CSR in India: Evolution, Models, and Impact

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Abstract As one of the oldest civilizations of the world with a rich history of culture that embraces tolerance and social consciousness, the concept of social responsibility in India dates back to 1500 B.C. and is not a modern day twentieth century phenomenon. When companies emerged in the twentieth century, social responsibility was largely ingrained in volunteerism; however, today corporate social responsibility (CSR), apart from the philanthropy of individuals and companies, is triggered by the mandate to meet government's legislation. This chapter traces the evolution of CSR in India across four phases. Conceptual models in vogue in the country are then outlined followed by an appreciation of CSR in a few major sectors. This is followed by an analysis of the impact of CSR with regard to overcoming major societal challenges. An attempt is made to answer the moot question whether CSR is part of corporate strategy, followed by an assessment of India's unique CSR law. Thereafter, a critical evaluation of CSR activities in India including its linkages with the Sustainability Development Goals formulated by the United Nations is carried out.

1 Evolution of CSR in India

The concept of social responsibility in India dates back to the Vedic ages during the period 1500–600 B.C. The Hindu scriptures such as the Vedas, Bhagavad Gita, Upanishads, and treatises like Manusmriti and Arthashastra have in various contexts

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dwelt on the responsibilities of kings, leaders, individuals, citizens, and groups toward society.[1]

Social responsibility is expected from the king to his subjects. Vedic literature emphasizes the role of the king as the accumulator of wealth to take care of the welfare of the subjects, that is stakeholders, in return for which the king will grow as the sun grows and shines. It also states that whatever is given to society is returned manifold. Doing one's duty to society is termed as Dharma and wealth earned by violation of the principle of Dharma is not "good" wealth and should be rejected. The Vedic literature often contains terms like "sarva loka hitam" which means "well-being of stakeholders," signifying their importance in entities like corporations.

In the Bhagavad Gita, which is a 700 verse Sanskrit scripture that is set against the backdrop of the Mahabharata war between the Kauravas led by Duryodhana and the Pandavas led by Arjuna, Lord Sri Krishna who dons the role of mentor to Arjuna, stresses the importance of leaders and leadership qualities. Manu, who in Indian mythology is recognized as the first man and whose teachings are chronicled in the treatise Manusmriti, extols the virtues of honesty, righteousness, and obedience to law as the means to happiness and derides acquisition of wealth by unrighteous means. Thus, fulfillment of desires to earn wealth should be in conformity with Dharma, and wealth which contravenes Dharma should be rejected. Extending these principles to business enterprises, companies should ensure that they think not only about the end, that is profit, but also the means employed to earn that profit. Further, Manusmriti states that whatever is good for society is also good for the business organization in the long run.

Kautilya, the author of the treatise Arthashastra, stated that happiness cannot be obtained by wealth and profit alone, but by doing the right things in the right manner, termed as "sukhasya mulam dharma" (Muniapan & Dass, 2008). Kautilya also maintained that a leader or king should have no self-interest. His satisfaction lies in the welfare and happiness of his people. The same advice is also found in Shanti Parva, which is the twelfth of eighteen books on the Mahabharata and pertains to the rule of the Pandavas after defeating the Kauravas in the war, namely, that public interest or welfare is to be accorded precedence over the leader's interest (Muniapan, 2008).

The Vedanta, which is one of the six schools of Hindu philosophy and is an umbrella term for many sub-traditions ranging from dualism (wherein God and the world are two distinct realities) to nondualism or monism (embracing oneness in the concept of existence), propounds the concepts of Dharma and Karma. While Dharma is the moral force that keeps the universe in equilibrium and society ticking and is maintained by each person doing his/her duty, the belief that a person's actions in this life will determine the fate in the next life is termed as Karma. Karmic philosophy enjoins that one must do good things in life and that acts of kindness,

[1]Manusmriti was one of the first Sanskrit texts studied by philologists. It was translated from Sanskrit into English by Sir William Jones in 1794. The Arthashastra is an ancient Indian treatise on statecraft, economic policy, and military strategy, written in Sanskrit. Kautilya, also identified as Chanakya, is traditionally credited as the author of the text.

selflessness, helping others, or supporting the underprivileged will be rewarded in the next life. Further, the good deeds or Karma that result from Dharma (doing one's duties toward society) would serve as an insurance in bad times. Indian society thus evolved on the bedrock of the above principles that acted as the foundation in later years when business organizations developed.

Sundar (2000) has identified four phases of CSR originating from the pre-independence era (from 1850 to 1914) to the current ongoing period, namely:

- Phase 1 (1850–1914): Donation and social welfare phase
- Phase 2 (1914–1960): Trusteeship and social development
- Phase 3 (1960–1988): Legislation—labor and environmental standards
- Phase 4 (Post 1988): Philanthropy and integration of CSR

Phase 1 (1850–1914): Donation and Social Welfare Phase
Sundar (2000) states that this phase saw the shift from charity for purely religious reasons benefitting members of the same community to a more secular philanthropy. Rich business families set up trusts and institutions such as schools, colleges, and hospitals apart from charitable contributions for construction of water tanks, gardens, shrines, and betterment of the underprivileged. Although the term CSR did not exist at the time, organizations' social engagements took the form of charity and philanthropy for community development, a legacy of the early industrialists who were leaders in the economic as well as social fields.

Phase 2 (1914–1960): Trusteeship and Social Development
Phase 2 coincided with India's struggle for freedom from colonial rule and the institutional and social development process, influenced by the Gandhian philosophy of trusteeship and the reform movement focused on rural development, abolition of untouchability, and women' empowerment (Mohan, 2001). Mahatma Gandhi's concept of trusteeship drew inspiration from Vedic scriptures that call for relinquishing all wealth to God, and taking only what is necessary (Gandhi, 1960). In his social trusteeship theory, Gandhi propagated that God's assets are for all God's people, and not for selfish consumption by any particular individual. In its truest sense, this trusteeship concept allows private ownership of property only to the extent that it serves society's best interests—in essence, renouncing capitalism in favor of a more egalitarian societal setting. Gandhi proposed a set of governing principles of trusteeship to bring in egalitarianism in the capitalist order of society which encompassed (Mitra, 2007: 24):

- The renunciation of private ownership of property, except in cases permitted by society for its own welfare
- Establishment of a minimum wage with the difference between minimum and maximum wage being reasonable, equitable, and variable from time to time
- Precedence of social necessity over personal whim or greed in determining the charter of production
- Use of individual wealth with regard to the interests of society.

Business leaders like Ghanshyam Das Birla and Ramkrishna Bajaj who were close to Gandhiji and took part in the freedom movement were pioneers in the establishment of trusts purportedly for CSR. The Tata Group led by J.R.D Tata is credited with pioneering labor welfare measures (e.g., 8-hour working day, leave with pay, provident fund schemes) in India as early as 1912, well before such legislations emerged in the West. They also built rural and urban infrastructure including the entire city of Jamshedpur. Mohan (2001) notes that these initiatives reflected a sense of altruism and social commitment.

Phase 3 (1960–1988): Legislation—Labor and Environmental Standards
Phase 3 was characterized by the emergence of the public sector, that is state-owned public sector units (PSUs), and a regime of high taxes and a quota and license system that imposed tight restrictions on the private sector, constraining their surpluses and consequently their capacity for contributing to CSR. Philanthropy, in this phase, was largely directed toward education and health initiatives—areas that were incentivized by the state. Although business leaders like J.R.D. Tata and G.D. Birla influenced public policy debates, business conceded a prominent role to the state in the developmental process (Mitra, 2007). However, the assumption that the public sector could tackle developmental challenges materialized only to a limited extent.

