

COMPARATIVE ANALYSIS OF CSR INITIATIVES IN PUBLIC VS PRIVATE SECTOR

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ABSTRACT

CSR is treated as a vehicle through which companies give something back to the society. The term ‘Corporate Social Responsibility’ is an age-old concept dating back “to the Mauryan history where great philosophers like Kautilya talked about ethical practices in conducting business”.ⁱ CSR is something which has existed in Indian historical as well as religious context in the form of charity endeavours. The concept of “sharing one’s earning with the deprived has been talked about elaborately in the old Indian scriptures.”ⁱⁱ The companies show their responsibilities on social, economic and vice versa. Further, as per the Companies Act 2013, a legal obligation has been placed on the companies to carry out CSR initiatives. In this paper an attempt will be made to study the various CSR initiatives approach taken by Public and Private Sector entities, especially with respect to Banks. Further what are the challenges that the entities face and what are the major difference when it comes to CSR initiatives between Public & Private sector? Further, the paper will also attempt to study the existing legal regulations with respect to CSR in India and how far the same is efficient enough and what can be done to improve the CSR responsibilities by maintain a balance between the economic goals and social responsibilities.

Keywords: *Corporate Social Responsibility, Public Sector, Private Sector, Banks, Regulations*

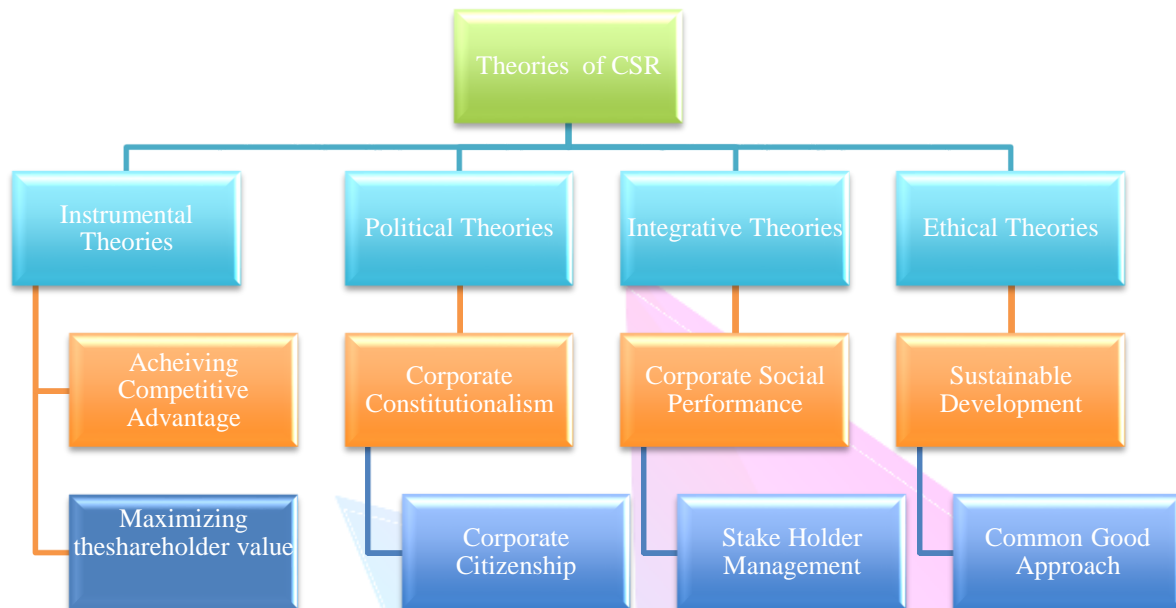
DEFINITIONS & THEORIES OF CORPORATE SOCIAL RESPONSIBILITIES

CSR definitions, theories and models were investigated by many scholars. The main are “Reza Safar zad, Milton Friedman, James Brusseau, Archie Carroll, R. Edward Freeman, Elisabet Garriga and Domenec Mele, Maryna Saprykina, Yaroslav Kutovy.” Reza Safar zad defined CSR concept as “a legal requirement for a company which includes continued commitment toward the community. He added that the main goal of a company is to increase the efficiency and productivity of its operations and to maximize its shareholders’ profit. But all this must be done by integrating the community ethical and environmental expectations into the company economic processes.”ⁱⁱⁱ Carroll devised “a four-part model of CSR i.e. economic responsibility, legal responsibility, ethical responsibility and philanthropic responsibility. According to him true CSR requires satisfying all four parts consecutively. According to Carroll CSR encompasses the economic, legal, ethical and philanthropic expectations placed on organisations by society at a given point in time.”^{iv}



According to the World Business Council for Sustainable Development, “Corporate Social Responsibility is 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 society”.^v According to The United Nations Industrial Development Organisation (UNIDO) “Corporate social responsibility is a management concept whereby companies integrate social and environmental concerns in their business operations and interactions with their stakeholders.”^{vi} “Corporate Social Responsibility has been conceptualized by UNIDO, World Bank and the World Business Council for Sustainable Development in terms of a wide range of corporate behaviour as an objective of balancing economic, social and environmental objectives to serve shareholder and stakeholder interests local community and society at large. Corporate Social Responsibility policies include the following:”^{vii}

- (i) Implementation of working policies which exceeds compliances with social and environmental laws
- (ii) Management terms that views employees as asset rather than cost
- (iii) Adoption of internal control reform
- (iv) Workplace which integrates the opinions of production, marketing and sales employees into decision making process
- (v) Hiring diverse employees and excluding discrimination at workplace
- (vi) Optimum utilisation of available resources while mostly focussing on natural resources in productive, efficient and profitable fashion.



