated as the firm size increases. In the third section, we have detailed the types of CSR activities undertaken by various companies across ten major industries in India. Corporate Social Responsibility (CSR) is an important issue in contemporary
business, management and politics, especially since the launch of the United Nations Global Compact in 2000 as an initiative to encourage businesses worldwide to adopt sustainable and socially responsible policies, and to report on them. CSR is essentially a concept whereby firms integrate social and environmental concerns in their business operations and in their interaction with their voluntary and mandatory activities.

- **Corporate Social Responsibility (CSR) in the World**

Corporate Social Responsibility (CSR) has variously been described as another hood issue (Ryan, 2002). Although there are no universally agreed-upon definitions of the term corporate citizenship and corporate social responsibility. The nature and scope of corporate social responsibility has changed over time. CSR has been gathering more and more interest worldwide over recent years. The history of CSR is almost as long as that of firms. Concerns about the excesses of the East India Firm were commonly expressed in the seventeenth century. There has been a tradition of benevolent capitalism in the UK for over 150 years, for example, Quaker families such as the Cadburys, Rown trees and her sheys who sought to improve their employees' standard of living as well as enhancing the communities in which they lived (John, 2005).

In the eighteenth century the great economist and philosopher Adam Smith expressed the traditional or classical economic model of business. In essence, this model suggested that the needs and desires of society could best be met by the unfettered interaction of individuals and organizations in the market place. By acting in a self-interested manner, individuals would produce
and deliver the goods and services that would earn them a profit, but also meet the needs of others. The viewpoint expressed by Adam Smith over 200 years ago still forms the basis for free-market economies in the twenty-first century. More than 200 years ago that the general welfare was better served by people pursuing their enlightened self interest than by misguided attempts to serve society. However, even Smith recognized that the free market did not always perform perfectly and he stated that marketplace participants must act honestly and justly toward each other if the ideals of the free market are to be achieved. In the century after Adam Smith, the Industrial Revolution contributed to radical change, especially in Europe and the United States. Many of the principles espoused by Smith were borne out as the introduction of new technologies allowed for more efficient production of goods and services. Millions of people obtained jobs that paid more than they had ever made before and the standard of living greatly improved. Large organizations developed and acquired great power, and their founders and owners became some of the richest and most powerful men in the world. In the 19th century, many of owners assumed an active, and indeed, a leading role in the development of the local communities and society where they were based. Business leaders helped get schools and universities built and made financial contributions over and above their taxes to support infrastructure projects, museums, sports, and recreation facilities. Great cities like Manchester, Bombay, New York, and Sydney were given many of their public assets such as libraries and concert halls by the business leaders of the time (Marcus, Oconnor, 2005). These business leaders such as, Carnegie, Rockefeller and Well come
went on to endow great foundations to carry on the community work that they saw as their social responsibility or good citizenship and established a new level in corporate charitable behavior (John Hancock, 2005). This tradition seems to have been based on two complementary motives. First, the ethical imperative often articulated by religious groups was that those who have wealth and power should help those who do not, and so charitable giving was expected of wealthy industrialists. Second, there was an element of social investment in which businesses would gain long-term benefits from having first-class schools, technical institutes, and universities in their cities. U.S. business schools, for example, were often started by business leaders and still receive extensive support from firms. However, these wider contributions to 19th-century society did not dispel a deep dissatisfaction with capitalism on the part of workers and others. Some of the early exercises in corporate power, coupled with the excesses of laissez-faire capitalism in the industrial revolution, with its mass dislocation of people to squalid cities, provoked the rise of communism and socialism. There were moves to abolish the combination of the economic power and charity of rich capitalists and replace it with public ownership of the means of production and a rational system of entitlements and social services managed by the state.

From 1917 onward, in both the developed and developing world, this approach sought to bring private economic power under the control of the state with the exception of the United States, governments worldwide came to dominate social provision in developed and developing countries alike. Business paid its taxes, while national and local governments provided the services and
took care of social and cultural affairs (Marcus, oconnor, 2005). Early proponents were CEOs (chief executive officer) and business leaders from the big oil and energy firms, telecommunication corporations and automobile manufacturers of the 1920s (Frederick, 2006). The 19th-century tradition, however, did not completely disappearing the developed countries with the advent of large welfare states. In recent years, George Soros, Ted Turner, and Bill Gates in the United States organized their personal philanthropies like earlier generations of business leaders. Windsor (2001) has been suggested that business leaders have since the1920s widely adhered to some conception of responsibility and responsiveness practices (Windsor 2001). Others have argued that the genesis of CSR was in the1930s with the debate between AA Berle and E Merrick Dodd over the role of managers (Post 2003; Turner 2006). Merrick Dodd contended that, the powers of corporate management are held in trust for the entire community (Post 2003). From the 1950s onward, business scholars have provided various definitions of CSR and related notions such as Corporate Citizenship, Corporate Social Responsiveness and corporate social performance (Bowen, 1953; Wood and Jones, 1995). The differentiated terminology employed, along with the multiplicity of the conceptualizations proposed, underpins the complexity of the CSR concept. In 1953, Bowen conceptualized CSR as social obligation – the obligation to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society (Maignan& Ferrell, 2004). Carroll has described Bowen as the modern Father of Corporate
Social Responsibility and believes that his work marks the beginning of the modern period of literature on CSR (Carroll, 1999). Bowen took a broad approach to business responsibilities, including responsiveness, stewardship, social audit, corporate citizenship and rudimentary stakeholder theory (Windsor, 2001). Even in the 1950s and 1960s, firms in the United States, Europe, and beyond continued to make charitable gifts, but the word social more or less dropped out of the discussion of corporate responsibility because of the role of the state in the provision of education and welfare. Corporate responsibility became focused on issues much more internal to the management of the business, such as how a firm treated its employees and customers (Marcus and oconnor, 2005). The literature of the 1960s is not heavily represented in CSR discourse. However, Carroll believed that this decade marked a significant growth in attempts to formalize, or more accurately, state what CSR means (Carroll 1999). He suggested that some of the most prominent writers during that time were Keith Davis, Joseph W McGuire, William C Frederick and Clarence C Walton (Gail,Margart, 2006). In the 1960s and 1970s the civil rights movement, consumerism, and environmentalism affected society's expectations of business. Based on the general idea that those with great power have great responsibility, many called for the business world to be more proactive in (1) ceasing to cause societal problems and (2) starting to participate in solving societal problems. Many legal mandates were placed on business related to equal employment opportunity, product safety, worker safety, and the environment. Furthermore, society began to expect business to voluntarily participate in
solving social problems whether they had caused the problems or not.
This was based on the view that corporations should go beyond their economic and legal responsibilities and accept responsibilities related to the betterment of society. This view of corporate social responsibility is the prevailing view in much of the world today. In 1960, Frederick wrote that “Social responsibility in the final analysis implies a public posture toward society’s economic and human resources and a willingness to see that those resources are used for broad social ends and not simply for the narrowly circumscribed interests of private persons and firms (Frederick, 1987). Walton emphasized that the essential ingredient of the corporation’s social responsibilities include a degree of voluntarism, as opposed to coercion, an argument that business continues to put forth today. Walton also counseled the acceptance that costs are involved for which it may not be possible to gauge any direct measurable economic returns (Walton, 1967).
In 1970, The literature on CSR includes many references to Milton Friedman’s minimalist view of corporate responsibility (Lucas, et al, 2001) and his famous comment in 1970 (Hopkins, 2003 ; Turner, 2006). It is useful to include the quotation here because it is such a business-centric view and is one end of a continuum that is still being debated today in terms of CSR:
There is one and only one social responsibility of business – to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engage in open and free competition, without deception or fraud (Turner, 2006). In 1961, Eells and Walton’s discussion of
CSR could perhaps be seen as moving toward the issue of social license that was to emerge more fully nearly thirty years later. In its broadest sense, corporate social responsibility represents a concern with the needs and goals of society which goes beyond the merely economic. Insofar as the business system as it exists today can only survive in an effectively functioning free society, the corporate social responsibility movement represents a broad concern with business’s role in supporting and improving the social order (Eells and Walton, 1961). In Sethi’s 1975 three-level model, the concept of corporate social performance is discussed, and distinctions made between various corporate behaviors. Sethi’s three tiers were _social obligation (a response to legal and market constraints); social responsibility (congruent with societal norms); and social responsiveness (adaptive, anticipatory and preventive) (Wheeler, et al, 2003). The 1980s have been described as having a more responsible approach to corporate strategy (Lucas, et al., 2001). Prominent was the work of R Edward Freeman on the emerging Stakeholder Theory (Lucas et al., 2001; Post 2003; Windsor2001). Freeman said meeting shareholders needs as only one element in a value adding process and identified a range of stakeholders (including shareholders) who were relevant to the firm’s operations (Lucas et al., 2001). Freeman’s 1984 paper continues to be identified as a seminal paper on stakeholder theory‘, and stakeholder theory as the _dominant paradigm in CSR. (Mc Williams and Siegel, 2001).Carroll identified the 1980s as the period when scholars were becoming interested in the question of whether socially responsible firms were also profitable firms. If it could be demonstrated that they were, this would be an added argument in
support of the CSR movement (Carroll, 1999). Aupperle, Carroll, and Hatfield’s 1985 study of the relationship between CSR and profitability ordered the priorities of four components of CSR previously identified by Carroll, as economic, legal, ethical, and discretionary (Carroll, 1999).

The literature of the 1990s has not so much expanded the definition of CSR, but used the CSR concept as the base point, building block, or point-of-departure for other related concepts and themes, many of which embraced CSR-thinking and were quite compatible with it. Corporate Social Performance (CSP), stakeholder-theory, business ethics theory, and corporate citizenship were the major themes that took center stage in the 1990s (Carroll, 1999). In the 90s by a broadening discussion of the concept of stakeholder, and whether the first priority of a corporation is to its shareholders (Nahan in Ryan, 2002) or whether policymakers should develop a flexible multi stakeholder approach to promoting CSR, as Aaronson suggests has occurred in Britain in response to concern about global corporate responsibility (Aaronson, 2003). Even within the group that O'Rourke has described as the primary stakeholders the shareholders –the boundary zone of CSR is currently being negotiated with firms (O'Rourke, 2003). O’Rourke writes that: A trend also noteworthy in the late 1990s was that of shareholder activists linking their environmental or social issue to financial performance and/or risks faced by the firm. By claiming that, environmental and social issues have a direct effect on shareholder value. Shareholder activists are moving the rhetoric of their activism out of the realm of ethics or good versus bad...
behavior, and into that of traditional issues of profitability, risk and shareholder value (O'Rourke, 2003).