Phase 4 (Post 1988): Philanthropy and Integration of CSR
The economic liberalization after 1990 brought freedom from controls and changed India's economic paradigm, thereby favorably impacting the corporate sector's revenues and propensity for CSR. While philanthropy continued to be the main instrument of corporate participation, the need to look at CSR more holistically and establish a strategic connect emerged in many large progressive corporates. Highlights of surveys conducted by different organizations are summarized below.

Tata Energy Research Institute (TERI) Their survey showed that Indians in general feel that businesses must play a larger role in society and besides providing quality products at reasonable rates, should strive to make their operations environmentally sound, adhere to high labor standards, reduce human rights abuse, etc. (Kumar, Murphy, & Balsara, 2001).

Centre for Social Markets (CSM) In July 2001, CSM surveyed perceptions and attitudes toward CSR (Brown & Mehra, 2001) and their report claimed that the government with unclear policies, ineffective bureaucracy, poor monitoring, complicated tax systems, and poor infrastructure was the key barrier (Prakash-Mani, 2002).

United Nations Development Programme and Others Their CSR survey conducted in 2002 revealed that many companies are still steeped in passive philanthropy (United Nations Development Programme, British Council, Confederation of Indian Industry, & PricewaterhouseCoopers, 2002).

Partners in Change (PiC) In 2004, from a sample survey of 536 companies across India, PiC concluded the following (Arora & Puranik, 2004):

- There was a marked increase in the number of companies adopting CSR policy compared to their earlier findings in 1999 and 2000.

- Philanthropy is the most significant driver of CSR (64%), followed by the goals of image building (42%), employee morale (30%), and ethics (30%).
- CSR policy is largely initiated by the CEO, except in the case of PSUs where it is triggered by government policies (Ghosh, 2003).
- The perception of CSR has increased due to an enabling corporate environment.
- Older companies with greater turnover are more conscious of their social responsibility.

2 CSR Models Practiced in India

In their landmark survey of CSR, Kumar et al. (2001) identified four major models of CSR in vogue in India, namely, the ethical model, the statist model, the liberal model, and the stakeholder model.

2.1 Ethical Model

The ethical model grounded in "volunteerism," connotes voluntary commitment by companies to public welfare, draws on Vedic and Gandhian thought, and is an offshoot of Gandhi's trusteeship model. Mitra (2012) argues that Mahatma Gandhi enjoyed close relations with several business leaders like the Birla and Bajaj groups who implemented Gandhian philosophy and were perceived to be more socially responsible (Kumar et al., 2001; Mehta et al., 2006; Nasscom Foundation, 2007). Several companies state their CSR policies are led by their founders' guiding principles (Mehta et al., 2006; Nasscom Foundation, 2007; United Nations Development Programme et al., 2002), in line with Gandhi's trusteeship concept (Richards, 1995), but this cannot be generalized.

2.2 Statist Model

The statist model championed by Jawaharlal Nehru, India's first Prime Minister, gave primacy to state ownership with the expectation that PSUs would be able to fulfill their social responsibility objectives better than those in the private sector. Jawaharlal Nehru brought Gandhian philosophy and ethics into the domain of official state policy, albeit in diluted form as Nehru's priority was building the newly independent nation. A mixed plan economy was adopted, where industries deemed crucial to development were reserved for the public sector and private firms were put under tight regulations (Kaushik, 1997). Gandhian ideals of self-sufficiency were integrated with Nehru's plans for economic progress via heavy industrialization and investment in science and technology. Many stalwarts of corporate India actively supported the independence movement and the nation-building exercise thereafter and partnered with state agencies for both business and CSR. After, 1990, India embraced competition as key to socioeconomic development. Liberalization was carefully controlled and did not completely erode the state's influence. The government evolved into a crucial partner for private industry. Hence, the statist model remains relevant for contemporary India (Kumar, 2004: 1).

2.3 Liberal Model

The liberal model proposed by Friedman (1970) is centered on profit motives as opposed to altruism and limits corporate responsibilities to satisfying owners, namely the shareholders. This is based on the capitalist theory of "business for profits." Although, in relation to CSR, it appears crass and materialistic, Balasubramanian, Kimber, and Siemensma (2005) opine that the ethical, statist, and stakeholder models may be idealized and the liberal model may be more relevant.

2.4 Stakeholder Model

The Stakeholder model postulated by Freeman (1984) elevates stakeholder responsibility from the narrow profit-centric approach of Friedman and demands consideration of the impact on customers, employees, communities, etc. Collins and Porras (1994) expand on Freeman's approach in their book *Built to Last* where they propose that a strong set of core values involving collaborative stakeholder relationships permeating across the organization explains the sustained success of firms across industries and time periods. In India, Freeman's model is best illustrated by the Tata Group, which has progressive policies such as giving jobs to a son or daughter after the father's death, providing housing for all employees, and providing financial assistance to those who are desirous of becoming entrepreneurs. Freeman argues that companies who respond to stakeholder concerns make their firms more powerful and resilient to attack from outside groups and make a positive social contribution by honoring the communities that support their work as evident from the success of the IT sector in India.

2.5 Neoliberal Model

India's political and social environment has significantly changed over the 70 years since independence and the socialist focus has been substituted by buzzwords of modern day business such as corporate entrepreneurship, team ethics, nation building, and social responsibility. Consequently, Mitra (2012) argues that in the current context, companies rarely seem to follow one of the four models faithfully, and instead adopt a neoliberal profit-centered agenda at the core, intertwined with the essence of an ethical model and/or stakeholder model. This is corroborated by the words of the founder of one of India's largest ΓΓ companies who says that

> decision makers across Indian companies today recognize that following the dictates of a broader, social conscience can help them realize new markets, increased profits, an improved corporate image, and happier employees [. . .] [It] enables them to contribute meaningfully to economic and social development in the country. (Murthy, 2007)

While the liberal model has profits and satisfaction of shareholders as the underlying objective and obligation of companies, the neoliberal model has the following characteristics:

- It emphasizes voluntary CSR and is driven by corporate leaders, who are ethical and transformational (Waldman & Siegel, 2008).
- Ecological and resource-oriented concerns are usually given primacy over communities of interest (Peterson & Norton, 2007).
- Activities in hitherto ignored rural and developing markets to generate revenues are preferred (Prahalad, 2007).
- Green technology assumes significance along with scientific methods of conducting and evaluating CSR (Peterson, 1997).

3 Sectoral Appreciation of CSR in India

The sectoral contribution toward CSR is influenced by the ownership (state or private), corporate philosophy, nature, size, and profitability of the industry. Four diverse sectors are analyzed in the following sections, namely:

- Banking and financial services, where the majority of banks are nationalized and their activities have a high degree of social orientation as they follow government diktat
- Construction, which is one of the biggest employers
- Pharmaceuticals, which is universally acknowledged as a highly profitable industry
- Information technology, which is the largest industry in the service space in India

3.1 Banking and Financial Services Industry (BFSI)

The policies and regulations of the government impose CSR obligations on banks and their operations are integrated with CSR by default. The relevant CSR areas in the BFSI are:

- Rural branch expansion
- Priority sector lending

- Environmental protection
- Education
- Community welfare
- Farmer welfare

Rural Branch Expansion To trigger growth in underdeveloped regions, rural branch expansion was taken up on a large scale by the Reserve Bank of India to augment financial inclusion. Chakrabarty (2009) explained financial inclusion as the process of ensuring access to appropriate financial products and services needed by weak, low income groups at an affordable cost in a fair and transparent manner by mainstream institutional players. Lack of rural bank branches besides inadequate legal and financial support constrains financial inclusion in many states. Banks are expected to fulfill the infrastructure gap of rural branches, even though their economic viability is often questionable (Sharma & Mani, 2013).