The concept of stakeholder management by Rhenman was future developed by Freeman. According to Freeman “the corporation should on a voluntary basis act as an arena for the different stakeholders, which would be optimal for the corporation in the long run. This implied that the corporation should have an moral responsibility toward the society it is active in, treat its stakeholders as important and not just use them as a tool to reach its own profit maximizing ambitions.”^{viii} “For example, that the corporation should support and provide a workplace for its employees even in times of recession. Therefore, within the concept of stakeholder management, the issue of ethics and the moral responsibility of the corporation towards its stakeholders has a central role. What the ethical perspective delivers to the concept of CSR is that the corporation has a major part in creating the society and providing a stable future for coming generations, at the same time as they create wealth.”

IMPORTANCE OF CSR

CSR is termed as “Triple-Bottom-Line-Approach”, which is “meant to help the company promote its commercial interests along with the responsibilities it holds towards the society at large. CSR is different and broader from acts of charities like sponsoring or any other philanthropic activity as the latter is meant to be a superficial or surface level action as part of business strategy, but the former tries to go deep and address longstanding socio-economic and

environmental issues.”^{ix} “The relevance and importance of corporate social responsibility (CSR) is highly significant today in this capitalist economy, to ensure the sustainability of life and business in the future. Some of the major important reflections of CSR are as follows:”

1. “CSR is an immense term that is used to explain the efforts of a company in order to improve society in any other way.”
2. “CSR improves the public image by publicizing the efforts towards a better society and increase their chance of becoming favourable in the eyes of consumers.”
3. “CSR increases media coverage as media visibility throws a positive light on the organisation.”
4. “CSR enhances the company’s brand value by building a socially strong relationship with customers.”
5. “CSR helps companies to stand out from the competition when companies are involved in any kind of community.”

JOURNEY OF CSR IN INDIA

The “term corporate social responsibility (CSR) might have originated from Western discourses but prior to it the idea of philanthropy in India has evolved from its own ethos and cultural values.” “Philanthropic activities undertaken by rich business titans and the Gandhian trusteeship model are prominent distinctions of Indian CSR. But with the advent of liberalisation, privatisation and globalisation, the popularly called LPG policy during the early 1990s led to a fundamental shift from the philanthropy-based model to a multi-stakeholder perspective”.^x

During “this phase, companies changed their approach and became responsible for all the stakeholders. The stakeholders include environment, community, customers, shareholders, suppliers and employees. In contemporary time, CSR has undergone a drastic change but some of the traditional features are still prevalent.” India's “discourse on sustainable development has been marked by acute poverty as well as high inequality in distribution of goods and services. More than five decades back, the Prime Minister Indira Gandhi stressed (at the UN Conference on Human Environment, 1972) that poverty is inextricably linked to environmental issues in developing countries and one cannot be solved without solving the other. In 2013, the

same concern is voiced by India's Prime Minister, Dr. Manmohan Singh as India aims to attain growth and poverty alleviation in a sustainable manner factoring in the needs of people, especially the poor.^{xii}

India's "poor are affected by hunger, malnutrition, illiteracy and poor access to common land and water. Conventional economic development like large scale industrialization leads to loss of land as well as traditional occupation putting particular stress on women and children. For example, heavy industrial usage of water leads to ground water depletion causing scarcity of drinking water".^{xii} "The women, then, travel miles to get their drinking water and they would carry their children along with them for security, help and/or company. Thus, lack of sustainable water usage policy in industrial belts creates pressure among vulnerable groups like women and children who miss out on their education. Without literacy and education, the future generation is cut off from many development programmes and" opportunities. "It is important to understand this inter relation of these factors e.g. industry, water, education and gender to link sustainable development with CSR. Indian companies spend on education, health and infrastructure as part of their CSR even though not much evidence exists whether such interventions actually make a difference."^{xiii}

PHASES OF CSR IN INDIA



Year	CSR Milestone
2009	“Corporate Voluntary Guidelines released to encourage corporates to voluntarily achieve high standards of Corporate Governance”
2011	“Endorsement of United Nations Guiding Principles on Business & Human Rights by India”
2011	“National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs) released to mainstream the concept of business responsibility”
2012	“Securities and Exchange Board of India (SEBI) mandates top 100 listed companies by market capitalization to file <i>Business Responsibility Reports (BRR)</i> based on NVGs.”

2013	Enactment of Companies Act, 2013
2014	“Section 135 of Companies Act, 2013 on Corporate Social Responsibility (CSR) comes in to force.”
2015	“High-Level Committee on CSR (HLC-2015) under the chairmanship of Shri. Anil Bajjal makes recommendations on the CSR framework and stakeholder concerns.”
2015	“SEBI extends BRR reporting to top 500 companies by market capitalization”
2016	“Companies Law Committee reviews the recommendations of HLC-2015 for adoption.”
2018	“The 2 nd High-Level Committee on CSR constituted under the Chairmanship of Shri. Injeti Srinivas, Secretary, Corporate Affairs to review the CSR framework”
2018	“Committee on Business Responsibility reporting constituted under the chairmanship of Shri. Gyaneshwar Kumar Singh, Joint Secretary, Corporate Affairs”
2018	“Zero Draft of National Action Plan on Business and Human Rights released by Ministry of Corporate Affairs”
2019	“National Guidelines on Responsible Business Conduct released”
2021	“Corporate Social Responsibility Policy) Amendment Rules, 2021”

CORPORATE SOCIAL RESPONSIBILITY & LEGAL REGULATIONS

India “is the first country in the world to make corporate social responsibility (CSR) mandatory, following an amendment to the Companies Act, 2013 in April 2014. Businesses can invest their

profits in areas such as education, poverty, gender equality, and hunger as part of any CSR compliance. The CSR framework adopted in Section 135 of the Companies Act, 2013 is premised on the principle that profitmaking enterprises should contribute a prescribed amount to social and environmental causes such as eradicating hunger and poverty, promoting education and gender equality and promoting health care.” Section “135 of the Companies Act applies to Indian companies and foreign companies doing business in India that, during the immediately preceding financial year, had (1) annual turnover of at least INR 10 billion (approximately USD 133 million), (2) net worth of at least INR 5 billion (approximately USD 67 million) or (3) net profit of INR 50 million (approximately USD 667,000).”^{xiv}

Eligible “CSR activities are outlined in Schedule VII of the Companies Act, which has been amended several times. These activities include, among others, those pertaining to”^{xv}

- (1) “eradicating hunger, poverty and malnutrition,”
- (2) “promotion of education, gender equality and empowering women,”
- (3) “promoting health care, including preventive health care and sanitation,”
- (4) “promotion and development of traditional art and handicrafts,”
- (5) “ensuring environmental sustainability and ecological balance,”
- (6) “rural development projects and”
- (7) “promoting employment enhancing vocational skills, especially among children, women, the elderly and the differently abled, and livelihood enhancement projects.”

