



# Corporate Social responsibility (CSR); Issue and challenges in India

Sarita

Research Scholar, Department of Management, Gurugram University Gurugram (Haryana)  
Email - [panchalsarita45@gmail.com](mailto:panchalsarita45@gmail.com)

**Abstract:** *The concept of corporate social responsibility (CSR) was first established in 1953 and has become increasingly prominent in the current era of globalization, with the involvement of corporations, educators and social campaigners from around the globe. CSR can be broadly defined as the obligation of businesses to promote economic growth while simultaneously enhancing the welfare of their employees, their families and society as a whole. Corporate social responsibility (CSR) focuses on the concept that a business has a moral obligation that goes beyond generating profits. CSR is a corporate obligation to act in an ethical manner and to promote the sustainable economic growth by collaborating with all stakeholders to enhance their lives in ways that are beneficial to business and society. The paper examines CSR concepts and the CSR issues and challenges in India and various CSR initiatives taken by Indian companies to boost CSR activities.*

**Key Words:** *Corporate social responsibility, CSR issues and challenges, Companies Initiatives.*

## 1. INTRODUCTION:

Corporate social responsibility (CSR) is a form of corporate self-regulation that seeks to promote social responsibility and make a positive contribution to society. CSR can be implemented in a variety of ways, such as environmentally conscious and eco-friendly practices, workplace equality, diversity and inclusion, respectful treatment of employees, charitable contributions to the community, and ethical business decisions. CSR has evolved from a voluntary decision-making process for individual companies to a mandatory regulation at regional, national, and international levels. . CSR is the on-going obligation of a business to act in an ethical manner and to contribute to the economic growth of a nation while enhancing the wellbeing of the workforce, their families, and the local community and society. CSR is a multifaceted concept that encompasses four distinct aspects: Economic, Legal, Ethical, and Philanthropic. In today's world, customers, employees and other stakeholders judge a company by how its activity impacts the community, economy, environment and society at large .Corporate social responsibility practices are a way to demonstrate your business's stance on the matter. CSR is attaining commercial success in a manner that upholds ethical values and respects people, communities, and the natural environment.

## 2. REVIEW OF LITERATURE:

**Mr. Ravindra Kumar (2021)** the study found that the CSR is an important part of company development strategy. Identifying, promoting and implementing effective CSR policies and practices are essential for companies to achieve triple bottom line results. The study concludes that CSR can be viewed simply as a set of activities undertaken by various organizations to promote good citizenship. **Shivangi Dhawan (2020)** the study found that the the implementation of Corporate Social Responsibility activities can be made more effective and efficient by the integration of resources and the development of cooperation between companies and NGOs. Establishing a sustainable and long-term perspective on CSR activities to bridge the gap between all relevant stakeholders in order to effectively execute CSR initiatives. **Dr. Brijesh Kumar (2017)** the study found that the need to raise awareness about Corporate Social Responsibility among the general public in order to make these efforts more effective. The study concludes that the Building strong relationships between companies, NGOs and government will help India's social progress move forward faster. **Dr. Sampada Gulavani (2016)** the study found that the corporate have an ability to make a significance impact in society and enhance standard of living to the society Corporates possess the knowledge, strategic planning, human resources and financial resources to implement large-scale social transformation through effective partnerships between corporations, non-governmental organizations .**Priya (2014)** the study found that the companies that adopt CSR



practises take different benefit like enhance financial performance ,access capital ,brand reputation and increase productivity and sale maximization . **Parveen Maan (2014)** the study found that the Corporate Social Responsibility is a rapidly evolving and increasingly in competitive area. The case for corporate responsibility is becoming increasingly compelling as expectations among key stakeholders, customers and the general public rise. Being a good corporate citizen is increasingly essential for commercial success, and the key is to align with public expectations and priorities and to communicate involvement and achievements in a comprehensive and effective manner. **Nilesh R. Berad (2011)** the study found that the understanding of Corporate Social Responsibility is still in its early stages; however, it is evident that there are a number of challenges that must be overcome in order to successfully implement CSR strategies. These include the difficulty of integration the CSR into organizational values and procedures, and the lack of organizational ownership and dedication.

### 3. OBJECTIVE OF THE STUDY:

- To understand the concept of CSR in India.
- To study the Issues and challenge for CSR in India.
- To study various CSR initiatives taken by Indian companies.

**4. RESEARCH METHODOLOGY:** This paper is a comprehensive descriptive study. Secondary data and information has been analysed for the purpose of preparing the paper. Secondary information has been taken from various academic sources, such as books, journal articles, conference papers, working papers, and websites.