Priority Sector Lending This entails lending to agriculture, small-scale and ancillary units, renewable sources of energy, cottage industries, artisans, food- and agro-based processing, education, housing, and weaker sections. While both domestic public and private sector banks are required to lend 40% of their net bank credit (NBC) to the priority sector, foreign banks are required to lend only 32% of their NBC (Sharma & Mani, 2013).

Environmental Protection and Education Sharma and Mani (2013) enumerate the activities carried out by banks for environmental protection and education as stated in Table 1.

Community Welfare and Farmer Welfare Sharma and Mani (2013) enumerate the activities carried out for the welfare of the community and farmers shown in Table 2.

3.2 Construction Industry

From the viewpoint of employment potential, the construction sector is the second largest, after agriculture, and is one of the fastest growing with average annual growth rates of more than 10% in recent years. The rapid growth led to a substantial increase in the demand for construction labor from 14.6 million in 1995 to 31.5 million in 2005. Wuttke and Vilks (2014) conducted a survey of ten leading construction companies in India and identified the following major practices that blot the industry's CSR image.

Poor Living and Housing Conditions Accommodation for workers is not always provided and if done, it has been found to be generally in inhuman conditions in the form of makeshift shanties and huts without access to drinking water and other basic amenities (National Commission for Enterprises in the Unorganized Sector, 2007: 34, 99).

Table 1 CSR activities for environmental protection and education in the BFSI (Sharma & Mani, 2013)

Environmental protection	Education
• Not giving credit to businesses involved in ozone depletion, human rights violation, controversial weapons, gambling, or pornography activities • Awareness programs on avoiding usage of plastic bags and reduced use of paper in offices • Promoting and financing energy saving and solar energy projects • Encouraging, financing, and setting up of nonconventional energy generation units • Assistance for rainwater harvesting tanks • Wild animal protection projects • Tree plantation drives • Projects related to reduction of carbon emissions	• Financial support to low income family students • Free uniform and books • Motivational camps for enrolling rural children in schools • Concessional interest on education loans for backward class students • Establishing library-cum-reading rooms in rural areas and providing fans, water coolers, etc. to schools • Promotion and financial support for the education of special children • Education loans and interest subsidy schemes for students belonging to economically weaker sections • School adoption projects • Special educational sponsorships for female children • Donations as educational assistance • Opening of pre-schools and assistance in midday meals

Table 2 Community and farmer welfare activities of the BFSI (Sharma & Mani, 2013)

Community welfare	Farmer welfare
• Donations to orphanages • Free food to poor patients of government health care centers • Health awareness programs • Free health checkups • Campaigns against drugs, alcohol, and cigarettes • Construction of toilets, community halls, and dispensaries • Helping disabled persons by donating artificial limbs, calipers, wheelchairs, etc. • Free medical facilities for the poor • Support to nongovernmental organizations (NGOs) engaged in community welfare • Blood donation camps • Donations for disaster relief and accident victims	• Agriculture debt waiver and debt relief schemes • Concessional loans for solar water heaters • Rural extension programs for farmers and entrepreneurs to improve their productivity • Establishment of farmers' clubs and farmers' training centers (FTCs) • Special credit cards for farmers • Agriculture knowledge sharing programs • National insurance programs for agriculture • Financing rural warehouses and cold storages • Debt swap schemes • Setting up agriculture clusters for improved farming practices • Commodity finance against pledge of warehouse receipts of agro commodities

Discriminatory Practices Toward Female Construction Workers Men execute the skilled operations, and unskilled work is left to women who constitute about 15% of the workforce. The role of female workers is to support men for digging earth, mixing mortar, and carrying cement bags, bricks and other construction materials.

According to the Construction Workers Federation of India (2010), about 80% of female workers start working at the age of 10–12 years, 92% are illiterate and 90% are temporarily employed. Hence, women are more likely to accept work at lower wages than men and often are denied the minimum wage (Construction Workers Federation of India, 2010; National Commission for Enterprises in the Unorganized Sector, 2007: 99).

Problems of Child Labor Despite prohibition by law, child laborers in the construction industry are estimated at 400,000–700,000 (Construction Workers Federation of India, 2010). Generally, they are engaged in unskilled manual jobs such as earth cutting, bucket carrying, brick stacking, brick loading and unloading, assisting masons, carpenters, painters, plumbers, helping the cook for preparing food at the work site, preparing and serving tea, and operating the water pump. In practice, child laborers are not given statutory minimum wage and benefits as they are below 18 years of age. Besides, they are deprived of the opportunity of education, recreation, and are vulnerable to sexual harassment (Wuttke & Vilks, 2014).

Inadequate Training of Unskilled Construction Workers Construction workers often work with potentially dangerous tools and equipment amidst a clutter of building materials, on temporary scaffolding or at great heights, and thus are vulnerable to injuries. The industry is guilty of not providing sufficient training to unskilled workers, thereby increasing the risk of loss of life and limbs (Planning Commission Government of India, 2008: 239).

Evaluation of Construction Practices in Leading Companies In order to evaluate the CSR practices of the ten construction companies surveyed, Wuttke and Vilks (2014) set up a scoring system given in Table 3. The methodology for evaluation was to assign a score for each individual company's CSR practice, aggregate the individual scores, and finally assign a CSR grade to the company on a 1–5 scale with 5 being the highest grade and 1 the lowest.

Wuttke and Vilks (2014) found that only one company has gone beyond good practice, one company meets good practice, and four companies meet some criteria of CSR. The results of the study reveal a focus on poverty alleviation and usage of environment friendly materials in construction but sadly not on the social aspects of eliminating child labor and empowering women. Therefore, the challenge for the construction industry is to fulfill the increasing demand for labor and concomitantly uplift the economic and social condition of the more than 80% of the workforce who

Table 3 Evaluation system used by Wuttke and Vilks (2014)

Aggregate score	CSR grade	Scope of CSR engagement
48–80	5	Best practice
36–47	4	Goes beyond good practice
28–35	3	Good practice
13–27	2	Meets some criteria of good practice
0–12	1	Meets few or no criteria

are vulnerable and poor (Planning Commission Government of India, 2008: 240). If they can do this and also discover the poor as customers, for instance in the segment of low-cost housing through innovative financing models, they would contribute significantly to poverty alleviation and enhance their CSR image.

3.3 IT Industry

The IT industry has emerged as one of the most active and socially responsible sectors. The annual CSR spend of the IT industry is INR 1100 crores,[2] that is about $159 million[3] (KPMG, 2018). The focus of the IT industry is on education. It is also engaged in health care, sanitation and drinking water, environmental sustainability, promoting gender equality and empowering women, rural development, etc. A survey titled *Catalyzing Change* conducted by the Nasscom Foundation in cooperation with the global CSR platform Goodera (Nasscom Foundation & Goodera, 2017) revealed that around 62% of the IT companies in India spent their CSR funds on education and allied social activities followed by 18% on gender equality, and 12% on hunger and poverty during 2016–2017.