On March 23, “2020, the Indian Ministry of Corporate Affairs issued a clarification indicating that expenditures relating to COVID-19 are eligible CSR activities to the extent they come within the categories listed in Schedule VII. Current law provides autonomy to companies to carry out their CSR activities through their own or unrelated not-for profit companies, registered societies or trusts. Companies are also free to collaborate or pool their resources with other companies to comply with their CSR obligations.”

Recent Amendments:

The “Ministry of Corporate Affairs (MCA) has amended the Companies (Corporate Social Responsibility Policy) Rules, 2014 through a notification dated January 22, 2021, thus giving effect to the changes introduced in CSR by the Companies Amendment Acts of 2019 and

2020.”

Changes in the definition^{xvi}

The incorporation of definition of Administrative overheads in Rule 2(1)(b) “gives the clear understanding of the term which was not there in the previous rules. The term specifically means the expenses incurred for general management and administration of CSR functions in the company and explicitly excludes any expenses incurred for the designing, implementation, monitoring, and evaluation of a particular Corporate Social Responsibility project.” Rule 2(1) (d) mentions “the activities undertaken under the purview of Section 135 for Corporate Social Responsibility. However, six activities have been explicitly excluded to qualify as CSR activity. The abovementioned activities being activities undertaken in the normal course of business, the being activities benefitting the employees, , undertaken outside India, contributing towards political party u/s 182, sponsorship activities which help the company in deriving marketing benefits, and carried out for fulfilling statutory obligation The main reason for such a definition is to have corporates think strategically and carefully while undertaking CSR activities rather than just pick and choose any activity mentioned under Schedule VII of the Companies Act, 2013”.^{xvii} “

With “the inclusion of the definition of CSR policy in Rule 2(1) (f), Rule 6 stands omitted. CSR Policy is now defined as a statement containing the approach and direction given by the board of a company, taking into account the recommendations of its CSR Committee, and includes guiding principles for selection, implementation, and monitoring of activities as well as the formulation of the annual action plan. The rules are a pioneer in the development of a comprehensive CSR policy.””

Rule 2(1) (g) “introduces International Organization in the framework of India's CSR. It allows corporates to take a call on the appointment of any outside organization for designing, monitoring, and evaluating their CSR projects and in assisting them with capacity building of their personnel under Rule 4(3) of New Rules.”

ACTIVITIES WHICH ARE 'EXCLUDED' FROM CSR

The “earlier CSR Rules, 2014 had an inclusive definition of CSR Activities and included the activities specified under Schedule VII. The CSR Rules, 2021 on the other hand, has an exclusive definition and the said CSR Activities must not fall within the usual course of business. The CSR Rules, 2021 excludes the following activities:”

- a) “Any activity outside India, except training Indian sports persons representing India, or any state or union territory of India in national or international games.”
- b) “Activities advocated through sponsorship to derive marketing benefits.”
- c) “Fulfilment of a statutory obligation or any lawful obligation.”
- d) “Benefit to employee, defined under section 2(k) of Code of Wages Act, 2019.”
- e) “Contribution of any amount to any Political Party.”

The activities included under CSR however still are the activities in Schedule VII of The Companies Act, 2013.

Amendment in CSR implementation scheme under Rule 4

For “all projects effective from April 1, 2021, companies can undertake CSR activity only through implementing agencies that are registered with the Central Government. For registration, a form CSR-1 has to be filed electronically after which a unique CSR Registration Number shall be generated. The template of e-form is present in the rules. In this way, a list of all such participating entities is maintained by the MCA which increases the chances of timely fulfilment of proposed activities. The amendment also states the entities which can apply for registration. The mentioning of public trusts and registered societies in section 8 for implementation of CSR policy will usher a way for companies to have access to various entities for carrying out their CSR obligations.”

Changes in Rule 5 - CSR Committees

Pursuant “to the New Rules, the CSR Committee has been given the task of formulating and recommending to the Board an annual action plan in pursuance of its CSR policy. The aforesaid plan shall include the following:”

1. “list of CSR projects to be undertaken under Schedule VII of the Companies Act;”
2. “manner of execution of such projects;”
3. “modalities of utilisation of funds and implementation schedules;”
4. “monitoring and reporting mechanism for the projects; and”
5. “details of need and impact assessment, if any, for the projects undertaken.”

The Board has also been given “the power to alter the annual action plan in accordance with the CSR Committee’s recommendation based on reasonable justification. When compared to the original provision on CSR Committees under CSR Policy Rules 2014, the New Rules appear quite detailed. The earlier Rule 5 of CSR Policy Rules 2014 vaguely mentioned instituting transparent monitoring mechanism for CSR implementation without specifying its requirements.” The New Rules make the process easier by laying down what all needs to be necessarily included by the company in its action plan.^{xviii}

Changes in Rule 7 - CSR Expenditure

Under the amended Rule 7, “the Board has been given the responsibility to ensure that administrative overheads in relation to CSR do not exceed five percent of total CSR expenditure of the company. It is to be noted that the Draft Rules proposed an upper limit of ten percent for administrative overheads for companies undertaking impact assessment, but such a provision has not been directly notified in the 2021 amendment”.