### 5. CONCEPT OF CSR:

CSR, or Corporate Social Responsibility, is a concept that refers to a business or organization's commitment to operating in an ethical and socially responsible manner. It involves taking into consideration the impact of the company's actions and decisions on various stakeholders, including employees, customers, communities, the environment, and society at large. CSR goes beyond simply seeking profits; it's about contributing positively to society and demonstrating a commitment to sustainable development. The provisions of Corporate Social Responsibility (CSR) in India are outlined in the Companies Act, 2013, and subsequent amendments. The Act mandates certain companies to allocate a portion of their profits towards CSR activities. The CSR provisions apply to companies meeting any of the following criteria in the immediately preceding financial year: Companies with a net worth of INR 500 crore or more, Companies with a turnover of INR 1,000 crore or more, Companies with a net profit of INR 5 crore or more. Companies are required to spend at least 2% of their average net profits made during the three immediately preceding financial years on CSR activities. If the company fails to meet the 2% spending requirement, it must provide an explanation for the shortfall in its annual report. The Act provides a list of CSR activities that companies can undertake. These activities include promoting education, eradicating hunger and poverty, ensuring environmental sustainability, supporting healthcare, promoting gender equality, and more. Companies are required to disclose their CSR activities in their annual reports, detailing the initiatives undertaken, and the amount spent, and the impact achieved. A separate annual CSR report must be included in the company's annual financial statements. It's important to note that the CSR provisions in India are applicable to certain qualifying companies, and the specific details can vary based on the company's financial performance and the nature of its operations. The provisions aim to encourage businesses to contribute to society's development and welfare while maintaining transparency and accountability in their CSR initiatives.

**SOME DEFINITIONS OF CSR:** McWilliams and Siegel's definition says CSR is "actions that appear to further some social good, beyond the interests of the firm and that which is required by law." Aguinis defined CSR as "context-specific organizational actions and policies that take into account stakeholders' expectations and the triple bottom line of economic, social, and environmental performance."



### ISSUE AND CHALLENGES FOR CSR IN INDIA:

Corporate Social Responsibility (CSR) has gained significant attention in India over the years as a way for companies to contribute positively to society while also meeting their business objectives. However, there are several issues and challenges associated with implementing effective CSR initiatives in the country:

- **Regulatory Compliance:** The Indian Companies Act, 2013 mandates that companies meeting certain criteria must spend a certain percentage of their profits on CSR activities. While this promotes CSR, it can also be seen as a burden by some companies, especially smaller ones. Companies are doing window dressing, not disclosed relevant information.
- **Lack of Transparency:** CSR and Transparency closely linked .It relevant to shareholders to get better insight into different issue. If society today, needs CSR then they also need CSR transparency. The present level of transparency by corporate houses is completely insufficient. Companies do not make adequate efforts to disclose relevant information. This arise conflict between the corporate houses and communities. Transparency is crucial for the success of any CSR initiative therefore; lack of transparency is the biggest challenge faced by CSR.
- **Measurement and Reporting:** There is a challenge in measuring the actual impact of CSR initiatives. Companies struggle to provide concrete evidence of the outcomes of their activities, making it difficult to evaluate their effectiveness.
- **Green –washing:** The level of inequality in India is extremely high. The Corporate Social Responsibility law does not adequately address the issue of inequality and does not have a mandatory enforcement mechanism. Corporate social responsibility is not sufficiently transparent, which gives the impression of progress. As a result, there is a tendency to engage in Green Washing at the national level. This is the major challenges for corporate social responsibility compliance and effectiveness.
- **Lack of Participation by Community:** Communities for which CSR is to be implemented demonstrate less enthusiasm for the programs and initiatives planned by organizations. Furthermore, inadequate efforts are made to disseminate CSR activities among the communities, resulting in a lack of trust among the people. The lack of communication between organizations and communities is a major obstacle to CSR.
- **Harmonize Company Goal with the interest of Shareholders:** The integration of social responsibility with economic performance is importance and presents a significant challenge. Establishing shared and sustainable value by reconciling the company's development objectives with the interests of stakeholders is a major obstacle in the process of corporate social responsibility.
- **Lack of sufficient infrastructure and financial resources:** CSR may require large-scale investments. Companies need to carefully plan and prioritise their investments. They need to carefully plan the resources to be invested and the issues to be addressed before implementing initiatives. There is also a lack of local capabilities and proper infrastructure. Therefore, there are no good government organization and NGOs that can contribute to CSR. Therefore, there is an urgent need to build local capabilities and infrastructure for effective CSR.
- **Lack of Consensus on Implementing's Issues:** The lack of coordination between various local agencies and corporations leads to the duplication of efforts by companies in terms of corporate social responsibility .This results in an unhealthy competition between the companies, which are contrary to the primary purpose of creating value for society.



- **Skewed Focus:** Certain sectors, such as education and healthcare, tend to receive more attention from CSR initiatives, while other critical areas like environment conservation, women's empowerment, and rural development might get relatively less focus.