3.4 Pharmaceutical Industry

The pharmaceuticals sector, which has often been referred to as a goldmine sector (Porter, 2004), is active in the field of CSR. There are several significant players including large companies like Cipla, Dr. Reddy's Laboratories, Novartis, GlaxoSmithKline Pharmaceuticals (GSK), Johnson & Johnson and Wockhardt, as well as smaller companies like Biocon and Strides Arcolab. Their CSR initiatives encompass objectives like promotion of healthy living, cancer palliative care, women's and child health, environment conservation, and leprosy treatment.

4 Social and Economic Impact of CSR

Six broad thematic areas, namely poverty alleviation, education, health care, environment, rural development, and livelihood constitute the broad thrust of CSR activities as discussed in the following sections.

[2] INR 10,000,000 = 1 crore

[3] The conversion rate for the whole chapter is based on data from April 15, 2019. The values in US Dollars are rounded accordingly.

4.1 CSR and Poverty Alleviation

Below the Poverty Line (BPL) population in India according to the World Bank was 13.6% in 2015 (World Bank Group n.d.-b) translating to around 170 million people out of the nation's population of 1.25 billion. The BPL (defined as income level of $1.90 per day on 2011 Purchasing Power Parity basis equivalent to INR 132 per day) population declined from 35% in 1994 to 25% in 2007, 22% in 2011 to 13.6% in 2015. Notwithstanding the declining trend, the quantum of BPL population of 176 million (Roy, 2019) is substantial, equivalent to 80% of the USA's and 33% of Europe's population and calls for creative CSR interventions.

In this regard, the contribution of the Tata group for poverty alleviation is given as an example. The group, which has over 40 companies, has enunciated 17 sustainability development goals in line with the charter of the United Nations and each company in the group addresses one or more SDG depending on the environment in which it operates. For instance, Tata Motors addresses 15 out of the 17 SDGs while Tata Power pursues 5 SDGs. The Tata Sustainability Group is an overarching division that supports, coordinates, and monitors each company for successful implementation of CSR activities and meeting the goals (India CSR Network, 2017). Goal No. 1 is "No Poverty" and Goal No. 2 is "Zero Hunger" and both contribute to poverty alleviation. These goals are being tackled by Tata Global Beverages through its "Gaon Chalo" program, by Tata Power through its "Samriddhi" program for improving livelihood of farmers, Tata Group through the "Tata Affirmative Action Program," and by Tata Steel through its "Agricultural Productivity Improvement Program."

4.2 CSR in Education and Health Care Areas

Ernst & Young carried out a survey for PHD Chamber in 2013 across 50 companies and identified the CSR activities in the education and health care areas as given in Table 4.

Education The problems plaguing the education sector in India, in particular primary education, are the lack of infrastructure (equipment, furniture, books, teaching supplies, libraries) and good teachers. Further, in rural areas, families are unable to afford quality education and most schools are not able to meet their day-to-day expenses. Corporates have been contributing through infrastructure support, training and providing good teachers, propagation of education for girls, running their own schools, and providing scholarships for needy students. Some of the largest companies in India including Reliance Industries, Wipro, Bajaj Auto, Tata Steel, Mahindra & Mahindra, Infosys, Samsung, ITC, Adani Ports, Jindal Steel and Power are focusing on education.

Health Care For nearly 60% of households in underdeveloped rural areas and 50% in metropolitan cities, saving for health care is a major priority. Around 40% of the

Table 4 CSR engagement of Indian companies in the education and health care areas (PHD Chamber, 2013)

Education area	Proportion of surveyed companies engaged in activity (%)	Health care area	Proportion of surveyed companies engaged in activity (%)
Infrastructure support	88	Health camps	74
Enhancing quality of education	74	Infrastructural equipment support	68
Scholarships	62	Maternal child health	44
Child education specifically for girls	48	Water and sanitation	44
Adult education	34	Geriatric care	14
Running own schools	30		

bottom of pyramid households in rural India and 22% of financially vulnerable households in urban areas report negative income during illness (Shukla, 2015). In large numbers of cases, illnesses occur because of lack of awareness and poor quality of water for drinking and sanitation. Maternal and child health is also a serious problem in rural areas.

4.3 CSR in Environment, Livelihood, and Rural Development Areas

The pattern of engagement in the 50 companies researched by Ernst & Young and PHD Chamber in the environment, livelihood and rural development areas is summarized in Table 5.

Environment In recent years, activities on the environment front have picked-up although investment-wise this area is way behind poverty alleviation, education, and health care. CSR initiatives in this segment include tree plantation drives, promoting afforestation, water conservation, and waste management. Notable environmental initiatives are spread across creating oxygen hubs in densely populated cities, save bird campaigns to conserve bird species, afforestation, animal welfare through providing shelter, and forest-based sustainable livelihood programs.

Livelihood Providing basic livelihood for underprivileged people largely revolves around skill development to make them employable and job creation for income generation. Skill development covers vocational training and career counseling to enhance employability of candidates and consequently their earning potential.

Table 5 CSR engagement of Indian companies in environment, livelihood and rural development areas (PHD Chamber, 2013)

Area	Activity	Proportion of surveyed companies engaged in activity (%)
Environment	Green initiatives	76
	Water conservation	64
	Waste management	56
Livelihood	Skill development	88
	Job creation/ Income generation	78
Rural development	Infrastructure support	68
	Awareness generation	54
	Support for the differently abled	48
	Youth clubs	32
	Rehabilitation initiatives	22

Companies also enhance knowledge of farmers or artisans in their own field, for example sensitizing farmers on new and improved farming techniques.

Rural Development This involves improving rural infrastructure such as building check dams, revamping water pumps, and road construction. The other activities are awareness creation on issues such as domestic violence, female feticide, and importance of education.

5 Is CSR a Part of Corporate Strategy in India?

In recent years, with the rapid growth of CSR, management thinkers are at the forefront of the drive to integrate CSR with business strategy. Porter and Kramer (2006) opine that the CSR efforts of most firms are generally counterproductive as they pit business against society whereas the two are interdependent and CSR should be customized to societal needs. An outstanding example of an Indian company that has blended CSR in their business strategy and concomitantly added business value is ITC, as described in the following paragraphs.

5.1 ITC's e-Choupal Program

Farhoomand and Bhatnagar (2008) state that in 2000, ITC established e-Choupal, which was conceived as an answer to mitigate the constraints of the agrarian supply chain. It transformed not only the business of the firm but also the life of millions of Indian farmers. Under the initiative, ITC set up small internet kiosks in the villages that provided farmers access to an efficient and more transparent alternative to the traditional marketplace for selling their produce. They established a direct channel with the farmer, thereby marginalizing the middlemen and enabling farmers to get more money for their produce. The e-Choupal empowered the community and conferred a host of social benefits besides enhancing the global competitiveness and brand recognition of ITC food products. The social benefits were as follows.

Information-Led Empowerment and Income Through internet kiosks, farmers had prior knowledge of the price of the produce before leaving the village and obtained negotiating power to make informed decisions regarding their sales. In the process, farmers became more literate, commercially savvy and confident. The website e-Choupal.com was developed in multiple local languages and delivered bundled information such as when to use fertilizers, seeds and pesticides, what to use under different weather conditions, etc. It delivered real-time and relevant information. A locally elected farmer became a Sanchalak or kiosk manager and acted as interface between the computer terminal and farmers thereby helping to enhance the credibility of the system.