Rather, “under Rule 8(3)(c) of the New Rules, companies carrying out impact assessment have been allowed to claim five percent of total CSR expenditure or fifty lakh rupees, whichever is less, as a CSR Expenditure”.^{xix} Furthermore, the New Rules clarify that “any surplus from CSR activities shall not be considered business profit and (i) need to be either ploughed back into the same project or, (ii) transferred to the Unspent CSR Account or, (iii) transferred to a Fund specified in Schedule VII within a period of six months from the expiry of the financial year”. “The New Rules also allow a company to set off any excess amount spent by it in relation to its CSR requirements up to immediate succeeding three financial years subject to the following”:-

1. “The excess amount for set off shall not include the surplus arising out of CSR activities in pursuance of sub-rule (2); and”
2. “The Board shall pass a resolution to that effect.”

Under the New Rules, a company is further allowed to spend the CSR amount for creation or acquisition of a capital asset held by: “(a) a company established under section 8 of the Act, a registered public trust or a registered society, having charitable objects and CSR Registration Number; (b) beneficiaries of the said CSR project, in the form of self-help groups, collectives, entities; or (c) a public authority. As argued in the Report of the High-Level Committee on Corporate Social Responsibility 2018, the rationale behind allowing companies to use the CSR amount for capital creation or acquisition is to encourage sustainable and effective initiatives. The idea is to not limit CSR amount to revenue expenses and instead use it to create capital assets that would yield future economic benefits.”

Changes in Rule 8- CSR Reporting

The New Rules have added Rule 8(3) as per which “companies having average CSR obligation of ten crore rupees or more in three immediately preceding financial years are required to undertake impact assessment through an independent agency of their CSR projects. The impact assessment reports are required to be placed before the Board and annexed to the annual report on CSR.” “A Company undertaking impact assessment is allowed to book the expenditure

towards Corporate Social Responsibility for that financial year not exceeding five percent of the total CSR expenditure or fifty lakh rupees, whichever is less.”

Thus, “after the notification of New Rules, companies qualifying the mentioned threshold shall be mandatorily required to carry out impact assessment of their CSR contributions. It is hoped that such a requirement will result in more meaningful contributions by companies towards the society. There is however scope for clarity with respect to the provision allowing companies to claim five percent towards CSR expenditure for impact assessment. Prima facie, it gives an understanding that such companies have the option to claim ten percent in total as their CSR expenditure - five percent for administrative overheads and five percent for impact assessment. Although, the same has not been explicitly mentioned in such clear terms. A statement from the government in this behalf can remove this ambiguity.”

Changes in Rule 9 - Display of CSR Activities on website

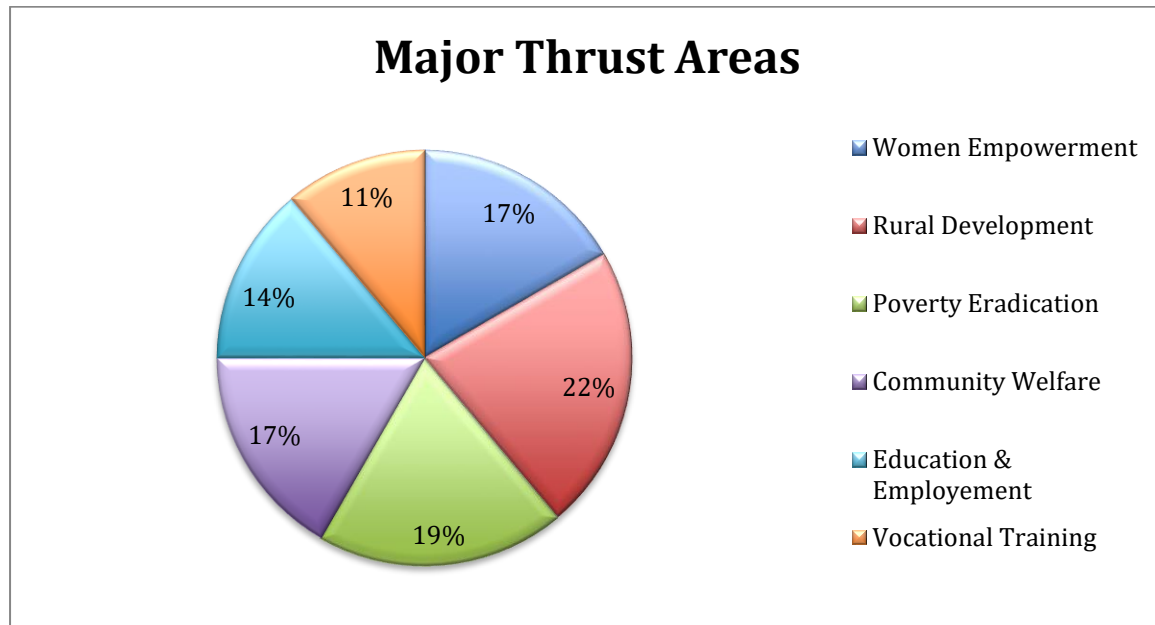
Rule 9 of the New Rules requires “the Board to disclose the composition of the CSR Committee, CSR Policy and Projects on their website for public access. This provision is similar to the earlier Rule 9 under CSR Policy Rules 2014. Making the companies disclose their CSR Activities and contributions to society is important to help the public make informed decisions.” “The investors these days are becoming socially aware and want to engage with companies that take positive steps for the development of the society.”