In 1997, Solomon wrote that now that businesses are often the most powerful institutions in the world, the expanse of social responsibility has enlarged to include areas formerly considered the domain of governments…The more powerful business becomes in the world, the more responsibility for the well-being of the world it will be expected to bear‘ (Solomon in Joyner & Payne, 2002). Writing in 1999, as the new millennium approached, Carroll suggested that, the CSR concept will remain as an essential part of the business language and practice, because it is a vital underpinning to many of the other theories and is continually consistent with what the public expects of the business community today‘(Carroll, 1999).

- **Corporate Social Responsibility Practice in Europe**

  Although, the concept of CSR can be found all over the world. Articles on CSR originated in the USA and a sizeable literature on CSR can be found there (Carroll, 1999). Hopkins (2003) claims that the major work in the field of CSR has been done in the US followed by the UK. Although, it may be argued that the paradigm of CSR originated in the USA during the 1980s and that much of the CSR content comprising principles and practices, social audits and corporate codes of conducts, were founded by the American firms. The United Kingdom seems an advancement of the movement of CSR in recent times. Other European countries are also joining the movement and all the key players namely; governments, NGOs and the business organizations are actively engaged in promoting the CSR debate at the global level.
By using the criteria of social and environmental reporting of firms, Tschopp (2005) asserts that CSR is being taken seriously by the European firms as compared to American ones. According to the researcher, as of 2003, only one percent of social accountability (SA) 8000 facilities were from the US as compared to 23% from the EU. As of June 2007, 50.39% of SA 8000 certified facilities are from the EU while the US is included in the list of countries having less than 5% of SA 8000 certified facilities (SAI, 2007). Similarly, out of a list of firms on the GRI register in 2003, only 20% were from the US while 55% were from the EU. By the end of 2007, only 258 firms in the USA are reporting in accordance with GRI guidelines, while 215 in UK, 313 in Spain and overall 1177 firms in the European Union are reporting by employing (Global Report Initiatives) GRI guidelines and reporting indicators (Corporate Register, 2007).

A research by (Tschopp, 2005) also shows that out of 46836 firms following ISO 14001 reporting standards, only 2400 (5 percent) were from the US and 19998 (43 percent) were from the EU. The latest research by Peglau (2007) indicates that out of a total of 129031 ISO 1401 certified firms, 8081 (6.3 percent) are from the USA while 51842 (40.2 percent) are from the EU. Tschopp argues that being a capitalist country in a true sense; it may not be easy for the US government to put more pressure on businesses to report their social and environmental performance. At the institutional level in Europe, the European Summit in Lisbon in March 2000 was the turning point for the development of CSR followed by the Green Paper presented by the European Union Commission in July 2001. This paper was said to be a
contribution to achieving the strategic goal of becoming, by 2010, —the most competitive and dynamic knowledge-based economy in the world, capable of sustainable economic growth with more and better jobs and greater social cohesion"(Commission of the European Communities, 2002). As a response to the Lisbon appeal, the European Business Campaign 2005 on CSR has built on national momentum since its inauguration in 2001, similarly, a European Multi Stakeholder. Forum (CSR EMS Forum) was launched in October 2002. This forum helps in bringing stakeholders, including enterprises, trade unions, NGOs, investors and consumers, together to develop a comprehensive understanding of CSR (Campaign Report on European CSR Excellence 2002-2003). Portrays the launch of the key initiatives at the European Union level for the promotion of the CSR agenda during the last nine years. It is evident from the table that within a short span of time, CSR movement has received considerable support from most of the developed states in Europe.

However, at the individual country level, in Europe, there can be observed a myriad of CSR agendas. Roome (2004), while explaining the factors responsible for different CSR agendas in European countries, asserts that different social-political environments, traditions and values in these countries have great impacts on the CSR agendas adopted by firms. For example, in dealing with one of the CSR aspect namely corporate community involvement and philanthropy, firms in different countries have adopted different agendas in accordance with the local environment. In UK, community projects and public-private partnerships are key initiatives while commitment to education and training is a priority in Germany.
• **Corporate Social Responsibility Practice in Asia**
CSR has developed differently in different parts of the world. Asia is experiencing the most rapid economic growth of any of the world's regions. This is not surprising, because CSR flows naturally from the social contract that defines the relationship between business and society (ASIA Business Council, 2008). Although philanthropy practices of businesses in Asia are not new. The concept of CSR has essentially come from the Western world (Mohan, 2001; Moon, 2002). International organization, trade union, human rights organization, lobbyists and regulators have initiated a variety of action. Powerful movement was launched in North America and in Western Europe during the past decade to improve the social and environmental performance of large corporations, their affiliates and their suppliers in developing countries (Kemp, 2001). However, with the passage of time, the concept of corporate social responsibility is gaining roots in Asia also.

• **Development of Corporate Social Responsibility in India**
The concept of corporate social responsibility is not new to India though. It has been a tradition in a number of organizations, particularly family-based firms with a strong community ethos. Historically it has been a significant influence, impacting on business, government and society relationships. It has been defined in a number of ways and to a large extent the discussions about 'what it is' have been confused by the variety of perspectives adopted. The concept of CSR in India is not new. The process though acclaimed recently, has been followed since ancient times albeit informally. Philosophers like Kautilya from
India and pre-Christian era philosophers in the West preached and promoted ethical principles while doing business. The concept of helping the poor and disadvantaged was cited in much of the ancient literature. The idea was also supported by several religions where it has been intertwined with religious laws. Hindus follow the principle of Dhramada or getting salvation Moksh and forms an integral part of almost all Hindu rituals. Similarly in Sikhism, provision of free Langar food and shelter in the Gurudwaras has been another illustration of institutionalized philanthropy (Sanjay, 2008). Zakaat, followed by Muslims, is donation from one’s earnings which is specifically given to the poor and disadvantaged. In the global context, the recent history goes back to the seventeenth century when in 1790s, England witnessed the first large scale consumer boycott over the issue of slave harvested sugar which finally forced importer to have free-labor sourcing. In India, in the pre independence era, the businesses which pioneered industrialization along with fighting for independence also followed the idea. They put the idea into action by setting up charitable foundations, educational and healthcare institutions, and trusts for community development. The donations either monetary or otherwise were sporadic activities of charity or philanthropy that were taken out of personal savings which neither belonged to the shareholders nor did it constitute an integral part of business. The term CSR itself came in to common use in the early 1970s although it was seldom abbreviated. By late 1990s, the concept was full recognized; people and institutions across all sections of society started supporting it. This can be corroborated by the fact that while in 1977 less than half of the Fortune 500 firms even mentioned CSR
in their annual reports, by the end of 1990, approximately 90 percent Fortune 500 firms embraced CSR as an essential element in their organizational goals, and actively promoted their CSR activities in annual reports (Boli and Hartsuiker 2001). According to Sundar (2000), the following four phases of CSR development can be identified. These phases parallel India’s historical development and resulted in different CSR practices. The division into four phases must be regarded as an analytical tool. However, it is not static, and features of one phase can also be observed in the others, as is particularly evident from the last phase.

**Figure No:-1.1**

*Four phases of CSR development in India*


**First phase: CSR motivated by charity and philanthropy**

The first phase of CSR is predominantly determined by culture, religion, family tradition and industrialization. Business operations and CSR engagement were based mainly on corporate self-regulation. Being the oldest form of CSR, charity and philanthropy still influence CSR practices today, especially in community development. In the pre-industrial period up to the
1850s, merchants committed themselves to society for religious reasons, sharing their wealth, for instance, by building temples. Moreover, the business community occupied a significant place in ancient Indian society and the merchants provided relief in times of crisis such as famine or epidemics throwing open go downs of food and treasure chests (Arora, 2004). Under colonial rule, Western types of industrialization reached India and changed CSR from the 1850s onwards. The pioneers of industrialization in the 19th century in India were a few families such as the Tata, Birla, Bajaj, Lalbhai, Sarabhai, Godrej, Shriram, Singhania, Modi, Naidu, Mahindra and Annamali, who were strongly devoted to philanthropically motivated CSR (Mohan, 2001). Jamshetji N Tata, who played a pioneering role in the industrialization of India, had put people before profit. This has continued by the Tata group as an integral part of their organization culture for the last one century. Based on the logic the wealth which comes from people, must, as far as possible, go back to the people (Sanjay, 2008).

Phase 1

*Pure philanthropy and charity during industrialization*

Phase 2

*CSR as social development during the independence struggle*

Phase 3

*CSR under the “mixed economy” paradigm*

Phase 4

*CSR in a globalized world in a confused state*

The early pioneers of industry in India were leaders in the economic, as also in the social fields (Arora, 2004). Nevertheless, it has been pointed out that their engagement was not only
altruistic and stimulated by religious motives. It had business considerations in supporting efforts towards industrial and social development of the nation and was influenced by caste groups and political objectives (Mohan, 2001). The underlying pattern of charity and philanthropy means that entrepreneurs sporadically donate money (e.g. to schools or hospitals) without any concrete or long term engagement. Charitable and philanthropic CSR is practiced outside the firm, focusing on such external stakeholders as communities and general social welfare bodies. There are several instances of philanthropic activities taken by the corporate house in pre-independence India. One such noteworthy case related to the spontaneous donation of Rs 26 lakh by Adeshir Godrej to the Tilak fund for the upliftment of Harijans, started in 1926. This initiative was applauded by Gandhi as a major contribution to the cause (Sanjay, 2008).

**Second phase: CSR for India’s social development**

The second phase of Indian CSR (1914-1960) was dominated by the country’s struggle for independence and influenced fundamentally by Gandhi’s theory of trusteeship. The aim of which was to consolidate and amplify social development. During the struggle for independence, Indian businesses actively engaged in their form process. Not only did firms see the country’s economic development as a protest against colonial rule, they also participated in its institutional and social development (India Partnership Forum 2002, 11). The corporate sector’s involvement was stimulated by the vision of a modern and free India. Gandhi introduced the notion of trusteeship in order to make firms the temples of modern India: businesses (especially well established
family businesses) set up trusts for schools and colleges; they also established training and scientific institutes (Mohan 2001). This period for emphasis to manage business entity as a trust held in the interest of the community, and prompted many family run businesses to contribute toward socioeconomic development. The heads of the firms largely aligned the activities of their trusts with Gandhi’s reform programmes. These programmes included activities that sought in particular the abolition of untouchability, women’s empowerment and rural development (Arora 2004).