Choupal Saagars were created to substitute the local mandis or market. One Choupal Saagar catered to about 40 e-Choupals and offered the farmer the facility of accurate weighing through electronic weighing scales, full and immediate payment, and customer care. The Choupal Saagars also acted as rural malls and farmers could procure fertilizers, seeds, fumigants and other agricultural products. Besides, it also acted as a health care platform.

Education Primary education was carried out through e-Choupal; also digital content and virtual training sessions were provided. It became a news portal, provided information on weather and technological trends, and opened windows to the outside world.

Women Empowerment From living in the shadows of their husband, women also became knowledgeable through information and marketing linkages. ITC worked with NGOs to harness the nonfarm skills of women and linked them to global markets.

Health Care ITC tied up with health care companies and utilized the e-Choupal infrastructure to deliver quality services through a three-tier network:

- Tier 1: The Choupal-basic health services include information dissemination, delivering medical aid, providing over-the-counter (OTC) drugs, administering simple pathological tests, and connecting through telemedicine with a doctor.
- Tier 2: Each Choupal Saagar is managed by a Choupal health champion and supported by a doctor, a laboratory with a technician, and a telemedicine center connected to a network hospital partner.
- Tier 3: The network hospital handled complex cases, provided specialist online advice and high-level information.

Retailing Initially, the Choupal Saagars were utilized to distribute ITC's own products but were later converted to full-scale retailing centers, retailing products from over 100 companies. These ranged from small items like oral care products to home appliances, trucks, and motor cycles—all distributed under the same roof.

Financial Services ITC offered its network as a delivery platform to the State Bank of India to deliver credit at e-Choupals at considerably lower rates than charged by money lenders. Third party loans and insurance were also provided through e-Choupal. It was a win–win situation as last mile connectivity and transaction costs were substantially reduced and farmers benefitted with inexpensive credit and insurance against crop failure due to the vagaries of monsoon.

5.2 Evaluation of ITC's e-Choupal Program with the Porter and Kramer Model

The value chain depicts all the activities that a company is engaged in, and Porter and Kramer (2006) identified activities in the value chain that cause positive and negative social impact. They term mapping of the social impact of the value chain as "*looking inside out*" and mapping social influences on competitiveness as "*looking outside in*."

Inside Out Approach ITC improved effectiveness and efficiency of the internal "farm to factory" supply chain in: (1) procurement by eliminating middlemen and directly purchasing from farmers; (2) inbound logistics as repeated storage and transportation is avoided, leading to lower cycle time and 50% savings in transportation cost; (3) firm infrastructure as setting up of internet kiosks at the e-Choupals led to better communication system with supplier; and (4) marketing and sales through 20% lower procurement price for ITC compared to purchase through commission agents and concurrently higher price realization for farmers, leading to a win–win situation.

Outside in Approach Social influences on external factors of competitiveness: (1) efficient physical infrastructure and administrative structure achieved through internet kiosks at e-Choupal, and the trained Sanchalak who was the human interface; (2) rivalry with competitors preempted by incentivizing farmers with anti-discriminatory systems, better prices, and transparency (weighing and quality metrics) as against the unfair decisions of commission agents; and (3) unique local skills of women were harnessed and linked to global markets—creating a social value proposition.

By integrating the "inside out" and "outside in" approaches, ITC identified a set of opportunities that altered their business strategy, added business value, and benefitted society.

6 Legislation for CSR

India is the first country in the world to introduce a legislation for mandatory contribution to CSR. The precursor to the law were the "Corporate Social Responsibility Voluntary Guidelines" in 2009 by the Ministry of Corporate Affairs and this

Table 6 Ten CSR areas under Section 135 of the Companies Act (Companies Act, 2013)

1	Eradicating hunger, poverty and malnutrition; promoting preventive health care and sanitation; 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; livelihood enhancement projects
3	Promoting gender equality; empowering women; setting up homes and hostels for women and orphans; setting up old age homes, day care centers, and other such facilities for senior citizens; measures for reducing inequalities faced by socially and economically backward groups
4	Ensuring environmental sustainability, ecological balance; protection of flora and fauna, animal welfare, and agroforestry; conservation of natural resources; 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 arts and handicrafts
6	Measures for the benefit of armed forces veterans, war widows, and their dependents
7	Training to promote rural sports, nationally recognized sports, Paralympic 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 socioeconomic 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 and slum area development projects

culminated in the drafting of the CSR law enacted in 2013 under Section 135 of the Companies Act. Under Schedule 7 (given in Table 6) the Act has outlined ten areas of activity framed with inclusive growth and sustainable development as the major goals.

6.1 Minimum CSR Spending

According to Section 135 of the Companies Act, companies with one (or more) of the following characteristics (including foreign companies with respect to their Indian operations) shall contribute a minimum of 2% of their profit after tax to CSR (The Institute of Company Secretaries of India, 2015):

- A net worth of at least INR 500 crores ($72 million)
- A turnover upwards of INR 1000 crores ($145 million)
- A net profit of INR 5 crores ($0.7 million) or more computed based on an average of the preceding 3 years.

For implementing the CSR mandate, every company is required to constitute a CSR committee of the Board of Directors (comprising at least three directors and one independent director). The CSR committee's responsibilities include policy formulation, recommendation of activities, approval of expenditure, and instituting a transparent monitoring mechanism. The CSR activities are to be implemented through a registered trust or a registered society or a company established under Section 8 of the Companies Act. The important stipulations are that activities undertaken in the normal course of business or those meant for the benefit of employees as well as amounts contributed to political parties, do not qualify as CSR expenditure. Also, the Board's annual report shall carry a section on CSR activities of the year under review.

6.2 Critique of CSR Law

When the law was enacted, it provoked heated debates: One section of critics lauding it as a revolutionary step and game changer, wherein industry along with government would move hand in hand to alter the social and environmental landscape; at the other end of the spectrum there were critics who felt that government was abrogating its duty and outsourcing its social responsibilities to the corporate sector. Sarkar and Sarkar (2015) analyzed the potential implications of the CSR law by surveying 500 large companies listed on the Bombay Stock Exchange. Their research was based on analysis of the information contained in the annual reports pertaining to the period 2003–2011 during which time both CSR spending and CSR disclosures were voluntary. Their main finding was that with the CSR law in place, the corporate spending would be less than 2% of government social expenditure, in other words government was spending upwards of 50 times the legally prescribed CSR spend and was thus not abrogating its duty to society. They concluded that the CSR law appeared to be a vehicle for instilling the social responsibility spirit and ethos on the lines of the Gandhian trusteeship model and the age-old Vedic philosophy.

7 Critical Evaluation of CSR in India

A systemic approach wherein CSR is viewed as a system with inputs, processes, and outputs with associated measurement and control mechanisms is adopted for the purpose of evaluation. Table 7 depicts the characteristics of the systemic approach for evaluation of CSR.