Introduction of Rule 10 - Transfer of unspent CSR Amount

The 2021 Amendment has introduced a New Rule 10 requiring “companies to transfer the unspent CSR amount to any fund already mentioned under Schedule VII till the Fund referred to in Section 135(5) and 135(6) of Companies Act, 2013 is created or specified”. It is to be noted “that the Draft Rules proposed the establishment of a National Unspent CSR Fund by the Central Government (the Fund) for the purposes of Section 135(5) and 135(6) of the Companies Act. There has however been no mention of any such specific central Fund to be created by the Central Government under the New Rules of 2021.”

COMPARATIVE ANALYSIS OF PUBLIC SECTOR VS PRIVATE SECTOR

Both private sector & public sector are carrying out various CSR activities. Some of the major areas on which it is focused have been described in the chart below.



The “CSR dialogue has in last few years taken a new turn because of various regulatory requirements such as Business Responsibility Reporting arising out of the National Voluntary Guidelines for Social and Environmental Responsibility and CSR provisions under the Companies Bill. This has started a new conversation within the corporate sectors on the appropriate paradigm for CSR.” However, “what constitutes corporate social responsibility varies from company to company, place to place and over the time, as there have been conflicting expectations of the nature of companies' responsibility to society. It is increasingly accepted that in order to define precisely what social responsibility means to a company, it needs to engage with its stakeholders and take into account their needs and aspirations when designing CSR strategies and programmes”.^{xx} “The companies may internally adopt employee welfare activities; but when it comes to external stakeholders, they may adopt community & society welfare, environmental protection etc”. “The choice of selection of CSR activities should be strategically being inclusion of company policies. There is literature evidence that CSR is being practiced in various ways. While most of these claims are theoretical and use deductive mode of reasoning, very few of them provide empirical evidence to provide potential

components of CSR practices.” Further, “there is a lack of studies which analyse important social programmes in shaping CSR practices for their organization. So, it is necessary to seek further empirical evidence to justify the various components of CSR practices, areas of CSR initiatives and differences / uniqueness in CSR practices taken by the various organizations in India”.^{xxi}

Now we will be discussing some of the examples showing the differences sector wise, how the private sector & public sectors are carrying out CSR initiatives:

1. Health

Health “is an important area for CSR activity. The all ten selected public sector and private sector organizations are involved in different types of health programmes related to provide medical facility, to control the spread of communicable diseases, immunizations programmes, health awareness programmes, etc.”

Public Sector Initiatives:

National Thermal Power Corporation (NTPC)

It provides “subsidized medical facilities, Support for Eye Centres, Medical equipment to Hospital, Mobile Health Clinics, Health Camps & Free Operations, Family Planning Programs, De- addiction camps/ Programs, Health related infrastructure in neighbourhood villages, etc. under CSR activities.”

SAIL

It has “established 54 Primary Health Centres, 12 Reproductive & Child Health Centres, 17 Hospitals and 7 Super-Specialty Hospitals for providing specialized healthcare. Five special health centres (Kalyan Chikitsalyas) have been set up at plant locations for poor and needy people. To help the poor and downtrodden patients and to have health outreach, 24 MMUs /ambulances have been provided to various NGOs like HelpAge India, Bharat Sewashram Sangha, Anugraha Drishtidaan, etc. A special project Akshaya for providing free investigation to TB patients of under privileged sections of society and project Chetna’ for treatment of sickle cell anaemia.”^{xxii}

GAIL

It “is up gradating of existing Telemedicine Centre, physiotherapy units as well as setting up a community hospital in the villages. GAIL has supported various projects by providing ambulances, mobile health outreach programmes and distribution of medicines Nishulk Chikitsa Kendra”. GAIL “has undertaken several healthcare projects like Reconstructive surgery for leprosy patients, Eye care cataract surgeries with IOL implants, Cancer screening camps, family planning camps, T.B. eradication programmes, malaria camps with treatment and free medicines and, health check-up camps, physically handicapped persons camps (distribution of artificial aids and appliance) in the numerous rural areas. GAIL’s own hospitals & dispensaries in its townships extend medical care & treatment to the local villagers.”^{xxiii}

Indian Oil

It organises “Medical/ Health Camps on Family Planning, Immunization, AIDS awareness, Pulse Polio, Eye, Blood Donation, Pre and Post-natal Care, Homeopathic Medicine etc., distribution of free condoms, providing antimosquito fogging treatment, toilets, medicines to primary health centres, mosquito nets, ambulances to Medical Centres/ Hospitals/ NGOs, hearing aids/ wheel chairs to physically challenged, financial assistance to hospitals, medical equipment etc”. “Besides the above, Indian Oil also runs - Swarna Jayanti Samudaik Hospital, Mathura; 200 bed hospital set up by Assam Oil Division, IOCL at Digboi, Assam; Assam Oil School of Nursing, AOD, Digboi; Indian Oil Rural Mobile HealthCare Scheme; etc.”^{xxiv}

State Bank of India

It has extended “financial assistance for 300 Ambulance Vans to needy and service organizations, 42,000 water purifiers and 1, 40,000 ceiling fans to more than fifty thousand schools to provide clean water and conducive climate to school children, support to hospitals in the form of Medical equipment and others under health care activities.”^{xxv}

Private Sector:

Tata Steel

It ensures best services in healthcare at Jamshedpur for the people of the city. The Tata Memorial Centre constitutes “the national comprehensive Cancer Centre for the prevention, treatment and research on cancer and is comparable to any similar centre in the world. The

Meherbai Tata Memorial Hospital is a specialty hospital for cancer equipped with latest treatment and diagnostic facilities. Tata Steel extends the much-needed preventive, curative and promotive healthcare facilities in its areas of operation”.^{xxvi}

Tata Steel “has received much global acclaim for its work on HIV / AIDS awareness and interventions. Tata Motors also involved in different types of health services like- curative health care services; infrastructural development, better sanitation facilities, training to Village Health Workers, early diagnosis and treatment of diseases, especially tuberculosis, leprosy, hepatitis & malignancies is now effectively carried out. Preventive health care measures and safer drinking water facilities, eradication of cholera and reduction the incidence of other water borne diseases, effective implementation of pre-natal care programme, family planning programme, etc.””