**Third phase: CSR under the paradigm of the mixed economy**

The paradigm of the mixed economy, with the emergence of PSUs and ample legislation on labor and environmental standards, affected the third phase of Indian CSR (1960-1980). Under the aegis JawaharLal Nehru, this model came into being in the post independence era. The era was driven by a mixed and socialist kind of economy (KPMG in India, 2008). This phase is also characterized by a shift from corporate self-regulation to strict legal and public regulation of business activities. Under the paradigm of the mixed economy, the role of the private sector in advancing India receded. During the Cold War, India decided to take a third course between capitalism and communism. In this scenario, the public sector was seen as the prime mover of development. The 1960s have been described as an era of command and control, because strict legal regulations determined the activities of the private sector (Arora 2004, 8). The introduction of a regime of high taxes and a quota and license system imposed tight restrictions on the private sector and indirectly triggered corporaternal practices. As a result, corporate
governance, labor and environmental issues raised on the political agenda and quickly became the subject of legislation. Furthermore, state authorities established PSUs with the intention of guaranteeing the appropriate distribution of wealth to the needy (Arora, 2004). However, the assumption and anticipation that the public sector could tackle developmental challenges effectively materialized to only a limited extent. Consequently, what was expected of the private sector grew, and the need for its involvement in socio-economic development became indispensable. An initial and cautious attempt at reconciliation was made by Indian academics, politicians and businessmen at a national workshop on CSR in 1965 (Mohan 2001). According to this agenda, businesses were to play their part as respectable corporate citizens, and the call went out for regular stakeholder dialogues, social accountability and transparency (Mohan, 2001).

The fourth phase: CSR at the interface between philanthropic and business approaches

In the fourth phase (1980 until the present) Indian firms and stakeholders began abandoning traditional philanthropic engagement and, to some extent, integrated CSR into a coherent and sustainable business strategy, partly adopting the multi-stakeholder approach. The model was encapsulated by Milton Friedman. As per this model, corporate responsibility is confined to its economic bottom line. This implies that it is sufficient for business to obey the law and generate wealth, which through taxation and private charitable choices can be directed to social ends (KPMG in India, 2008). In the 1990s, the Indian government initiated reforms to liberalize and deregulate the Indian economy.
by tackling the shortcomings of the —mixed economy and tried to integrate India into the global market. Consequently, controls and license systems were partly abolished, and the Indian economy experienced a pronounced boom, which has persisted until today (Arora and Puranik 2004). This rapid growth did not lead to a reduction in philanthropic donations; on the contrary, the increased profitability also increased business willingness as well as ability to give, along with a surge in public and government expectations of businesses (Arora, 2004). Against this background, India has meanwhile become an important economic and political actor in the process of globalization. This new situation has also affected the Indian CSR agenda. With more TNCs resorting to global sourcing, India has become an attractive and important production and manufacturing site. As Western consumer markets are becoming more responsive to labor and environmental standards in developing countries, Indian firms producing for the global market need to comply with international standards (Tatjana, et al., 2007).

- **Current state of Corporate Social Responsibility in India**

India’s economic reforms and its rise to become an emerging market and global player have not resulted in a substantial change in its CSR approach. Contrary to various expectations that India would adopt the global CSR agenda, its present CSR approach still largely retains its own characteristics, adopting only some aspects of global mainstream CSR. (Tatjana Chahoud, et al, 2007). The model came into existence during 1990s as a consequence of realization that with growing economic profits, businesses also have certain societal roles to fulfill. The model
expects firms to perform according to —triple bottom line— approach. The businesses are also focusing on accountability and transparency through several mechanisms (KPMG in India, 2008).

Balasubramanian et al. (2005) and Arora, et al., (2004) discuss surveys conducted in India to gauge the trend of CSR in the business sector. Another survey conducted by the Centre for Social Markets (CSM) in 2001 explored the perception of Indian businesses relating to CSR and the actions or responses of businesses towards social responsibility (Brown, 2001). Similarly a body representing the NGO sector, IndianNGOs.com, also conducted a survey in 2002, which focused on awareness and sensitivity to CSR, pre-investment decisions, investment in CSR, post investment and opportunities and concerns (Indian NGOs.com, 2002). The British Council, UNDP, Confederation of Indian Industries and Price water house Coopers jointly conducted a detailed survey in 2002. This survey explored answers from corporations to questions relating to the ‘how and why of CSR‘ in India, barriers to CSR, apprehensions and expectations for the future (UNDP, 2002).

India is a vast and heterogeneous country, with a multitude of different cultures, languages, religions and traditions, spread out over several states. With the introduction of economic reforms during 1992, the economy is moving towards privatization and globalization. The contribution of private corporate sector to national income is increasing. Along with this, the concept of CSR is also becoming popular. CSR as a driver for the development of relationship between business and society has accelerated swiftly in India during the last 5 to 10 years (Whitehous, 2006, Baxi,
In an empirical study by Khan and Atkinson (1987), it was found that a large percentage of Indian executives studied agreed that CSR was relevant to business and felt that business had responsibility not only to the shareholders and employees but also to customers, suppliers, society and the state. The study by Kirti (2008) revealed the relationship between CSR and business sat was found that CSR eventually promote a better relationship between industry and people, a good work environment, enhanced customer relationship and enhance corporate image of the firm.

**Measuring CSR in Indian Context**

One of the important studies which have measured the status of CSR in India

The study conducted by Karmayog (2009). Based on the CSR activities the necessary and, sufficient conditions were fixed for a firm to reach different levels.

**Necessary conditions**

A firm will be eligible for level 1, if that firm undertakes any CSR activities to develop society and communities. If the CSR activities of the firm are linked to improve processes and products of the firm, then, the firm is eligible for level 2. A firm reaches level 3, if its CSR activities are focused on those who are affected directly by the firm. If the firm makes CSR activities as part of their daily business activities, they will be eligible for level 4. Finally level 5 is a stage where the CSR of the firm activities enable sustainable and replaceable solutions to the problems faced by the society.
• **Sufficient conditions**

While the above are the necessary condition for a firm to be placed at different level in terms of CSR ratings, several sufficient were also predicated. According to the sufficient conditions, a firm gets a level 1 or 2 if it does CSR activities automatically. For example, if a firm undertakes the activities which are not being done by government, NGO, etc, they will be in level 1. Similarly if the firm is committed to measuring and reporting its CSR initiatives voluntarily as per the globally accepted framework, they get level 2 automatically. Level 3 condition is that, if firm’s annual expenditure on CSR equal or more than (0.2%) of sales.
• **CSR Rating of Indian Firm**

Based on the above conditions, Karmayog classified 500 largest Indian firm sat different levels. The following table explains the state of CSR in Indian context.

**Table No:-1.1**

CSR Rating of Indian Firms from 2007 to 2009

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number</td>
<td>Percent</td>
<td>Number</td>
</tr>
<tr>
<td>0</td>
<td>128</td>
<td>25.6</td>
<td>168</td>
</tr>
<tr>
<td>1</td>
<td>147</td>
<td>29.4</td>
<td>118</td>
</tr>
<tr>
<td>2</td>
<td>146</td>
<td>29.2</td>
<td>154</td>
</tr>
<tr>
<td>3</td>
<td>66</td>
<td>13.2</td>
<td>40</td>
</tr>
<tr>
<td>4</td>
<td>13</td>
<td>2.6</td>
<td>10</td>
</tr>
<tr>
<td>5</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Blank</td>
<td>0</td>
<td>0</td>
<td>10</td>
</tr>
<tr>
<td>Grand Total</td>
<td>500</td>
<td>100</td>
<td>500</td>
</tr>
</tbody>
</table>


Level 0: lowest firm’s spent in CSR

Level 5: Highest firm’s spent in CSR

CSR rating result 2009 shows that no firm could reach the level 5 and about (25.6%) of the firms are at level 0 which means those firms don’t have any CSR activities. 58.6% of the firms are between level 1 and level 2. Another 13.2% firms are at level 3 and only 2.6% of the firms could reach level 4. As per the
conditions the firms at level 1 and 2 are those firms which are taking up CSR activities that have some social relevance and improved the process and products of the firm. This shows that, in the Indian context, CSR activities are concentrated on these two issues only. Where (2.6%) level 4 of the firms are addressing those who are directly affected by the activities of the firm. In 2008, result shows that no firms could reach level 5, (33.6%) of firms are in level 0 and approximately (54%) of the firms are in level 2, only (8%) of the firms are at level 3 that for this level have more CSR activities and (2%) of firms are at level 4. The indicate shows that CSR activities increase between three years because in 2007 only (32%) of the firms are in level 1 and level 2, but in 2009 the number of firms in these levels increased up to (58%) and also in level 3 the same. The result also shows that in 2007 only (8%) of firms are in level 4 and in 2009, the number of firms increased up to (2.6%), that means firms have paid more attention to CSR and CSR activities in these period have improved and firms have believed in CSR initiatives.
Table No:-1.2

Information of Firm wise karmoyog with in level 4

<table>
<thead>
<tr>
<th>Sr. No</th>
<th>Firm Name</th>
<th>CSR Rating 2009</th>
<th>CSR Rating 2008</th>
<th>CSR Rating 2007 (X = Not Rated)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Ballarpur Industries Ltd</td>
<td>4</td>
<td>4</td>
<td>X</td>
</tr>
<tr>
<td>2</td>
<td>Housing Development Finance Corporation Ltd.</td>
<td>4</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>3</td>
<td>Infosys Technologies Ltd.</td>
<td>4</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>4</td>
<td>Jubilant Organosys Ltd.</td>
<td>4</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>5</td>
<td>Kansai Nerolac Paints Ltd.</td>
<td>4</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>6</td>
<td>Larsen &amp; Toubro Ltd.</td>
<td>4</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>7</td>
<td>Moser Baer (India) Ltd.</td>
<td>4</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>8</td>
<td>Tata Chemicals Ltd.</td>
<td>4</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>9</td>
<td>Tata Consultancy Services Ltd.</td>
<td>4</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>10</td>
<td>Tata Steel Ltd.</td>
<td>4</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>11</td>
<td>Titan Industries Ltd.</td>
<td>4</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>12</td>
<td>Wipro Ltd.</td>
<td>4</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>13</td>
<td>Yes Bank Ltd.</td>
<td>4</td>
<td>3</td>
<td>X</td>
</tr>
</tbody>
</table>

Source: www.Karmayog.org

Table 1.2 shows that, changes in the CSR rating top 13 firms between 2007 and 2009. It can be observed that the number of firms reaching 4 category, Four has increased from 2007 to 2009. While there are only 4 firms in this category during 2007, the number has increased to 13 by 2009. During the year 2009, four more firms have joined this category compare to 2008.
**CSR Rating and Category of Industry**  
*Table No:-1.3*  
Level of CSR initiatives according to the industrial activities