**DIFFERENT CSR INITIATIVES TAKEN BY INDIAN COMPANIES:**

Company	CSR Activity
1 Tata Consultancy Service limited	Tata Consultancy Services Limited (TCS) spent Rs. 674 Crores on (CSR) in the financial year 20-21. As part of CSR efforts, TCS contributed Rs.256 Crores to the Prime Minister's Relief Fund to combat the COVID-19 pandemic. Additionally, the company contributed to the establishment of a Quarantine Centre, the supply of disinfectants and food packages during the pandemic. Furthermore, TCS has also contributed to the promotion of education, healthcare, arts and culture, and the Bridge-IT-Youth Entrepreneurship Program.
2 NTPC limited	NTPC Limited, an Indian statutory corporation under the Ministry of Power, has allocated a total of Rs 418.87 crore for Corporate Social Responsibility (CSR) initiatives in the financial year 20-21. Additionally, 66% of the company's CSR budget has been allocated to healthcare promotion and infrastructure. Company also contribute in Rural development programme, environment sustainability, education programme, disaster management and sports.
3 ITC Limited	In FY 20-21, the company spent Rs 365.43 crore on CSR, of which 45 crore were spent on healthcare, 45 crore on agricultural projects. Company also contribute in women empowerment programme, primary education, Vocational skill training, Renewable energy consumption. ITC believes that a company's success should be measured by its ability to achieve the Triple Bottom Line in terms of generating economic, social and environmental capital towards improving societal sustainability.
4 Hindustan Univar Limited	HUL spent Rs. 165 crore on (CSR) in the financial year 2022-2021. During the pandemic, the company contributed 61 crore to the COVID relief efforts. In addition to these initiatives, the organization also focused on educational initiatives, rural initiatives, Professional Services Development (PWD) skilling, water sanitation and sustainability initiatives.
5 Mahindra and Mahindra limited	M&M is one of the leading automobile manufacturers in India. The company's Corporate Social Responsibility (CSR) expenditure in the financial year 20-21 was 92.78 crore rupees. The Company undertakes a variety of Corporate Social Responsibility (CSR) initiatives, one of which is the Nanhi Kali Project. This project offers educational assistance (material and academic) to underprivileged girls in India After-School Support Program. The company also provided fund for water, education, health care, sanitation and COVID relief activity.
6 Oil and gas limited	In the financial year 20-21 the company spent around Rs 105.25 crore on Corporate Social Responsibility (CSR). The company contributed around Rs. 23 crore for rural development, 11 crore for





	health and sanitation, and 1.8 crore for sports promotion. Additionally the company also contribute Sarve shiksha abhiyan.
7 Gail India Limited	GAIL is a public limited company owned by the government of India. It is under the control of the ministry of petroleum and natural gas. For the financial year 20-21 GAIL spent Rs. 147,67 crore in CSR. The company (CSR) focus is on reducing carbon emission and implementation of renewable energy projects. GAIL allocated a total of Rs.25.59 Crore for Education, Rs.14.13 Crore for Sanitation and Water, Rs.4 Crore for Rural Development and Rs.1.38 Crore for Environmental Initiatives.
8 Nestle India limited	The company Contribute different CSR activity like, Water and Sanitation program, Disaster management, skilled programme .
9 Ultratech Cement limited	Ultratech cement limited, a part of the Aditya Birla group, allocated Rs. 120, 68 crores for Corporate Social Responsibility (CSR) in the financial year (FY) 20-21. The company's CSR activities focus on health care, education, sustainability, infrastructure and social reform.
10 Reliance Industry Limited	RIL spent Rs. 922 Crores on Corporate Social Responsibility (CSR) in the financial year 2022-2021. The majority of the company's CSR activities have been implemented through the Reliance Foundation.

<https://icharity.in/wp-content/uploads/2017/11/csr-challenges>.

## 6. CONCLUSION:

Corporate social responsibility (CSR) refers to a company's commitment to making a positive impact in society and taking into account environmental and social considerations when making business decisions. CSR is closely related to sustainability – creating economic, social and environmental value – as well as ESG (Environmental, Social and Governance), which focuses on non-financial considerations that companies, big and small, should take into account when making decisions. In order to construct a business that is able to withstand market fluctuations, competition and other difficulties, an organization must bolster its Corporate Social Responsibility (CSR) efforts. CSR is an integral part of management, similar to the hiring, employee development and goal-setting processes. The primary purpose of CSR for an organization is to improve its public image. Both management and CSR work together to propel the business success. The scope of CSR isn't and shouldn't be limited to simply donating to charities. With a little effort and thoughtful strategies, organizations can truly make a difference in various aspects of society.

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