Mahindra

Mahindra Foundation has set up a specific objective “to provide medical relief to the poor and needy sections of society. The Foundation has helped patients suffering from cancer, heart ailments as well as burn victims. It has also been very active during national calamities and disasters and has helped contribute and mobilise resources”.^{xxvii}

Maruti Suzuki

The “employees of Maruti Suzuki have always donated generously to people affected by natural calamities. The organisation also runs a creche for the children of construction workers, which provide food shelter and education for children.”

HDFC Bank

The Bank is building “a segment-specific approach like funding to horticulture clusters, supply chain finance, agribusiness, MSMEs and dairy farmers. It has also Collaborated with NGOs for Eradication of Hunger, Poverty, Malnutrition”.^{xxviii}

2. Education Sector

Education “is another important area for CSR activity. The public sector and private sector organizations are involved to provide educational facility. The industrial organisations have either own educational institutions or they donate funds to the educational institutions in the country.”

NTPC

It “earmarks 15%-20% of CSR-CD budget for education. Key Initiatives in education are - Running 48 schools at stations out; Support to IIT & Engineering Colleges; Support for construction of Engineering College; Infrastructural support to schools; Supporting to set-up technical polytechnic; Assistance for facilitating education and rehabilitation of child victims; Support for delivery Vehicles for mid-day meal programme for the children; Support for computers for Rath Mahavidyalaya; Support for training to village youth in the slums; scholarship for pursuing professional courses;” Support to Ramakrishna Mission for conducting various activities; “financial assistance to Female/ Girl Child Education, Adult Education, Coaching and personality development programs, Study material & uniforms etc to deserving students; etc.”^{xxxix}

SAIL

It has set up “approximate 146 schools in the steel townships for providing modern education and 286 schools of villages surrounding steel plants/units for free education, boarding and lodging. SAIL has achieved a girl-boy ratio of 1:1 for all levels of education. SAIL also provides midday meals, uniform, including shoes, textbooks, stationery items, school bag, water bottles, etc. to BPL children. Besides the above, SAIL has supported Technical University, Industrial Training Institutes (ITIs) and nursing courses, free coaching and assistance to needy and poor children for their higher education.”^{xxx}

GAIL

GAIL has “attempted to address the issues of un-employability through skill development and vocational training programmes undertaken at several locations. GAIL with the help of its implementing partners gives Training (Sewing & tailoring training) & Special education (procurement of computer based visual speech training equipment & Audio-Visual Projector) for the Neglected Disabled children and backward people. With its project Padho-Badho GAIL envisages to mainstream at least 3000 rag picker children government schools through its Non formal Education Centres for out-of-school children.”

Private Sector:**TATA**

Tata Steel has, “from its inception undertaken various initiatives in education that have catered to the needs of youth in rural and urban areas alike. Tata Steel supports the right to free and compulsory education for all children up to the age of fourteen years and supports initiatives to improve literacy levels amongst adults. Tata Motors has contributed towards improving education through infrastructural development for promoting schooling among the villagers and through up-gradation of educational facilities” (building computer laboratories, sports ground, etc.) and organising teacher’s training programmes to better the quality of education.^{xxxix}

Mahindra

Mahindra has also CSR activity related to “educational promotion in the country through K. C. Mahindra Education Trust and Mahindra Academy. The K.C. Mahindra Education Trust has undertaken a number of education initiatives to make a difference to the lives of deserving students. Mahindra Group has established ‘Mahindra Academy’ schools near its factories primarily for children of its employees. Teachers at these schools are qualified and undergo regular training as well as attend relevant workshops.”^{xxxix}

Maruti Suzuki

Maruti Suzuki has some “CSR schemes related to education like- Education to underprivileged, Educational benefits, Education Programme for mothers, etc. through which education to poor children, women, deprived students, etc. is provided.”^{xxxix}

HDFC Bank

The HDFC is also involved in CSR activity related to education in the country. Some important CSR activities related to education are – “Children Education Project and Teach for India. It provides remedial classes, Computer classes, Life skills (Personality development, vocational counselling) sessions to the children studying in Grade 5 to 10. HDFC Life and Educo believe that good quality structured education provides for better future career prospects for these children and would help them break the cycle of poverty and improve the life of the community

at large. Fellowships under Teach for India Fellowship is a two-year paid assignment during which Fellows are placed as full-time teachers in low-income English Medium schools.”^{xxxiv}

3. Environmental Protection

Environment “Protection is a necessary CSR activity for industrial organisations. Companies are embedded in their geographical, cultural, societal and environment. The large-scale industries belonging to modern corporate world also consider environmental aspect in their CSR activities.”

NTPC

NTPC is taking all “necessary precautions to minimize damage to the environment due to its operations, and in case any such damage takes place, makes all necessary efforts to restore/ provide compensation for the same. Environment-related initiatives are taken up by NTPC through dedicated groups in NTPC Energy Technology Research Alliance (NETRA), Engineering & EMG Group under the respective policies.”^{xxxv}

SAIL

SAIL is committed to “protection of the environment and the promotion of responsible corporate policies that conserve and optimally utilise resources and at the same time, sustain the economic environment for growth. SAIL recognises that ensuring environmental sustainability at its plants and mines requires setting challenging targets, committing to judicious use of resources and making its processes cleaner and energy efficient.”^{xxxvi}

GAIL

GAIL is “putting its tiny steps in the field of Environment protection by plantation of saplings and trees in various areas where it has its installation. Projects related to Rain water harvesting, water Recharging and Ground water reuse system have been supported aptly by GAIL. Out spreading its support for green energy GAIL is in the process of building a Gas based Crematorium and provision of solar lights in the rural areas where electricity is not yet reached. Congregating environment and hygiene factors together GAIL is also installing Sulabh Sauchayala & Bio Gas Plants and development of Environment Parks for thousands of poor labourers’ livings in slums where GAIL supplies gas.”