<table>
<thead>
<tr>
<th>Industry Code</th>
<th>CSR Rating 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
</tr>
<tr>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>Retail and Durables. Retail. Jeweler. Food. Paper. Sugar. Textiles</td>
<td>27</td>
</tr>
<tr>
<td>Chemical. Polymer and Plastic. Cement. Paint. Fertilizer. Pharmaceutical</td>
<td>15</td>
</tr>
<tr>
<td>Electronics. Electronics. Power</td>
<td>8</td>
</tr>
<tr>
<td>Iron. Steel. Metal</td>
<td>11</td>
</tr>
<tr>
<td>Petroleum Petrochemicals Oiland Gas</td>
<td>5</td>
</tr>
<tr>
<td>Auto and Automobile</td>
<td>7</td>
</tr>
<tr>
<td>Computer. Soft Ware and ITES</td>
<td>6</td>
</tr>
<tr>
<td>Heavy Engineering. Engineering</td>
<td>7</td>
</tr>
<tr>
<td>Construction. Diversity. Other</td>
<td>20</td>
</tr>
<tr>
<td>Blank</td>
<td>1</td>
</tr>
<tr>
<td>Grand Total</td>
<td>128</td>
</tr>
</tbody>
</table>

Source: www.Karmayog.org
The table shows that 35.06% of firms in FMCG and Durables, Retail, Jeluten, Food, Paper, Sugar, Textiles category don’t have CSR activities and 2.59% of firms in this category are at level 4. Thirty four percent of firms in construction, diversity and other don’t have any CSR initiatives and neither of firms are in rank 4. In Finical, Banking, Entertainment, Hotel, Logistic, Packaging, Shipping and Telecommunication 21.21% of firms are in level zero and 2.02% of firms are in level 4. About 50% of the firms are between level 2 and level 3. Majority of firms in level 3 belong to auto ancillaries and automobile with 32% and majority of firms in level 2 belong to iron, steel, metal and mining and after that electronical, electronics and power with (44%). Ninety percent of firms are in level 4, belong to Software and Computer. 19% of the firms in this category are at level 4, which is the highest among those at level 4. Chemical, Polymer and Plastic, Cement, Paint, Fertilizer, Pharmaceutical are in the second place with 3.46% of the firms at level 4.
- CSR activities on the Base of Karmoyog in Indian Firms

Table No:-1.4

Areas of CSR initiatives in India

<table>
<thead>
<tr>
<th>CSR Areas</th>
<th>Number</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee</td>
<td>10</td>
<td>2</td>
</tr>
<tr>
<td>Education</td>
<td>114</td>
<td>22.8</td>
</tr>
<tr>
<td>Environment</td>
<td>71</td>
<td>14.2</td>
</tr>
<tr>
<td>Healthcare</td>
<td>92</td>
<td>18.4</td>
</tr>
<tr>
<td>Rural development</td>
<td>38</td>
<td>7.6</td>
</tr>
<tr>
<td>Women and children</td>
<td>51</td>
<td>10.2</td>
</tr>
<tr>
<td>Poverty reduction</td>
<td>8</td>
<td>1.6</td>
</tr>
<tr>
<td>Donation</td>
<td>is</td>
<td>3</td>
</tr>
<tr>
<td>Disaster relief</td>
<td>15</td>
<td>3</td>
</tr>
<tr>
<td>Other (sport. physical challenge sustainability)</td>
<td>40</td>
<td>8</td>
</tr>
<tr>
<td>Community welfare</td>
<td>101</td>
<td>20.2</td>
</tr>
</tbody>
</table>

Source: www.Karmayog.org

The table shows that education, community welfare and healthcare activities are the important activities undertaken by the firms under CSR. It seems that firms have not focused on activities like poverty reduction as well as employee welfare and donation. Therefore paying more attention to these activities could be a good strategy for firms under CSR initiatives.

- Case studies of CSR of Indian firms

Firm’s documents are known as a heterogeneous group of sources that are of particular importance to the business and management researchers (Bryman and Bell, 2003). Some of these documents are in the public domain, such as annual reports, mission
statements, and reports to shareholders, press releases, advertisements and public relations material in printed form or on the World Wide Web. Other documents may not be in the public domain, such as firm newsletters, organizational charts, memos and correspondence.

Corporate social disclosure can be considered as the most direct expression of attitudes and behaviors of firms regarding CSR (Perrini, 2005) and one of the common ways used by firms to disclose information about their CSR activities are the corporate signature web sites. An increasing number of studies have investigated how CSR is approached from a corporate perspective by looking at the actual notions of CSR that large firms publish on their web sites (Snider et al., 2003, Silberhorn and Warren, 2007). Such studies focused on the number of CSR statements, the activities or processes carried out by different firms or sectors, and the variations between countries or firms.

Thus, by analyzing corporate websites, as well as annual reports, financial reports, sustainability and corporate governance reports, press releases, public relation material and additional documents provided by firms through websites, it is possible to understand the corporate perspective of the issue. In order to collect the data, the analysis of CSR statements from Karmoyog firms documents provided through their official websites was performed. The data collected from karmoyog are related to three kinds of firm, namely, Multinational Corporation, Private Firm, and Public Sector Undertaking.
Multinational Corporation (MNC) Firm in India

A Multinational Corporation is a corporation or an enterprise that manages production or delivers services in more than one country. The International Labor Organization (ILO) has defined MNC as a corporation that has its management headquarters in one country (home country), and operates in several other countries (host countries). A multinational corporation consists of a group of geographically dispersed and goal disparate organizations that include its headquarters and the different national subsidiaries. MNCs mainly have two characteristics. First, they coordinate economic production among a number of different enterprises and internalize this coordination problem within a single firm structure. Second, a significant portion of the economic transactions connected with this coordinated activity take place across national borders. In 1970 there were 7000 MNC in worldwide, thirty years later the number has scored to more than 60000(Jean Marc, 2007). Organizations now wish to concentrate on their core activities in order to increase market penetration and become more competitive. Therefore, it becomes essential for businesses to concentrate on what they do best and where they can add value in their value chains. With this, outsourcing has become a strategy for forward thinking by multinational firm’s managers. It is not only respected for reducing costs, but also as a tool for adding value to business activities. It enables organizations to concentrate on their core business, carry out business re-engineering and provide information that is valid, timely and adequate to assist decision making at the top management level and quality and cost control at the middle and lower levels.
Multinational corporations can be divided into two broad groups according to the configuration of their production facilities: Horizontally integrated multinational corporations that manage production establishments located in different countries to produce the same or similar products. (example: McDonalds), and Vertically integrated multinational corporations that manage production establishment in certain country/countries to produce products that serve as input to its production establishments in other country/countries (example: Adidas). The first modern multinational corporation is generally thought to be the East India firm. Multinational corporations started to appear at the beginning of the 1960s (Chandler, 1962). Multinational corporations can have a powerful influence in local economies, and play an important role in international relations and globalization. There are many MNC demonstrating strong economy and creating new branches and working place and transferring the good practices of industrial relation. A large multinational corporation can operate in 100 countries. For example Coca Cola now sells soft drink in over 200 countries in worldwide. (Coca Cola, 2003) In fact, multinational firms have become one of the most important mechanisms through which countries exchange goods, capitals, ideas, and technologies. In fact, since the financial liberalization in the country in 1991, the number of multinational firms in India has increased noticeably. By the late 1990s, many multinational corporations (MNCs) were redefining their role in society and their responsibility to human right and the environment.CSR provides corporation with opportunity do well while doing good. Though majority of the multinational firms in India are from the
U.S., however one can also find firms from other countries as well.
The multinational firms in India represent a diversified portfolio of firms from different countries. Though the American firms - the majority of the MNC in India, account for about 37) of the turnover of the top 20 firms operating in India, but the scenario has changed a lot off late. More enterprises from European Union like Britain, France, Netherlands, Italy, Germany, Belgium and Finland have come to India or have outsourced their works to this country. Multinational corporations can have a powerful influence in local economies, and even the world economy, and play an important role in international relations and globalization. A multinational corporation sometimes has a greater ability to adapt to economic and political shift that corporations function in a single nation. Along with decreasing costs associated with producing core products, this business model also opens the door for diversification, which often makes it possible for a firm to remain solvent even when one division or subsidiary is posting a temporary loss. Possible advantages of a multinational corporation are:

- Multinational Firms are able to sell far more than other type of firm.
- Multinational firms can avoid transport costs.
- Multinationals can take advantage of different wage levels in different countries (as in some countries only women and children work, so the wages can be low).
- Multinationals can achieve great economies of scale.
- Multinationals have less chance of going bankrupt than small firms.
Multinationals can carry out a lot of research and development. However, the scenario changed during the financial liberalization of the country, especially after 1991. Government, nowadays, makes continuous efforts to attract foreign investments by relaxing many of its policies. As a result, a number of multinational firms have shown interest in Indian market. The reasons why multinational firms consider India as a preferred destination for business:

- Huge market potential of the country
- FDI attractiveness
- Labor competitiveness
- Macro-economic stability

**Infosys Technology Ltd**
The software industry is one of the fastest growing industries and highest earner of foreign exchange in the Indian economy. Infosys Technologies Ltd has been established in 1981 to provide consulting and IT services in the world. Infosys has a global footprint with over 40 offices and development center in India, China, Australia, the Czech Republic, Poland, UK, Canada and Japan. Infosys has over 91000 employees of 70 nationalities with a global presence in 25 countries. The Infosys foundation came into existence on December 4, 1996 in Karnataka. Infosys foundation is a small branch of Infosys Firm, promoting healthcare, education, social rehabilitation and arts. Infosys foundation does some other activities, such as relief operations during natural disaster etc. During tsunami in the end of 2004 in south Asia. Infosys Foundation helped victims in Tamil Nadu and other
places by distributing food, clothes and utensils. Its main objective was to fulfill the social responsibility of the firm by supporting and encouraging the underprivileged section of the society. Today, the activities have been extended to Tamil Nadu, Andhra Pradesh, Maharashtra, Orissa and Punjab.

• **Education**

Education is a critical factor for development of individuals and society and helps to improve the people’s life. Some of initiatives and programs that were implemented by foundation are as bellow: Construction and donation of school building for poor and orphaned students in Orissa, Tamil Nadu, Pondicherry, Kerela and Karnataka and Creating a book bank for Engineering, Media, Mathematics, Science, History, and other students, which can be accessed by needy students in rural area in Karnataka. The foundation also established more than 15000 libraries in schools across India since 2006 and donated books to school and woman centers in Karnataka.

The foundation sponsored several teacher training programs that helped the teachers to develop and innovate teaching methods. Infosys sponsored a high-tech computer lab at Gulbarga University and donated video projectors to produce live program at Nehru Planetarium in Bangalore.

• **Healthcare**

Healthcare is the other important area of initiatives. Access to healthcare and medicines is a massive challenge in developing countries like India. The foundation supported some healthcare initiatives and programmes. The Foundation constructed central
pathology lab at Victoria hospital, Bangalore and completed the construction of Sankara eye hospital to provide aid to people from economically challenged. Infosys super-specialty hospital was constructed on Sassoon hospital premises in Pune. The Foundation also provided equipment, medicines, and financial help to government hospitals, and some medical centers in Tamil Nadu, Jammu & Kashmir, Maharashtra, Bihar, Kerala and Karnataka where economically needy patients were offered free medicines, and also supplied free medicines to diabetic children in Bangalore.