7.1 Evaluation of Inputs

7.1.1 Major Drivers

In the century before Christ was born and until about 1750 A.D., India was one of the richest countries in the world. Its share in the world GDP was 32% in 1 A.D., about

Table 7 Characteristics of systemic approach for evaluation of CSR

Inputs	Process	Outputs
Major drivers	Programs	Spending
Strategy	Implementation	Firm performance
Objectives		Responsibility growth

28% in 1000 A.D., and about 25% between 1500 and 1750 A.D. This steadily eroded during the two centuries of British rule and collapsed from 22% (almost equal to Europe in 1700) to 3.8% in 1952 (Maddison, 2007). Post-independence in 1947, with the socialist regime that protected industry, the economy was dismal until 1990 when the shackles were opened. Today, India is one of the fastest growing economies ranking sixth in terms of nominal GDP after the USA, China, Japan, Germany, and the UK and third on purchasing power parity basis after China and the USA (World Bank Group n.d.-a). India has 131 billionaires out of 2153 in the world and ranks third after the USA and China (Forbes India, 2018). Yet the per capita income of India is a low $1940, ranking 138th in the world. It also fares poorly on human development index, ranking 130 out of 189 countries (United Nations Development Programme, 2018). However, it continues to be the spiritual nerve center of the world. Thus, India is a paradox of poverty amidst plenty, high manpower quality amidst mediocrity, and low human development amidst high spiritual quotient. It is against the above backdrop that CSR has to be examined. The contextual factors influencing the society and consequently CSR in the post reforms era in India are:

- Widening gaps between different segments of population and between regions, states, cities, and industries
- Enormous job losses with disproportionate adverse impact on marginalized groups, especially women

The present policies are more conducive to make the Indian industry globally competitive and augment GDP but less to make it socially responsible. Keeping this in view, Sood and Arora (2006) have identified the drivers of CSR in India as follows.

Market-Based Pressures and Incentives In keeping with the pressure to compete in the global markets, there is considerable focus on creating an adequate skill base, information base and institutional structures, and codes of conduct for labor.

Civil Society Pressure NGOs and other civil society groups have brought public pressure on companies and taken up causes leading to legislations, e.g., the Infant Milk Substitutes, Feeding Bottles and Infant Foods (Regulation of Production, Supply and Distribution) Act 1992 to push food companies toward full compliance with the International code of marketing of breastmilk substitutes (Sood & Arora, 2006).

Regulatory Environment

- Social, work, and wage related legislation to protect vulnerability of the poor working in the unorganized sector.
- Environmental legislation to prevent land degradation, promote biodiversity, minimize air pollution, and provide better management of fresh water resources and hazardous waste.

- Corporate governance: Existing regulations focus primarily on management and control structures and rules relating to power relations between owners, Board of Directors, and auditors; however, employees, creditors, customers, and community do not get a fair coverage, except in rare cases.

7.1.2 Strategy

It is usually found that companies tend to have numerous disparate programs that spread thin and the inherent potential for social benefit is not achieved. Hence, a prudent and coherent strategy is called for. In order to facilitate the crafting of a CSR strategy, Rangan, Chase, and Karim (2012) put forward three categories of CSR practices which they termed as "theatre," namely:

- Theatre 1: Activities in the realm of charity and philanthropy, although they may have the potential to add business value.
- Theatre 2: Activities that are symbiotic to the business and benefit the producer as well as the environment or have a salutary social impact on one or more of their value chain partners, including the supply chain, distribution channels, or production operations. This involves reengineering the value chain to create economic and social value.
- Theatre 3: Programs that distinctly alter the company's eco system, create social value, and enhance the long-term business position; it may however entail short-term risks.

Initiatives by companies like Ambuja Cements in India to modify their sourcing and production process parameters to reduce the water consumption and effluents and become net water positive are a Theatre 2 example. In the case of ITC, their e-Choupal initiatives aimed at making the supply chain more efficient could be placed in Theatre 2; however, with their subsequent initiatives that involved the entire rural community, altered the eco system, expanded their business and benefitted other stakeholders in society, ITC may be said to have graduated to Theatre 3. Large companies like ITC, Tata Steel, Mahindra & Mahindra, Reliance Industries, Nestle, Infosys, and Wipro have dovetailed their CSR programs around their CSR strategy, encompassing activities in Theatre 1 as well as in Theatre 2.

Objectives In recent years, the concept of CSR has been attributed a more macroeconomic rationale aligned with sustainable development goals (SDGs) of nation states. Governments are increasingly taking the view that the rapidly prospering companies need to be part of the solution to their nations' economic and social challenges (Archel, Husillos, Larrinaga, & Spence, 2009). This notion of CSR is endorsed by the promulgation of the CSR law emphasizing the 17 SDGs outlined by the United Nations (UN) as the ultimate goal and provides a direction to corporates for outlining of objectives.

7.2 *Evaluation of Process*

7.2.1 Programs

Process encompasses the cycle of strategizing, crafting of programs, and managing their implementation. In order to get a sense of the activities that are most prevalent, and the trend if any, it is useful to compare the study of Sarkar and Sarkar (2015) where the data period pertained to 2010 with Majmudar, Rana, and Sanan (2017) where the data period was 2015–2016. Broadly, based on the spending in the respective years, the main CSR areas could be identified as depicted in Table 8. It can be observed that while health and wellness, education, rural development, and charity have been the main areas both in 2010 and 2015, environment and vocational training have emerged as new focal areas; this may be attributed to the increasing emphasis on sustainable development.

7.2.2 Implementation

Implementation is the key to the success of any strategy or policy, as intents—how much so ever honorable—may remain on paper if they are not backed by proper structure, necessary resources, and monitoring and control. Kansal, Subramaniam, Babu, and Mony (in this book) carried out a detailed study on the governance and implementation of CSR activities in state-owned central public sector enterprises (CPSEs) that contribute to 22% of the GDP of India. They surveyed 13 CPSEs wherein senior managers such as Director, General Manager, Chief Manager, and Senior Manager were interviewed. The detailed case study is given in the respective part of the book. Kansal et al. studied the implementation of the CSR mandate in CPSEs from a principal–agent perspective where the Government of India (GoI) as the owner is the principal and CPSEs are agents. The highlights of the case study are summarized under three broad headings namely, institutional context, agency risks, and survey findings.

Table 8 CSR spending in major areas (Majmudar et al., 2017; Sarkar & Sarkar, 2015)

Spending on	2010 (%)	2015–2016 (%)
Health and wellness	17	23
Education	18	21
Energy	14	–
Aid—donation/charity	11	8
Empowerment of women	10	–
Rural development	8	12
Vocational training	–	6
Environment	–	7
Others	22	23

Institutional Context Post 1986, the pressure on CPSEs to be profitable has enormously increased, which inhibits their CSR efforts. As a result, the project selection and resource allocation processes are not scientific and lack merit. There is an obvious lack of goal congruence between the principal and agent.

Agency Risks As CPSEs are required to satisfy a wide group of stakeholders, they are risk averse and their focus is on taking up short-term projects that can be completed quickly. Long-term projects that may result in greater social contribution are consequently sacrificed. Project selection by CPSEs is also suboptimal as they choose projects that are easy to monitor and report in preference to more complex but socially beneficial projects.

Survey Findings

- The major risks in CSR implementation are goal incongruence, suboptimal project selection, and opportunistic behavior of CPSEs.
- Participant managers did not perceive roles in CSR favorably from the viewpoint of career advancement unlike a business or functional management role.
- At present, GoI primarily monitors the usage of funds for CSR activities and spends against budgets. The control is more on inputs and compliance and not outcomes, in other words they employ a "behavioral control mechanism." The authors suggest that the principal employs "outcome based controls" incorporating service delivery targets with performance evaluation and incentives for CSR personnel. GoI needs to structure contractual relationships with CPSEs and the MoUs should specify social performance outcomes for CSR much like the business and financial outcomes.