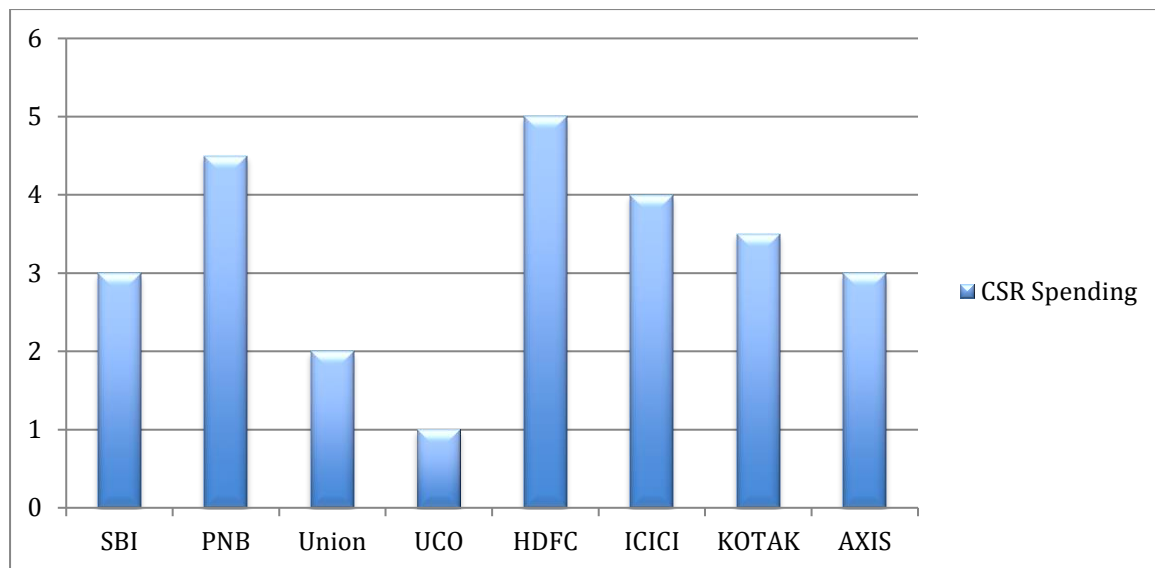
Indian Oil

Indian Oil Corporation is now in the “process of commercialising various options in alternative fuels such as ethanol-blended petrol, biodiesel, and Hydrogen and Hydrogen-CNG. Indian Oil is committed to conducting business with a strong environment conscience, so as to ensure sustainable development, safe work places and enrichment of the quality of life of its employees, customers and the community”.^{xxxvii}

CASE STUDY OF BANKS SHOWING THE DIFFERENCE BETWEEN CSR ACTIVITIES IN PRIVATE & PUBLIC SECTOR BANKS

A Study shows that.^{xxxviii}

1. “The CSR spending as a percentage of Profit after tax of the Indian banks is not equal to 2%. Further there is no significant difference in the CSR spending of Public Sector banks & Private Sector banks. It also shows that there is no significant difference in CSR reporting practices of Public Sector banks & Private Sector banks.”
2. “Among public sector banks, Indian bank has contributed every year towards Corporate Social Responsibility out of its profits whereas among private sector banks, ICICI Bank, The south Indian Bank Ltd and Yes bank has contributed every year towards Corporate Social Responsibility out of its profits”
3. “In public sector banks Central Bank of India is the best performer and UCO bank is the worst performer in respect to CSR reporting. Whereas in private sector banks The Catholic Syrian Bank Ltd is the best performer and ING Vysya Bank Ltd have the worst performance in respect to CSR reporting practices.”
4. “Concentration on social issues, mandatory factors, CSR reporting is more in comparison to environmental issues, it may be possible because banks does not harm environment directly”



Graph Showing Average CSR Funding of Banks in last five-year financial year. ^{xxxix}

OBSERVATION

Banks are “usually judged from the point of view of their financial performance but this study has explored a new dimension for analysing the performance of banks. It could be inferred from the study that certain banks like ICICI bank, HDFC bank and State Bank of India which are top performers in terms of profitability and growth are not at the top in CSR activities. In order to achieve 100% financial inclusion in India, Banking organization can play a vital role through investing their CSR funds. Banks like HDFC and ICICI are working to deal with this problem by accelerating their CSR funds in to financial inclusion activities. But it has also noticed that they are investing into wide range of other CSR activities like supporting education, health and gender empowerment which allows the CSR contributions pie to be cut into more pieces and the goodwill spread among many beneficiaries. So, they must have clear CSR vision and should be focus on only financial inclusion activities. On the other hand, banks like State bank of India, Bank of Baroda and Punjab national bank are still looking for strategic CSR as their CSR activities are limited to only donation and charity. Therefore, there is lot to achieve in term of contribution towards financial inclusion by banking organization through their CSR funds. Indian Banking must address these issues as a part of their corporate social responsibility and should make purposeful efforts to reach financial inclusion. It not only will

help Indian society to attain social inclusion but also helps monetization of Indian Economy and transforming unbanked region to bank.”

Another Study found that:^{x1}

1. “Banks spent expenditures on focused area but do not spend CSR amount as per the rule and norm or are not bound by CSR rules due to loss.”
2. “Only a few banks have enlisted the help of NGOs or trust formations which can enlist their help as per the rules. This is a responsible act which the banks have to do, so that the government and the customers and stakeholders can have full confidence in their trusted bank. Yet the areas of his CSR which are the chosen work and his positive attitude towards those areas are an inspiring and advisory work.”

So as per above findings study found that there are significant CSR practices of selected public and private banks and there are significant CSR expenditures in selected public and private banks.