• **Arts and Culture**
The foundation is helping in the preservation of traditional art and culture through its CSR activities. The strategy is identification of traditional folk arts, sponsor festivals and providing marketing facilities for the products produced by the traditional craftsman. The Foundation collaborates with NGO’S who are helping in the revival of rural artistes. As part of this, the Foundation partnered with Adima in Kolar district in Karnataka in traveling local artists and argument cultural activities.

• **Social Rehabilitation and Rural Upliftment**
The foundation collaborates with institutions and developmental organization to address social inequity and rural upliftment. Foundation is working with Kalika India, a trust in rural Bangalore that works with under privileged woman and children, providing education and aiding economic development. The foundation helped in the rehabilitation of this group. As part of the social rehabilitation efforts, the foundation sponsored there
habilitation of tribal communities from Orissa by training them in occupation such as agriculture, horticulture, sericulture, floriculture, apiculture, fishery sciences, maintaining machinery, welding and carpentry. Rehabilitation program for those affected by the Orissa flood in September 2008 was also sponsored by the foundation.

A. Wipro Ltd
Wipro Limited has been established in 1945 to provide Software and ITES in the world. The Firm has its headquarters in Bangalore in the state of Karnataka. The three main areas for CSR initiatives where the Government needed support, are, improve environment, education system and energy.

• Improve education system
Education is recognized as a key investment in Wipro, not only within, but also marked and leveraged as a social initiative. Wipro cares has initiated Learning Enhancement Programmes at schools catering to the children from the underprivileged section of the society. The main objectives of this programme is to improve the standards of learning, build confidence, ignite curiosity, broaden their awareness levels, improve their communication skills in English, and help them break through self imposed limits to achieve his/her greatest potential. In line with its focus, these programmes have been successfully implemented in Olcott Memorial School in Besantnagar, Chennai and Government Secondary School in Viveknagar, Bangalore. Wipro works in the area of elementary education to pilot and develop proofs of concept that have a potential for systemic in India 1.3 million
government school, and working in rural area where the majority of these school exist. For a child to come regularly to the school and stay interested in school activities, it is necessary the school is equipped with proper infrastructure. Moreover, research has shown that lack of toilets facilities for girls is the main reason for the high dropout rates among students. In the Government School in Veveknagar, Bangalore-India, Wipro cares has constructed toilet blocks to cater to e student population.

• **Environment**
  Wipro committed to a journey that weaves ecological sensitivity in every aspect of its business and organization. Wipro’s Adaptive Learning Environment covers score based content to increase course content efficiency, and operational cost.

• **Energy**
  To replenish the water withdrawn from aquifers, by investing in rain water harvesting & aquifer charging processes. To conserve local water resources by working closely with local communities around our major campuses. Water to reduce our water footprint per employee by 5% every year. (Baseline measure of 44 liters of fresh water per employee per day in 2007-08)Waste: To recycle waste internally to the maximum feasible extent. For there maiming, to ensure that it is processed safely. This will apply to all categories of waste-organic, inorganic, electronic and packaging. By 2013, we will ensure that no more than 5) of our total waste end up in the landfills.
B. **Moser Baer (India) Ltd**

Moser Baer, headquartered in New Delhi, is one of India's leading technology firms, established in 1983. Moser Baer successfully developed cutting edge technologies to become the world's second largest manufacturer of optical storage media like CDs and DVDs. Recently, the firm has transformed itself from a single business into a multi-technology organization, diversifying into exciting areas of Solar Energy, Home Entertainment and IT Peripherals & Consumer Electronics. Moser Baer has a presence in over 82 countries, serviced through six marketing offices in India, US, Europe and Japan, and has strong tie-ups with all major global technology players. Moser Baer believes that Corporate Social Responsibility (CSR) is the way to conduct business that achieves a balance or integration of economic, environmental and social imperatives while at the same time addressing stakeholder expectations. Moser bear has been focusing its energies and resources on core developmental issues like Education, Youth development, Health, and Livelihood for the targeted population. Moser bear have direct interventions in villages Kerala, Aagar, Tilapta, Surajpur and Nagla villages at present.

- **Vocational Training**

Provides skill training to young girls and women in tailoring &mehendi. This programme aims at empowering women by facilitating capacity development and promoting new skills by which they could generate self employment and engage into entrepreneurship in the future. Moser bear also is committed towards women empowerment in addition to literacy and
vocational training for them and Moser Baer has provided toys, schoolbags, books, copies and other stationeries to children.

C. Tata Consultancy Services Ltd (TCS)

Tata consultancy services is part of information services and communication division, and operates in over 47 countries. The firm is India largest software services firm that offering IT services, consulting, infrastructure management, product and engineering. TCS originally started out in 1968 as Tata computer center, which provided computer services for other firms in Tata group. It has a global presence with operation in 47 countries and 148 offices across the global, over 85000 employee covering 67 nationalities, around the world are working for TCS.TCS believes in giving back to all communities in which it operate, and in using IT as an instrument for social development and progress. TCS has a deep commitment to education, the environment, and setting up and maintain infrastructure for urban beautification, pollution reduction and healthcare waste management.

• **Environment activities**

TCS commitment to environment stems from the TATA Group's abiding concern for environment and society, which by its nature of operation has low impact on the environment. TCS will strive to provide a healthy work environment to all its employees, and conduct environment friendly business at all its offices. For environment activities help to improving by setting higher standards and reducing pollution.
D. Tata Steel Ltd

Established in 1908, by the visionary-founder Jamsetji Nusserwanji Tata, Tata Steel has the first integrated steel plant in Asia and is today the world’s second most geographically diversified steel producer. Tata Steel has a balanced global presence in over 50 developed European and fast growing Asian markets, with manufacture ingunits in 26 countries.

Tata Steel social responsibility is not only a commitment, but also one of its core business processes. Tata Steel has taken up several initiatives not only in Jamshedpur but also in its peripheries. Firm has identified and is proactively engaged in addressing economic sustainability, environmental concerns and social needs of the less privileged and fulfilled several commitments for the community around.

- **Environment**

  Tata Steel focuses on conserving the environment through projects and interventions that promote renewable energy and replenish forests that have been stripped off trees. Five villages of the Seraikela- Kharsawan district were brought under the fold of a project that has brought to the forefront the utility of solar energy and biogas usage. The Project facilitated 225 households from the village that were completely devoid of even basic infrastructure and electricity and solar street lights and solar home lights have been installed.

- **Education**

  The Firm continued its efforts to improve literacy rate and has taken several Initiatives to attain _education for all_ with a
specific focus on rural and urban slum children, girls and youths from scheduled castes and tribes, because, Literacy rate in the states of Jharkhand, Chhattisgarh and Orissa range below the national average of India. In the urban areas, out of about 570 students who were enrolled in 12 centers, over 380 students (67%) have been integrated into formal schools. In the rural areas, 22 centers catered to 550 children in the age group of 3-6 year with a 100) success rate for 110 students in the 5-6 age groups. To help the underprivileged girl children enter the mainstream, a Camp School programme was initiated with the help of Jharkhand Education Project.

- **Healthcare**
Tata Steel has endeavored to take medical care far beyond those connected with its operations. The Firm covers the rural and peri-urban population through basic health care amenities. Both these social welfare arms of the firm have been building capacity through training programmes to create community based health care partner s as well as grass-root volunteers. The Firm has successfully changed notions of millions of villagers on water and sanitation, created a demand for better health facilities, ensured immunization for tens of thousands and been instrumental in bringing down infant mortality rates. At Jamshedpur, the firm runs an 850-bed general hospital with a specialized Burn Centre, Dispensaries and Super Dispensaries to reach out to its employees as well as a large number of citizens across the steel city.
A. Private Firm in India

The process of transferring ownership of a business, enterprise, agency or public service from the public sector (the state or government) to the private sector (businesses that operate for a private profit) or to private non-profit organizations. In a broader sense, privatization refers to transfer of any government function to the private sector. The case for privatization in India today thus rests overwhelmingly on theoretical or ideological considerations, as indeed has been true of similar experiments elsewhere. There is a sense, stemming from the great movement towards privatization worldwide over the past two decades, that a transfer of ownership to private hands will make for better performance of state-owned enterprises (SOEs) and will boost overall economic performance. (Ram .T.T, 2005). For private firm no specific reference to embarking of fund in relation to profit for CSR activities. Several private corporate, which are committed to CSR and some, having policy on CSR. India had one of the most-developed private sectors in manufacturing in the Third World (Ram .T.T, 2005).

- Jubilant Organosys Limited

Jubilant Organosys Limited is an integrated Pharmaceutical & Life Sciences firm. As India's largest Custom Research and Manufacturing Services (CRAMS) player and a leading Drug Discovery and Development Solutions provider out of India. Jubilant Organosys Limited has been established in 1978 to provide medicines in the world. The Firm has its headquarters in Noida in the state of Uttar Pradesh; the Firm has eight manufacturing locations in India. The four main areas for CSR initiatives where the Government needed support, are, Healthcare
Facilities, Improve Environment, Primary Education System, Livelihood Generation Programmes for Rural Youth.

• **Healthcare facilities**

  Basic healthcare is an area where Jubilant has been active since early 1980. Since starting its operations in Gajraula (Uttar Pradesh, India); the Firm felt that the areas around its manufacturing unit lacked basic healthcare facilities. Firm organize health facilities and health camps at different place, this coverage has been higher than the services provided by the normal government system. The occupational Health Centre focuses on Prevention and Health Promotion. Some of healthcare activities includes: Periodic Medical Examination, Separation Medical Examination Contractual workers Health examination, Food Handlers Checkup, HIV/AIDS. Awareness programme, some initiatives are aimed at mothers and new born children and school children. The Firm has been carrying out HIV/AIDS Awareness programme for the employees and other stakeholders since 2003.

• **Education**

  The numbers of primary schools and quality of education in government schools in rural areas are not enough. The problem starts with the lack of awareness about the relevance of education in nation building and infrastructure. The project of primary education, was stared in Gajraula (Uttar Pradesh, India) in 2007, and was extended to 15 schools in 2008 and 39 schools in 2009. The Firm’s also have vocational training programmes for helping women and working towards providing Vocational Training to
5000 youths/women every year. This programme for improving employability of local youths through vocational and entrepreneurship development training in all locations.

- **Environment**
  The Firm implemented several activities towards reducing the consumption of energy and conserving energy in that operation. The Firm has policy for environment; The Firm has set goals for water and energy conservation which lead to saving of precious natural resources and also contributes to protecting the environment.