A majority of companies are implementing CSR programs through their own registered trust or through NGOs. This is accepted under the law and ensures that there is no diversion of CSR expenditure under business to reduce the tax burden. Sagar and Singla (2004) and Mishra and Suar (2010) found that other private sector companies do not have an exclusive department for CSR and the activities are being handled by the human resources department. There needs to be a separate CSR department possibly reporting to the Chief Strategy Officer. Thus, the internal processes of most Indian companies with regard to implementation of CSR require strengthening.

7.3 *Evaluation of Outputs*

7.3.1 Measurement Models of CSR

Considering that many scholars perceive CSR as a tool for competitive advantage, the measurement of CSR is of great importance for developing a sustainable organization. A few useful constructs have been developed in management literature to measure CSR (e.g., Abbott & Monsen, 1979; Maignan, 2001). However, a scale for measuring CSR has not yet been developed (McWilliams, Siegel, & Wright, 2006) and research has largely ignored the exact scale and dimensional structure of

Table 9 Composition of CSR ratings determined by Karmayog.com (Gautam & Singh, 2010)

Karmayog CSR rating	Number of companies	Percentage of companies
0/5	231	46
1/5	92	18
2/5	138	28
3/5	35	7
4/5	4[a]	1
5/5	0	0
Total	500	100

[a]Includes Housing Development Finance Corporation (HDFC), Infosys, Tata Steel, and Titan Industries

CSR. Studies have appeared that present useful concepts as well as some ad hoc measurements (Abbott & Monsen, 1979; Aupperle, Carroll, & Hatfield, 1985; Carroll, 1979). Examples of CSR measures include line-count of information provided in corporate documents, content analysis, self-ratings by firms, evaluation by judgment of a company's reputation, and forced choice item formats.

7.3.2 Models for Measurements of CSR in India

Measurement of CSR activities in India is still in its infancy, yet one significant attempt was made by Karmayog.com (Gautam & Singh, 2010), who have from 2007 been conducting an annual survey and rating the top 500 publicly listed companies in India on their CSR performance. The Karmayog platform assesses: (1) the diminution of negative effects through steps taken by a company to neutralize, minimize, or offset the harmful effects caused by its processes and product usage and (2) favorable impacts through its resources, core competence, skills, location and funds for the benefit of people and the environment and rates companies on five levels, with 1 being lowest and 5 highest. The CSR activities of the companies were mapped against the Global Reporting Initiative (GRI)[4] and the 18 GRI aspects were broadly clubbed under: (1) society performance, (2) human rights performance, (3) labor practices, and (4) product responsibilities. Karmayog.com employed four criteria namely: (1) tracking of social indicators by the company, (2) innovative practices employed, (3) CSR links to business, and (4) focus areas of CSR to evaluate the CSR practices of companies against each GRI. The ratings of Karmayog.com survey in 2016 are summarized in Table 9.

[4]The 18 GRI aspects include: (1) community, (2) corruption, (3) public policy, (4) anti-competitive behavior, (5) compliance, (6) investment and procurement practices, (7) nondiscrimination, (8) freedom of association and collective bargaining, (9) child labor, (10) forced and compulsory labor, (11) security plans, (12) indigenous rights, (13) employment, (14) labor/management relations, (15) occupational health and safety, (16) training and education, (17) diversity and equal opportunity, and (18) product responsibility.

Table 10 CSR spend analysis in 2014–15 and 2015–16 (Majmudar et al., 2017; Majmudar, Rana, & Sanan, 2016)

Parameter	Unit	2014–2015	2015–2016
Available spending data	Number of companies	173	170
Profit after tax (PAT) positive companies without CSR spending	Number	4	6
Expected spending at 2% of PAT	INR crores	7934	8118
	$ million	1147	1174
Committed spending	INR crores	8251	8644
	$ million	1193	1250
Actual spending	INR crores	5751	6756
	$ million	832	977
Average spending per company	INR crores	33.2	39.7
	$ million	4.8	5.7
Actual spending	% of PAT	1.42	1.7
Pattern of spending			
> 2% of PAT	% of companies	32	48
1–2% of PAT	% of companies	33	24
< 1% of PAT	% of companies	35	28

It can be seen that 231 companies have been given a “zero” rating and no company is listed in the top category. There are only four companies that have been given a four out of five rating while the majority of companies have ratings of one and two. Overall, only 54% of the corporates surveyed were engaged in at least some CSR activity, of which 46% (rated 1 or 2) generally conducted random activities. This indicates that until 2016 very few companies had a well thought out and structured CSR policy.

7.3.3 CSR Spend

Majmudar, Rana, and Sana (2016, 2017) did a trend analysis of the CSR spend of 170 leading companies in the manufacturing and services sectors for 2014–2015 and 2015–2016 as given in Table 10.

The analysis reveals that both in 2014–2015 and 2015–2016, the committed spend was higher than the prescribed spend as per law. However, the actual spend in both years was lower than the prescribed 2%, although in 2015–2016 it significantly improved from 1.42% to 1.7% of aggregate PAT. Out of the companies surveyed, 32% and 48%, respectively, in the 2 years exceeded the threshold of 2% and thereby compensated for the laggards.

The top five corporate volume spends (all above 2% PAT) during the 2 years are given in Table 11 from which it can be seen that three of the companies are common in the two lists.

Table 11 Top five CSR volume spends in 2014–2015 and 2015–2016 (Majmudar et al., 2016, 2017)

Company	2014–2015		2015–2016	
	INR crores	$ million	INR crores	$ million
Reliance Industries	761	110	651	94
Oil and Natural Gas Commission	495	72	419	61
Infosys	239	35	–	–
Tata Consultancy Services	218	32	294	43
ITC	214	31	–	–

Table 12 Major focal areas of CSR (Majmudar et al., 2016, 2017)

Responsibility area	2014–2015% of spend	2015–2016% of spend
Health and wellness	28	24
Education	21	25
Rural development	12	13
Environment	11	7
Technology incubators	3	4
Charity	4	8
Others	21	19

In order to identify the focal areas of corporates, a sectoral spend analysis is presented in Table 12 from which it is obvious that health and wellness, education, rural development, and environment (in that order) receive maximum attention. This is in conformance with the stark disparity in education, incomes, and health condition of citizens in urban and rural India.

7.3.4 Firm Performance

Mishra and Suar (2010) conducted a survey of 150 senior level managers including CEOs and analyzed perceptual data, in particular to assess the financial performance of companies practicing CSR. The research covered samples from 18 different industries and 6 primary stakeholders in each, namely customers, employees, investors, community, suppliers, and natural environment. They examined the influence of individual as well as aggregate CSR dimensions on firm performance of Indian companies. The results of their study reveal that:

- Firms that are listed on stock exchanges show better linkage between CSR and FP which is attributable to companies being mandated to publish their balance sheets and regular monitoring by multiple stakeholders.
- Neither ownership pattern nor firm size appear to have an influence on CSR performance.