CSR Expenditure Difference^{xii}

Year	Axis	ICICI	HDFC	KOTAK	Indus	IDBI	BOB	Indian	PNB	Union
2014-2015	92.11	90.69	60.13	30.53	53.70	89.15	21.34	4.72	4.89	35.33
2015-2016	84.28	81.13	78.55	34.67	63.89	65.51	114.38	13.41	38.67	21.67
2016-2017	68.92	91	100.46	31.55	61.17	N.A.	N.A.	12.68	32.92	29.42
2017-2018	71.60	100	71.60	35.69	29.17	N.A.	N.A.	25.41	N.A.	28.63
2018-2019	107.54	77.50	98.77	37.96	62.58	N.A.	N.A.	12.15	N.A.	N.A.

CONCLUSION

Private “sectors have been spending a lot more on CSR than their peers in public sector. For example, most of the private sector banks have been undertaking initiative in strategic way with a journal approach towards long term impacts while public sector banks have been spending more in activities and sponsorship for NGO initiatives and welfare schemes. One of the favourites of public sector banks is donations to relief fund. Almost all public sector banks have contributed to Chief Minister/Prime Minister Relief funds”. Five most preferred areas in priority order are education & vocational skills, healthcare, disaster relief, financial literacy and livelihood. Coming to laws and regulations, “the Companies (CSR Policy) Amendment Rules 2021 have overhauled India’s CSR regime. Besides giving effect to changes introduced in Section 135 of Companies Act, as a result of Companies Amendment Act of 2019 (regarding transfer of unspent CSR amount) and Companies Amendment Act 2020 (regarding setting off of excess CSR expenditure), the New Rules have introduced new requirements like impact assessment of CSR contributions, engagement of International Organisations for CSR Projects in limited capacity etc. Even with respect to the concepts earlier present in the 2014 Rules, such as meaning of CSR, CSR Policy, CSR Implementation, the provisions of the New Rules appear to be more detailed and structured.”

This is “appreciated as it has in effect reduced the excessive discretion in the hands of a company, enhanced clarity, and introduced some uniformity by laying down the procedures to be followed in certain respects. Some provisions are still a bit vague, like Rule 10 of the New Rules talking about the transfer of unspent CSR amount to funds already mentioned in Schedule VII while not addressing the question of setting up a new Fund for the purposes of Section 135(5) and 135(6) of the Companies Act as was discussed in the Draft Rules of 2020. Concerns have also been raised regarding the five percent cap on administrative overheads under the New Rules and companies might find it difficult to abide by such provisions. Considering the overall scheme and the underlying intention, the New Rules paint a promising picture for India’s CSR regime.”

RECOMMENDATIONS

Based on the above study following recommendations can be taken into consideration:

1. The “partnerships between all stakeholders including the private sector, employees, local communities, the Government and society in general are either not effective or not effectively operational at the grassroots level CSR activities. It creates barriers in implementing CSR initiatives for socioeconomic development. The appropriate steps should be undertaken to address the issue of building effective bridges amongst all important stakeholders for the successful implementation of CSR initiatives for overall development of society. Therefore, a long term and sustainable perspective on CSR activities should be built into the existing and future strategies of all stakeholders involved in CSR activities mentioned under Company’s Act 2013.”
2. It has “been found that only medium and large corporate houses are involved in CSR activities, that too in selected geographical areas and also in limited activities. Therefore the government should make endeavour to cover more companies to be brought under the CSR area and activities as per 2013 Act. To address the issue of reaching out to wider geographical areas, the involvement of small and medium enterprises (SMEs) in the CSR domain will be essential. It is recommended that a campaign should be launched to both spread awareness on CSR issues amongst the general public as well as to involve SMEs to participate more actively in CSR activities for development of society.”

The “Example set by corporate houses will help CSR reach out to other locations and cover a large number of communities and help companies play a valuable role in addressing various social and development issues for further progress. It will help CSR to get ingrained into the DNA of core business activities of companies for socio-economic development of the society.”

3. Corporate “houses and non-governmental organisations should actively consider pooling their resources and building synergies to implement best CSR practices to scale up projects and innovate new ones to reach out to more beneficiaries of the society especially at local level. It will enhance the impact of their initiatives on the lives of the common people, children and women. In order to fulfill this both corporate houses and

non-governmental organisations stand to serve the people through their respective projects and initiatives as per the companies act 2013.”

4. Many “CSR initiatives and programmes are taken up in urban areas and localities for their development. Therefore, the impact of such projects does not reach the needy and the poor in the rural areas people. However it does not mean that there are no poor and needy in urban India; they too equally suffer from want of basic amenities, services and requirements. Therefore it is recommended that companies should also actively consider their interventions in rural areas on education, health, girl child and child labour as this will directly benefit poor common man. Because, even today more than 70 per cent people still reside in rural India and required basic facilities.”
5. The “Government should consider rewarding and recognizing corporate houses and their partner non-governmental organisations for effective implementation of projects. Some benefit and Incentives to be offered to the private sector to strengthen their good work must include a formal partnership with local administration for effective implementation.” There should be some relaxation should be given like Foreign Contribution Regulation Act (FCRA) license and other fiscal incentives including matching project grants and tax breaks for social and development projects covered under CSR activities. It will encourage voluntary participation of greater number of corporate houses in CSR activities, as per the act.
6. The “areas covered under CSR activities by the industrial organisations are found very limited. It is found mostly in the field of education, health and rural development in which government also spend huge fund. It should be spread and well defined by the government to consider the national as well as international scenario.”
7. Sports “and games should be incorporated in main stream of corporate social responsibility by the government considering the international awards for India.”
8. Special “CSR activities should be incorporated for remote as well as rural areas by the industrial organisations so that mass population could avail benefit of CSR activities.”

ENDNOTES

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