- **Ballarpur Industries Ltd (BILT)**
  BILT is India's largest paper firm and the only Indian firm to rank amongst the top 100 paper firms in the world. Ballarpur Industries has 6 state-of-the-art manufacturing units spread across India, which give the firm geographic coverage over most of the domestic market. BILT is committed to developing its business towards ecological, social and economic sustainability. All of these are recognized as shared responsibilities within the Group, enabling the continuous improvement of its operations. Now the CSR programs of BILT are carried out at the following levels: Integrated Rural & Urban Community Development programmes, Employee Volunteer Programme, HIV/AIDS prevention with employees, and Support to National Issues.

- **Community Development**
  The communities living around the manufacturing locations are the most marginalized and thus community development and
upliftment of the marginalized have been identified as focus areas for CSR intervention. All CSR initiatives have focused on creating better livelihood options for communities at the village level. Today BILT’s development programmes reach more than 2,00,000 people living in more than 100 villages around the Mills. Over the last six years BILT has concentrated on improving their life through the process of empowerment. Service providers for Health, Education, and Livestock issues and developed & improved agriculture practices and trained the local youth through vocational courses. Primary education has been a key focus area. BILT Firm’s education initiatives have benefited over 100,000 children between the age of 3 and 14 years. In 2007-08, more than 4,500 children were mainstreamed to formal schools.

- **Employee Volunteer Programme**

  This programme covers employees at all levels and is an extension of the Firm’s sustained involvement with the communities at its various locations. This programme concentrates its efforts on volunteerism, allowing employees to participate in the process of social change. BILT has been working towards creating employment opportunities. Around 6,000 youth have been trained through various initiatives and mainstreamed in development processes. This has led to enhancing their business opportunities and employability. We have also encouraged the idea of initiating service cooperatives in its project areas. Presently, four such cooperatives are working and provide services to the community as well as private and governmental agencies.
• **HIV/AIDS prevention with employees**

The focus of the programme has been to create awareness about the disease. About 200 employees are active in this campaign as volunteers and make time to spread the message amongst their peers and in the community through one on one and one to group sessions and also use innovative methods like street plays, and the structured programmes volunteers also participate in events and festivals to increase the awareness about HIV/Aids for example observance of world AIDS day at every site, where volunteers were involved in poster exhibition, screening a film show and distribution of pamphlets, and red ribbons. Also Bilt reducing child mortality and HIV/AIDS through the centre was established at Ballarpur in partnership with the government-run National AIDS Control Organization (NACO) in August 2007.

• **Titan Industry Ltd**

Titan Industries is the organization that brought about a paradigm shift in the Indian watch market when it introduced its futuristic quartz technology, complemented by international styling. With India's two most recognized and loved brands Titan and Tanishq to its credit, Titan industries is the fifth largest integrated watch manufacturer in the world. The firm has sold 100 million watches world over and manufactures 12 million watches every year.

Titan is India most respected private business group with more than 210000employees across 85 major firms, it was also India largest employer in the private sector (CV Baxi, 2006).Titan's initiatives will improve the quality of life of the communities in which it operates. Titan will focus on initiatives, which can be sustained by the communities in which it operates. Titan believe
that Corporate Social Responsibility is not an externalised activity nor is it only philanthropy. It is an internal process reflecting the soul of the Firm. The Firm has always been supporting social communities welfare, education, women’s empowerment and supporting the disabled have been causes close to the Firm.

• **Education**
  Titan provide some facilities for Education such as primary school with over 550 students, expanding to classes IX and X with a provision to accommodate 160 more students, and the Titan Scholarship program for students in Dharmapuri and Krishnagiri based on the criteria of academic performance and socio-economic background.

• **Community Welfare**
  Titan Industries community initiatives are committed to build partnership for social development, focus on sustainable initiatives and improve the quality of life of the communities where the initiatives operate. The firm’s miscellaneous community development activities include orphanage support, HIV/Aids awareness, village adoption (provides housing to 1300 residents collaborating with NGOs MCA and Ashraya), vision improvement program, a program to provide work to rural unemployed women (collaborated effort with self-help groups of rural women to provide gainful employment to more than 400 rural women in and around Hosur), community rehabilitation, tsunami relief work, eradication of child labour and environment protection, to name a few. The firm has made a positive change in the lives of over 2000 people.
B. Public sector in India

The Public Sector, sometimes referred to as the state sector is a part of the state that deals with the production, delivery and allocation of goods and services by and for the government or its citizens, whether national, regional or local/municipal. Independent India adopted planned economic development policies in a democratic, federal polity. The country was facing problems like inequalities in income and low levels of employment, regional imbalances in economic development and lack of trained manpower. The public sector have played important role in the economic development of the country since independent, their role is getting redefined in the liberalized and globalized economy, where have complete with the private sector in the country and solved that problem and Public Sector as an instrument for self-reliant economic growth. But unfortunately, the result wise from karmoyog shows that firms are belong to public sector, are not getting rank 4 in karmoyog and should be attention to improve CSR in public sector.

- Baharat Petroleum Corporation Ltd (BPCL)

Bharat Petroleum Corporation Limited was founded in 1953 and it is based in Mumbai, India. Bharat Petroleum Corporation Limited (BPCL), exploration and marketing PSU with Maharashtra status. Following nationalization in 1976, BPCL changed its gears and embarked upon a rapid growth path. Turnover, profitability and financial reserves grew by leaps and bounds. Bharat Petroleum, now is India‘s second largest oil firm in terms of market share. Bharat Petroleum Resources Limited (BPRL) is a 100) subsidiary of the Firm. The exploration and
production activities of BPRL and its subsidiary firms extend to 26 exploration blocks where they hold participating interests (PI). Nine blocks are in India and 17 are abroad. Besides India, BPRL has blocks in Australia, Brazil, East Timor, Indonesia, Mozambique and the United Kingdom.

- **Adoption of Villages**
  As a corporate responsibility, today 37 villages across India have been adopted. This includes making substantial investments for nearly a decade and a half in them to make them fully self reliant, providing them fresh drinking water, sanitation facilities, medical facilities, enhancing income standards by imparting vocational training and agricultural innovations. However, BPCL also firmly believes that the only vehicle for raising the villagers from their present state is by educating the young and the old, a focus on providing grants for opening schools and opening adult literacy camps as well. A Herculean task indeed, which BPCL recognized and thus even sought assistance from NGO's working around these centers in fulfilling its dream, which to many of BPCL employee's still remains incomplete, on account of the large magnitude of work necessary in completion.

- **Environment**
  BPCL has been exploring the possibility of promoting green fuel, with a view to protecting the environment by reducing pollution and dependence on imported fuels. For Bharat Petroleum, commitment of its employees is a critical resource. Fully realizing that only a satisfied employee will put his best foot forward with the customers.
- **Hindustan Petroleum Corporation Ltd**

HPCL's vast marketing network consists of 13 Zonal offices in major cities and 101 Regional Offices facilitated by a Supply & Distribution infrastructure comprising Terminals, Pipeline networks, Aviation Service Stations, LPG Bottling Plants, Inland Relay Depots & Retail Outlets, Lube and LPG Distributorships. HPCL, over the years, has moved from strength to strength on all fronts. HPCL is committed to create a positive impact on the society and contribute to socioeconomic development including measures for improving the quality of life of underprivileged classes of the society. HPCL maintains high standards of safety, health and environmental care at all its operating locations, always ensuring that increasing scales of operation have no negative impact on the standards of safety, health and environment and without losing sight of its long term goal of zero occupational injuries, operational incidents and environmental releases.

- **Environment**

HPCL is committed to conducting business with a strong focus on preserving the environment, sustainable development, safe work place and enrichment of the quality of life of employees, customers and the community. HPCL had pioneered Eco-friendly technologies such as changeover from Phenol to NMP solvent in three lube extraction units and changeover from Oleum to NMP in the Hexane Treating Plant, which were widely appreciated.
• **Disclosure of CSR Activities Made Compulsory**

Prior to 2012-13, many firms were voluntarily making donations and spending on community development and mitigation of environmental pollution. It is only since 2012-13 that firms have started allocating funds for CSR activities specifically. This was in response to the Securities and Exchange Board of India (SEBI) circular dated August 2012, which mandated all top 100 listed companies to include business responsibility report as a part of their annual report. Therefore the year 2012-13 marks a turning point, where we can see a marked difference in the CSR initiatives adopted by the firms. We have compared the donations made and CSR expenditure incurred by firms in the last three years, using firm level data from Prowess (Centre for Monitoring Indian Economy). Even though it was not mandatory to spend on CSR initiatives in 2012-13, there was a marked increase in the average CSR expenditure by the firms in 2012-13 in response to the passage of the Act in August 2013, as compared to the previous year.
CSR expenditure by public sector firms increased considerably in 2012-13 compared to 2011-12. The passage of the Act also led to an increase
There has also been a significant increase in the average CSR expenditure by domestic firms as compared to foreign firms. Average CSR expenditure by domestic and foreign firms was Rs 3.79 and 8.5 million respectively in 2011-12, but this increased to Rs 22.6 million and 19.5 million respectively in 2012-13. Foreign firms increased their expenditure, because they might have been driven by the need to protect their brand name. Anticipated future pressure from consumers, investors and NGOs may also have been the driving force for foreign firms to invest in socially responsible activities.

The passing of the Act also led to a steep rise in the number of firms disclosing their CSR expenditure. In 2010-11, 336 firms had disclosed...
their donations and expenditure on community and environment related activities. This number rose to 504 in 2011-12, and to 1,470 in 2012-13. There was an increase in environmental reporting by firms as well. In 2010-11, only 35 firms had complied with environmental reporting, while 52 had filed reports in 2011-12. But in 2012-13, there was an increase of 211.5%, with 162 firms disclosing their environmental performance information. In 2012-13, 760 firms had crossed the threshold of Rs 5 crore net profits, but their total CSR contribution was lesser than the 2% criterion as laid down by the Act. The total CSR spending by firms was Rs 33,668 million, but the required spending should have been Rs 45,154 million.

**Figure No:-1.5**

Required and Actual Expenditure by Firms Meeting the Threshold

![Graph showing required and actual expenditure by firms meeting the threshold]

Y axis: Required and actual expenditure in million rupees; X axis: Year
Source: Calculated by the authors using Prowess data for the year 2012-13.

