Study of Corporate Social Responsibility in India

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Abstract : Corporate Social Responsibility refers that individuals and companies have a duty to undertakes the activities which affect the well being of employees, local employees, the environment and society. It is the idea that businesses should balance profit-making activities with that benefit society. This paper seeks the study of Corporate social responsibility (CSR) of Indian top companies. The Companies Act 2013 Act requires a company constitute a CSR committee which will formulate and recommend to board the activities which must be performed by corporations for the welfare of society. In 2016, Tata Steel Ltd is the top one company which follows the CSR requirement.

Keywords :Corporate Social Responsibility, CSR Committee, CSR activities, Rank of top 10 Companies.

Corporate social responsibility

Corporations have a responsibility to those groups and individuals that they can affect, i.e., its stakeholders, and to society at large. Stakeholders are usually defined as customers, suppliers, employees, communities and shareholders. It is an initiative by the companies for the benefit of society. A business's CSR can encompass a wide variety of tactics, from giving away a portion of a company's proceeds to charity, to implementing "greener" business operations. Corporate social responsibility is the idea that businesses should balance profit-making activities with activities that benefit society; it involves developing businesses with a positive relationship to the society in which they operate. Social responsibility means that individuals and companies have a duty to act in the best interests of their environments and society as a whole. According to Companies act 2013, Corporate social responsibility (CSR) refers to business practices involving initiatives that benefit society.

<table>
<thead>
<tr>
<th>Type of Company</th>
<th>Composition</th>
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<tbody>
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<td>Listed</td>
<td>Three or More Director including at least one Independent Director</td>
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<tr>
<td>Unlisted &amp; Private</td>
<td>Three or more director , Independent director is mandatory required to be</td>
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Applicability:

Section 135(1) of the Companies Act 2013 Act requires that

Every company with net worth of Rs 500 crore or more, or turnover of Rs 1,000 crore or more or a net profit of Rs 5 crore or more during any financial year will constitute a CSR committee. Board should take in account the recommendation of CSR committee & approve the CSR policy & also place it on company’s website. Ensure that the activities are carried out as per the policy.

The CSR Rules state that every company, which ceases to be a company covered under the above criteria for three consecutive financial years, will not be required to

(a) constitute the CSR Committee, an
(b) comply with other CSR related requirements, until the time it again meets the prescribed criteria.

Constitution of CSR Committee

The Companies Act 2013 Act requires a company, which meets the CSR applicability criteria, to constitute a CSR committee comprising three or more directors. The 2013 Act also states that out of these three directors, at least one director should be an independent director.

The CSR Rules state that a non-listed public company or a private company, which is not required to appoint an independent director as per the Companies Act 2013. Also, a private company having only two directors on its board can constitute the CSR Committee with the two directors.

Company must form CSR committee which will formulate and recommend to board the activities to be carried out & amount of expenditure to be incurred from time to time & monitor the CSR Policy.
Private having two Director
Two Director

Foreign
At least two person, one which must be company’s representative in india

Activities for CSR Expenditure:

Schedule VII mandates expenditure for the following activity-

1) Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation and making available safe drinking water,
2) Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects,
3) Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, daycare centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward,
4) ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro forestry, conservation of natural resources and maintaining quality of soil, air and water;
5) Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional art and handicrafts,
6) Measures for the benefit of armed forces veterans, war widows and their dependents;
7) Training to promote rural sports, nationally recognised sports, paraolympic sports and Olympic sports;
8) Contribution to the Prime Minister’s National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;
9) Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government,
10) Rural development projects,
11) Slum Area Development

Study of Corporate Social Responsibility of Indian Top Companies in the 2016

The Companies Act (2013) has statutory provisions, making the CSR mandatory for companies with net worth of Rs 500 crore or more, turnover of at least Rs 1,000 crore and net profit of at least Rs 5 crore are required to spend at least 2 percent of their average net profits of last 3 years on CSR activities, while constituting a separate committee on their board.

In the year 2016, the Nifty 50 companies have spent about 27% more in corporate social responsibility activities this year, compared to last year, said a report by cimplyfive Corporate Secretarial Services, a tech solution provider for compliance. According to the report, the companies spent around Rs 5,082 crore or 92.7% of the mandated Rs 5,478 crores, on CSR activities this year.

Education and health sectors again became the largest benefactor from CSR spending activities with about 48% spend on these activities. Government plans awards for corporate social responsibility activities.

Ranking of Top 10 Companies in India follows CSR in 2016

1. Tata Steel Ltd
2. Tata Power Company Ltd
3. UltraTech Cement Ltd
4. Mahindra & Mahindra Ltd
5. Tata Motors Ltd
6. Tata Chemicals Ltd
7. ITC Ltd
8. Shree Cements Ltd
9. Bharat Petroleum Corporation Ltd
10. Larsen & Toubro Ltd

Conclusion

I concluded that Corporates should have to fulfil their social responsibility which not only help the society but also to corporates to make a reputation in the society and stakeholders.

REFERENCES