- Indian companies have successfully integrated various issues such as workplace safety and benefit plans into company policy, thereby enhancing competitive positioning and profitability.
- Customers were found to reward companies that consistently manufacture quality products, adhere to safety standards, and resort to ethical pricing and advertising whereas those that misled consumers with scientifically incorrect information were penalized.
- Pressure by international buyers and MNCs to institute responsible and ethical practices at supplier locations has introduced progressive practices and augmented FP.
- Increase in aggregate CSR benefits also boosted FP due to higher prices, and lower costs (arising from tax concessions and lower duties to promote CSR).
- Eighty-five percent of companies agree that they have a responsibility to the community and are committed to the cause.
- Environmental consciousness of Indian companies has improved: 92% of companies surveyed had clearance from pollution boards, 43% have adopted ISO 14000 and 15% have adopted OSHAS 18000; these proactive measures enhance FP.

7.3.5 Responsibility Growth

In their study titled *Gearing up for Responsibility Growth*, Majmudar et al. (2017) identified India's top companies in 2016 that exemplified sustainability and CSR ethos from a sample set of 217. The study focused on four criteria: governance, disclosure, stakeholders, and sustainability with assigned weights of 20%, 15%, 35%, and 30%, respectively, for the purpose of evaluation. They coined the term "responsible" business by blending the constructs of sustainability and CSR. The major findings of the study were:

- The top performers engaged in CSR not merely for compliance but as part of a well-crafted strategy.
- Four Tata Companies, namely, Tata Steel, Tata Power, Tata Motors, and Tata Chemicals along with Mahindra & Mahindra, ITC, Larsen & Toubro, Bharat Petroleum Corporation Ltd., Ultratech Cement, and Shree Cement constituted the top ten ranks.
- The top 33 companies took a long-term view of responsible business. Governance was good across both manufacturing and service sectors. Disclosures were poor, largely because sustainability reporting was weak especially in the manufacturing sector. Sustainability was given considerable importance and in particular reduction of emissions, climate change, waste management, water, and energy. However, Green Supply Chain remained a significant gap.
- Utilization of Profit after Tax (PAT) toward CSR was higher than 2% for 32% of companies, between 1% and 2% for 33% and below 1% for the remaining 35%. The government impetus on cleanliness through the Swachh Bharat program and

solar energy has enabled companies to design CSR initiatives around these focus areas.

- Emission disclosures needed more focus as less than 50% of companies surveyed reported their Green House Gas (GHG) emissions.
- Top performing companies laid greater emphasis on sustainability along with efforts to reduce emissions, waste management, and water and energy conservation.
- Companies in the energy and materials sector dominated the sustainability performance.

8 CSR and Sustainable Development Goals

The term "sustainable development" became prominent after the Rio Summit in 1992 wherein it was defined as "development which meets the needs of current generations without compromising the needs of future generations" (World Commission on Environment and Development, 1987). India is a signatory to the Rio Summit declaration and is committed to sustainability. Accordingly, it has been prominently included in the CSR policy document of the Indian government as observed from the preamble to the rules relating to the CSR law:

> the government perceives CSR as the business contribution to the nation's sustainable development goals. In essence, it is about how business takes into account the economic, social and environmental impact of the way in which it operates. (Companies Act, 2013)

PwC in their report for the Confederation of India Industry (CII) state that there is a subtle difference between CSR and sustainability as practiced in India. As part of CSR, the focus in India is on what is done with profits especially in the light of the CSR law that enjoins companies to make a 2% contribution from post-tax profits. On the other hand, sustainable development is about factoring the social and environmental impacts while conducting business—that is how profits are made. In other words, sustainable development emphasizes the means adopted while doing business whereas within the ambit of CSR, companies could be adhering to the law, and yet violate sustainability principles, for example polluting the environment without cleaning (PwC, 2013). This is reflected in India's low rank of 116 out of 157 nations on a global index that assesses the performance of countries toward achieving the 17 sustainable development goals (SDG) enunciated by the United Nations.

Majmudar et al. (2017) in their report *Responsible Business Rankings* studied the sustainability status of 220 companies and found that corporate India has increased its focus on sustainability in 2015–2016 (47% companies showed sustainability gains, 44% were unchanged, while 9% declined) as compared to 2014–2015. Their survey also revealed that in areas internal to an organization where companies had greater control namely, energy, water, waste and the product per se, the outcomes were higher (60% of sample) as compared with programs for external stakeholders (33% of sample). The segment-wise findings from their report are summarized below.

GHG Emissions The number of companies participating in carbon specific initiatives was higher than those disclosing emissions. Key carbon specific initiatives included carbon disclosure projects (78% IT companies), GHG accounting and inventory (69% energy companies), and clean development mechanism (80% Telecom companies).

Renewable Energy GoI has targeted 172 GW of renewable energy by 2022 including 100 GW of solar power to reduce carbon emissions. Solar power is the most widely deployed renewable energy source followed by wind, bio fuel, and hydro energy. Eighty-three percent of the companies surveyed use two or more sources of renewable energy.

Water Management In keeping with the National Water Mission's target to reduce 20% of water consumption by 2030, 86% manufacturing companies (79% in 2014–2015) and 52% service companies (47% in 2014–2015) had programs primarily through effluent treatment and water recycling or reuse for water conservation. Companies having zero wastewater plants also increased compared to 2014–2015.

e-Waste Management To meet the specific targets set by GoI in 2016 for waste management, wherein segregation of waste at source is the responsibility of producers of e-waste, almost 89% of IT firms are practicing e-waste management. However, only few firms have extended their knowledge to customers/suppliers.

Green Supply Chains While there was significant improvement in green supply chain initiatives by both manufacturing and service companies, only 38% of manufacturing companies gave specific targets to suppliers to reduce carbon footprints and 43% conducted environmental audits before inducting new suppliers.

Green Logistics About 92% of energy companies had program-based targets indicating that green logistics is gaining ground. The number of initiatives taken by other industries was lower, ranging from 21% by capital goods to 45% by the materials industry.

Sustainable Products and Services Overall, both manufacturing and service companies showed increased focus on sustainability—85% of companies surveyed in 2015–2016 as compared to 79% in 2014–2015. The manufacturing sector was led by utilities (100%) consumer goods (93%) and energy (92%) and service companies by IT and Consulting.

Overall Sustainability Performance Majmudar et al. (2017) have presented a trend analysis of the overall sustainability index in their 2017 report. Sustainability indices calculated based on the measurement of governance, disclosure, and stakeholders given in Table 13 indicate that the performance on the sustainability front has improved during the past 4 years.

Table 13 Trend in sustainability index of major companies in India (Majmudar et al., 2017)

Year	Sustainability index
2013	39.9
2014	40.4
2015	42.4
2016	47.3

9 Conclusion

Until 2013, CSR programs, barring a few companies, were mostly in the realm of philanthropy. With a legal mandate, there is a greater sense of direction and urgency in the CSR area. While many leading companies have crafted CSR into their business strategy, this needs to be emulated by all companies for rendering CSR outcomes more effective and efficient. During the 5 years since the CSR law was introduced there has been considerable all-round improvement in terms of absolute CSR spend and greater diversity of the spend. About 170 leading companies attained a spend of INR 8644 crores ($1250 million) in 2015–2016. Extrapolating this to the more than 5000 listed companies, about INR 22,000 crores ($3181 million) would be available for CSR activities. Every company needs to design its CSR programs around one or more of the 17 SDGs and link it with their business strategy. Further, if, implementation is handled by specialist CSR teams with outcomes-based control mechanism, the Indian corporate sector will concomitantly add business value and confer enormous social benefit that will aid in meeting sustainability development goals.

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