- **Relationship between CSR Expenditure and Profitability of Firms**

There has been a lot of debate about the unnecessary burden on the corporate sector due to the CSR expenditure specified in the
Companies Act, 2013. Corporate groups have criticised the mandatory clause in the Act, as it will decrease the profitability of firms. We have analysed the relationship between profit after tax and donation and community development expenditure undertaken by the firms over the last three years and find it to be positive and increasing. Expenditure on CSR increases firms’ profitability by building their image in the eyes of consumers, suppliers and the government. Firms also strategically differentiate their products from rivals’ products in the market on the basis of CSR. CSR initiatives in local communities by environmentally polluting companies also help in avoiding protest movements and future governmental regulations. This reduces risks and uncertainties and increases the stability and returns of the firms. Therefore, CSR expenditure leads to higher profitability for all firm sizes as illustrated in Figure 5.
We also find that there is a positive correlation between CSR and profit, and the probability of higher spending on CSR increases as the firm becomes bigger. CSR as we know has evolved from philanthropy to community development to strategic CSR. Smaller firms with lesser resources at their disposal are less likely to adopt strategic CSR. They usually adopt philanthropy and community development activities such as schools for kids of employees, donations to religious organisations etc. However, CSR activities closely linked to the company’s business goals and falling in the purview of strategic CSR (for example–women hygiene classes by fast moving consumer goods majors) has higher payoffs and are mostly done by larger companies. Hence, positive correlation between profit and CSR expenditure is
enhanced as the size of the firm increases. It is advantageous for a large company to spend on CSR, as it strategically differentiates its product, which ultimately pays off in the long run. Strategic differentiation may also spur innovation, which might improve delivery of services.

- **Pattern of CSR Expenditure by Major Firms in 2012-13**
  We studied the CSR activities undertaken by the top 200 firms by going through their annual reports for the year 2012-13 in order to better understand the nature of those activities and the driving forces that induced those activities. Although some studies (Singh and Aggarwal 2013) have looked at types of CSR activities undertaken by Indian companies, we have covered a larger number of firms across ten industries and have done an industry level analysis. Until 2013, many firms had disclosed the activities undertaken by them, but not the exact amount they spent on each activity. We find that most of the firms undertake CSR expenditure for the welfare of rural communities, especially around their areas of operation. A possible reason could be to generate goodwill amongst people in the neighborhood and become familiar with the area and its needs, which in turn would minimise costs of providing services. Contrary to the developed countries where CSR activities are undertaken mainly in the area of environment, in India it is mainly undertaken in the social sector. In light of the recent legislation, it would be interesting to see how companies would change their CSR strategies. After community development, education (including skill development) attracts the largest share of CSR expenditure. Health is also a major area where firms like to invest. The following table gives
an industry-wise breakup of the major CSR activities undertaken by each industry.

**Table No:-1.5**

Industry-wise Segregation of Major CSR Activities Undertaken by Firms (2012-13)

<table>
<thead>
<tr>
<th>Industry</th>
<th>Health</th>
<th>Education</th>
<th>Community Development/Rural Development</th>
<th>Environment</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oil &amp; Gas</td>
<td>23.50%</td>
<td>35.29%</td>
<td>29.41%</td>
<td>11.76%</td>
<td>100%</td>
</tr>
<tr>
<td>Automobile</td>
<td>40.00%</td>
<td>10.00%</td>
<td>40%</td>
<td>10%</td>
<td>100%</td>
</tr>
<tr>
<td>Consumer Durables</td>
<td>24.76%</td>
<td>21.34%</td>
<td>15.25%</td>
<td>28.75%</td>
<td>100%</td>
</tr>
<tr>
<td>Iron &amp; Steel</td>
<td>35.29%</td>
<td>23.53%</td>
<td>35.29%</td>
<td>5.88%</td>
<td>100%</td>
</tr>
<tr>
<td>Banking &amp; Financial Services</td>
<td>8.57%</td>
<td>20.00%</td>
<td>48.57%</td>
<td>35%</td>
<td>100%</td>
</tr>
<tr>
<td>Power</td>
<td>10.00%</td>
<td>10.00%</td>
<td>45%</td>
<td>35%</td>
<td>100%</td>
</tr>
<tr>
<td>Infrastructure</td>
<td>8.35%</td>
<td>30.55%</td>
<td>44.44%</td>
<td>16.66%</td>
<td>100%</td>
</tr>
<tr>
<td>Cement</td>
<td>22.20%</td>
<td>25.00%</td>
<td>29%</td>
<td>23.8%</td>
<td>100%</td>
</tr>
<tr>
<td>Paper &amp; Pulp</td>
<td>19.90%</td>
<td>24.10%</td>
<td>18%</td>
<td>38%</td>
<td>100%</td>
</tr>
<tr>
<td>Pharmaceutical</td>
<td>30.00%</td>
<td>28.00%</td>
<td>22.00%</td>
<td>20.00%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Source: Calculated by the author from the annual reports of the top 200 firms for the year 2012-13

**Oil and Gas Sector:** In the oil and gas sector, public sector undertakings have been found to spend the most on development of townships and community, with a special focus on education. They undertake community development in and around their areas of operation. This may be because the communities living close to their area of operation are most affected by negative production externalities.
Hence the firms undertake CSR spending in order to reduce the negative effects of their production activities. They organise health camps, which provide free medical check-ups to people. For example, the Indian Oil Corporation runs mobile medical units in Mathura and has setup a nurse training institute in Digboi, Assam. It has also spent a lot on the school education of children who live near their plants and in their townships.

**Iron and Steel Sector:** In the iron and steel sector, the Steel Authority of India Limited (SAIL) has invested in health and education infrastructure for its employees. Many firms spend on skill development programmes, which help in building human capital leading to better employment prospects for people. The firms fund the school education of the children living in the nearby communities and give scholarships for higher education as well.

**Banking Sector:** Companies in the banking sector spend mainly on priority sector areas. They count the 40% mandatory priority sector lending as a part of their CSR activities. However, banks such as Jammu and Kashmir Bank undertake activities other than priority sector lending also. They support schools and provide funds for meeting educational expenses. Studies have shown that banks spend more on education and environment in order to strengthen their image and increase consumer satisfaction (Narwal 2007). Large banks tend to take on more CSR activities to signal better market performance, while relatively less profitable or smaller banks may want to increase their CSR initiatives to build stronger relationships with its stakeholders (Narwal 2007). In a content analysis study, it has been found that Indian banks differ in their CSR orientation with respect to their ownership structure, number of employees, and date of its incorporation (Singh and Aggarwal 2011).
It has been found that there is a significant difference in orientation in the areas of environment and rural development (when comparing banks with respect to ownership), in community welfare and environment and rural development (when comparing banks with respect to number of employees), and in environment and market place (when comparing banks with respect to the date of incorporation of the bank) (Singh and Aggarwal 2011). Indian banks no longer see CSR as charity, but they see it as a way of building their image and marketing their products.

**Automobile Sector:** Most of the companies in the automobile sector spend mostly on environmental sustainability, while some like Tata motors focus more on education and skill development. Mahindra and Mahindra focus more on environment by committing to reduce greenhouse gas emissions. It has introduced various sustainability measures in its plants like xeriscaping, green buildings and water efficient plants. This can be attributed to the fact that the automobile sector is one of the most polluting industries in India. The Centre for Science and Environment (CSE) has given a very low score to Tata motors and Mahindra and Mahindra in its green rating programme. Hence this may explain their CSR orientation towards environment. While Maruti Suzuki, which has a comparatively higher score in green rating, has spent more on employee welfare than on environment related activities. This suggests that firms which are comparatively more polluting are more driven towards environment in their CSR orientation. This may be to avoid possible future environmental regulations.

**Cement Industry:** Cement industry is one of the most polluting industries in India. Shree Cements which was given a very low rating by the CSE Green Rating programme has focused more on sustainability. It
has adopted the “triple bottom line” approach, where the focus is on profit maximization, employee welfare and environmental sustainability. In its sustainability report, it has focused on climate change and reduction of greenhouse gases during production. Grasim Cements, which has a comparatively higher rating, has focused more on community development and rural development. Their CSR spending has been directed towards health care, mother and child welfare and education. Gujarat Alkalies and Chemicals Limited (GACL) and Madras Cement Limited (MCL), which are subsidiaries of Ramco Cements, spend on community development and environment. GACL has undertaken clean development mechanism in order to reduce greenhouse gas emissions. Ultratech Cement’s CSR strategy is oriented more towards community development. It has conducted health camps in rural areas around its plants and has encouraged sustainable livelihood through watershed management and environment.

**Paper and Pulp Industry:** In the paper and pulp industry, Ballarpur Industries (BILT) has focused on sustainable development. Its CSR strategy focuses on rural development, with an emphasis on environment and communities. Similarly, JK Paper emphasises on social farm forestry and even publishes a bi-annual environment compliance report. Andhra Pradesh Paper Mills also focuses on environmental sustainability.

**Power Sector:** In the power sector, firms spend predominantly on community and rural development. They undertake development measures for communities which stay close to their plants through foundation and trusts. They emphasize on the provision of educational facilities and skill development programmes. For example, Jindal Steel
carries out its CSR activities through its own trusts, which lead to saving of transaction costs and creation of goodwill in the local area. Public sector units like NHPC and NTPC focus on rehabilitation and resettlement of the communities displaced by construction projects. Since these plants cause damage to the surrounding areas, CSR activities may help in circumventing agitation by the local community and NGOs.

**Consumer Durables:** In the consumer durables and fast moving consumer goods industry, companies focus on healthcare and education. The Godrej group supports environmental sustainability by supporting conservation of mangrove forests and undertakes philanthropic activities in the health and education sector. They conduct blood donation camps; conduct cleft lip surgeries with Smile Train, a NGO. Similarly, *Hindustan Unilever* (HUL) focuses on improving health and well-being and reducing the environmental impact of its production activities. Hence in the consumer durable and fast moving consumer goods sector, we find that companies spend mainly on education and health initiatives.

**Pharmaceutical Companies:** Companies in the pharmaceutical sector spend mainly on education and health initiatives. Since pharmaceutical companies operate in the health sector and have enough skilled manpower, they conduct many health camps in rural areas. The thrust of their CSR activities is to make healthcare accessible to the marginalised sections of the society. Companies like Aurobindo Pharma, Cadila Healthcare, Sun Pharma and Ajanta Pharma conduct medical camps, while GlaxoSmithKline focuses on the development of communities which reside near their plant.
Infrastructure Sector: In the infrastructure sector, firms spend heavily on community development programmes. We have taken firms engaged in construction, engineering, ports, shipping, and road transport under infrastructure sector. These firms spend in the development of rural areas. They support the mid-day meal programmes in schools and skill development programmes for women and youth. When it comes to CSR implementation, we find that these firms undertake CSR mostly through foundations and NGOs.

Working Through their Own Foundations and Trusts
The following pie chart depicts the various approaches adopted by the top 300 firms to fulfill their CSR obligations.

**Figure No:-1.7**

**CSR Implementation Approaches Adopted by the Top 300 Firms**

Source: Calculated by the author using data from the 2012-13 annual reports of companies.

We found that 34% of the top 300 firms in India work through own foundations or trusts. They serve the society through various measures like community development, rural development, etc. About 19% of the
companies organise free medical check-up camps in rural areas, blood
donation camps and educational camps for farmers in the rural areas and
school children. Around 30% of the firms collaborate with non-profit
organisations to carry out their CSR activities. For example, some
companies like TVS motors, Godrej and other companies fund the NGO
Smile Train, which conducts cleft lip and palate surgeries.
Tata Motors collaborates with a number of industrial training institutes
to conduct skill development programmes. Some of the companies
collaborate with government schools and support the mid-day meal
programmes. Around 5% of the companies adopt environmentally
sustainable methods of production. These firms belong mostly to the
environmentally polluting industries like paper and pulp. Most of the
firms in the paper and pulp industry come out with a bi-annual
environmental report on environmental compliance as directed by the
Ministry of Environment and Forest. 12% of the firms make donations
to local schools and hospitals. Mostly banks donate medical equipment
and school books to local hospitals and schools. Hence, it can be seen
that most of the firms rely on foundations to carry out CSR activities. In
this way they are able to monitor the CSR activities better, save on
transaction costs and create goodwill for their company.
The concept of CSR has the potential to bring a revolution in the
development of the economy. With rising fiscal deficit and leakages in
the welfare schemes, CSR seeks to address the problems of society in a
cost effective manner. The concept has the potential to generate Rs
20,000-25,000 crore every year, which can give a boost to investment in
human and physical capital. Presently, CSR expenditure is mostly
incurred at the local level through the foundations established by firms.
This aligns CSR initiatives with the ideology of the firm and minimises
transaction costs for it. For efficient utilisation of funds allocated for
CSR and full realisation of potential benefits, these expenditures need a direction.
The recent commitment of Rs 100 crore each, by two leading companies, Tata Consultancy services and Bharti Airtel, as a part of their CSR initiatives to build toilets for girls in schools in the wake of government’s Swachha Bharat Abhiyan is only the tip of the iceberg. Some more thought needs to be given to the most pressing problems of society and whether CSR resources could be utilised to address them. Contrary to some pessimistic voices in the society, CSR expenditure may not affect profits adversely and could help in building the brand name of the firm. Though the new Companies Act, 2013, which made spending 2% of their profits on CSR mandatory, came into force only in April 2014, the last couple of years have seen a significant increase in CSR expenditure by firms. This can be attributed to the desire of companies to project them as socially responsible. The CSR expenditure by firms is affected by the industry to which they belong. Firms in polluting industries spend more on activities related to the environment, while firms in the iron and steel and power sector spend more on local community development, as their projects cause large-scale displacement. They also do it in the hope that it might prevent future boycott and protest movements. Until now, donations by firms were driven by their interests; it was arbitrary, and in some cases very small in comparison to the size of the firms. The CSR activities of the firms depended upon the nature of their industry and restricted to the area where the firm was located. This was largely driven by factors such as cost minimisation and “visibility” among the consumers. But this may change with the new law. Firms may be driven to diversify their areas of operation and part of population which had been left behind in the development process may gain tremendously from this.
1.2) RESEARCH METHODOLOGY

1.2.1 STATEMENT OF THE PROBLEM:

Enterprises are part of the society and therefore need to contribute towards the protection of the environment and development of the society. The need of the Corporate Social Responsibility has been felt across the world over and many international initiatives have been taken in this respect. In India, even though the concept of CSR is not new, the focus of corporate world on CSR is still less. However we could see growing awareness amongst the corporate about CSR these days. On this backdrop a need was felt to study the CSR activities of the large scale enterprises in the Western Maharashtra. The purpose of the research was to portray the scenario of CSR activities of large scale enterprises in the Western Maharashtra.

1.2.2 RESEARCH PROBLEMS:

The research was undertaken to study CSR activities of the large scale enterprises in the Western Maharashtra. The research problems are defined as follows.

- What are the types of CSR activities carried out by the large scale enterprises in Western Maharashtra?
- What is the extent of CSR activities carried out by the large scale enterprises in Western Maharashtra?
1.2.3 SIGNIFICANCE OF THE STUDY:

Corporate Social Responsibility as the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large. The goal of CSR is to embrace responsibility for the company's actions and encourage a positive impact through its activities on the environment, consumers, employees, communities, shareholders and all other members of the public sphere who may also be considered as stakeholders. CSR has become the need of the hour especially in the context of deteriorating corporate ethics. The significance of this research can be gauged from the significance of the CSR for the stakeholders and relevance of the topic in today’s context. The importance of research can be understood from following points.

• **Interdisciplinary Nature:**
  This research is interdisciplinary in nature since it is related to various facets of following areas - marketing, finance, production, human resources and other functional areas of management, International Business Management, Commerce, Economics.

• **Benefit to Enterprises:**
  This research will throw light on the extent of CSR activities of large scale enterprises. This will help the enterprises in understanding the extent of their contribution towards society.
In turn this will lead to increase in their contribution towards society.

- **Benefit to the Government:**
  This research will portray the scenario of CSR activities of the large scale enterprises... This will be beneficial to the Government for drawing the policy imperatives for the support and strengthening of CSR activities.

- **Benefit to Academicians and Researchers:**
  The research will encourage the academicians and researchers to conduct such studies all over the country to bring out the status of the CSR activities of the enterprises on a national basis. This will not only open new avenues of research but also help to understand the CSR initiatives and arrive at solutions to strengthen it.

### 1.2.4 OBJECTIVES OF THE STUDY:

1) To understand the views of Management of Large Scale Enterprises about the Corporate Social Responsibility.
2) To find out the CSR activities of the Large Scale Enterprises.
3) To critically examine the extent of the CSR activities of the Large Scale Enterprises.
4) To study the benefits of CSR activities of the Large Scale Enterprises to various stakeholders.
5) To bring out the challenges in CSR activities.
6) To study the role of Government in CSR activities.
1.2.5 SCOPE OF RESEARCH:

1) The scope of research will be limited to Western Maharashtra.
2) The scope of research will be limited to Large Scale Enterprises.
3) The scope of research will be limited to Large Scale Enterprises registered and operational before 31st March 2012.
4) The period of study will be limited to five years 2006-07 to 2011-12.

1.2.6 HYPOTHESES TESTED:

1) Most of the Large Scale Enterprises are engaged in some or the other CSR activities.
2) Very few companies have a clearly defined CSR philosophy.
3) Very few companies are engaged in CSR activities for environment protection.
4) The extent of CSR activities carried out by Large Scale Enterprises is less.
5) Most of the Large Scale Enterprises which practice CSR activities spend less than 2% of net profits on CSR activities.
6) Most of the Large Scale Enterprises do not report and publish CSR activities.

1.2.7 RESEARCH DESIGN:

- **Type of Data:** Both primary and secondary data was used.
• **Sources of Data:**
  
  o *Primary data* was collected from Management of the Large Scale Enterprises.
  
  o *Secondary data* was collected from Research Journals, Annual reports of the enterprises, Government, Internet etc.

• **Data Collection Method:** Survey method was used for data collection.

• **Research Instrument:** Questionnaire was used as a research instrument.

• **Tools for Data Analysis:** The following tools were used for data analysis.
  
  o Percentage, Means, Standard Deviation
  
  o ANOVA -test for hypothesis testing

• **Sampling Plan:**

  o **Population:** Population consists of Management of the Large Scale Enterprises in Western Maharashtra.

  o **Population Size:**

    There are near about 2990 overall industrial units are registered with Government of Maharashtra, MIDC. By the help of Stratified Random Sampling Method 660 industries were selected for the study purpose.
o **Sample Size:**
   660 Industrial Unit

o **Sampling Method:** Stratified Random Sampling Method is used.

- **Tools for Data Presentation:** The following tools were used for data analysis.
  - Pie Chart
  - Bar Chart
  - Line Chart

### 1.2.8 Chapter Scheme: The thesis is organized in six chapters.

1) **Introduction**

The first chapter deals with a brief introduction, background of the study, research methodology and its limitation. It also gives the sources of data objectives of the study hypothesis tested the methods used for primary survey, the tools and techniques and different questionnaire have been clearly mentioned. This chapter also gives the overall presentation of the study.

2) **Review of Literature**

This chapter deals with the overall review of the literature available on the particular topic. Literature is the most important part of any research. In this topic, the review is
taken from the books and research papers regarding the research topic. The chapter is divided into two different parts i.e. review of books and review of and review of research papers related to this research topic.

3) Corporate Social responsibility and Large Scale industries in India

The third chapter deals with Corporate Social responsibility and Large Scale industries in India, it highlights on, CSR Approaches adopted by Firms in India, CSR at Visakhapatnam Steel plant, CSR activities (number of companies) practiced by Indian Corporations, CSR through Visteel Mahila Samiti, CSR in Hindustan Petroleum Company Limited, CSR activities at HPCL, CSR activities at NTPC, CSR activities at Steel Authority of India Limited (SAIL).

4) Corporate Social responsibility and industrial relations

The fourth chapter deals with Corporate Social responsibility and industrial relations, it discuss India’s New CSR Regime, Corporate Social Responsibility Voluntary Guidelines (2009), Corporate governance and employess: an ethical conundrum, Importance of Indian MSME Industry, business strategy and labour relations, Cost Leadership and Differentiation Strategies, sophisticated cost cutting and labour relations.
5) **Data Collection and analysis.**

In this chapter the collected empirical data is analyzed with appropriate tools and an attempt is made to evolve a new model to explain the CSR behavior of companies located in Large Scale Enterprises in Western Maharashtra. This chapter starts with the description of sample firms, the size composition, the policies and finding at the correlation between size and nature of the firms and CSR initiatives.

6) **Summary, Conclusion & Suggestions**

This Chapter highlights on the overall summary of the present study, important conclusions drawn by the researchers and important suggestions made by the researchers to overcome the problems which found in this study.

**Concluding Remark:**

Corporate social responsibility (CSR) is a form of corporate self-regulation integrated into a business model. It is also called as corporate conscience, citizenship, social performance, or sustainable responsible business. CSR policy functions as a built-in, self-regulating mechanism whereby business monitors and ensures its active compliance with the spirit of the law, ethical standards, and international norms. The goal of CSR is to embrace responsibility for the company’s actions and encourage a positive impact through its activities on the environment, consumers, employees,
communities, stakeholders and all other members of the public sphere. Furthermore, CSR-focused businesses would proactively promote the public interest by encouraging community growth and development, and voluntarily eliminating practices that harm the public sphere, regardless of legality. CSR is the deliberate inclusion of public interest into corporate decision-making that is the core business of the company or firm, and the honouring of a triple bottom line: people, planet, profit.

References


10. P D Jose & Saurabh Saraf (2013),” “Corporate Sustainability Initiatives Reporting: A study of India’s most valuable companies”,


