



BHARATHIDASAN UNIVERSITY
Tiruchirappalli- 620024,
Tamil Nadu, India

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Unit-II
CSR law policy and guidelines

Dr. T. KUMUTHAVALLI
Associate Professor
Department of Lifelong Learning



Introduction to CSR in India

Corporate Social Responsibility (CSR) is a vital aspect of business in India, focusing on ethical practices and community welfare. This presentation provides a comprehensive overview of CSR, including its **legal framework**, **policies**, and **sustainability guidelines** that shape its implementation in the country.

Definition of CSR

Corporate Social Responsibility refers to the practices and policies undertaken by corporations to have a positive influence on the world. In India, CSR is not just a voluntary initiative but is mandated for certain companies under the Companies Act, reflecting a commitment to **social accountability**.



Development of CSR IN India

The development of Corporate Social Responsibility (CSR) in India has been a journey marked by a blend of traditional philanthropy and modern, legally mandated initiatives. Here's a look at its evolution:

Early Phases:

- **Voluntary Philanthropy:** CSR activities were primarily driven by individual companies and their philanthropic inclinations. Notable examples include the Tatas and Birlas, who established foundations and institutions for social causes.
- **Focus on Charity:** Early CSR efforts often centered around charitable donations, disaster relief, and community development projects.

Landmark Legislation: Companies Act, 2013

- **Mandatory CSR:** The Act introduced a mandatory provision for certain companies to spend at least 2% of their average net profits over the preceding three years on CSR activities. This marked a significant shift, transforming CSR from a voluntary practice to a legal obligation for eligible companies.
- **Focus Areas:** The Act specified a list of focus areas for CSR spending, including poverty alleviation, education, health, environmental sustainability, and more.

Current Landscape:

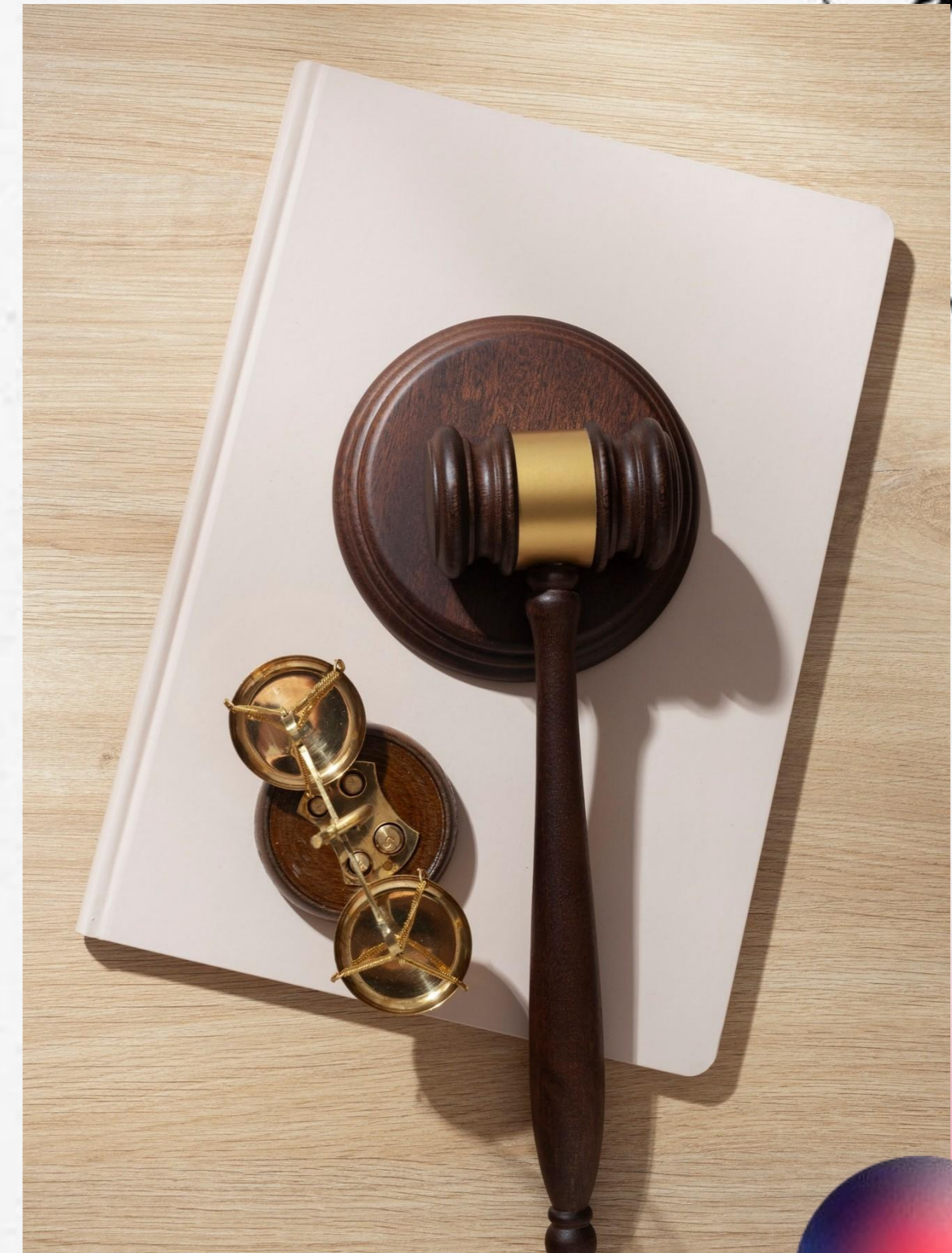
- **Increased CSR Spending:** Since the implementation of the 2013 Act, there has been a substantial increase in CSR spending by Indian companies.
- **Focus on Impact:** There's a growing emphasis on measuring the impact of CSR initiatives and ensuring their effectiveness in addressing social and environmental challenges.
- **Innovation and Collaboration:** Companies are exploring innovative approaches to CSR, such as social enterprises, impact investing, and collaborative partnerships with NGOs and government agencies.

Challenges and Opportunities:

- **Ensuring Effective Implementation:** Ensuring that CSR spending is aligned with the needs of the community and delivers tangible results remains a challenge.
- **Building a Culture of CSR:** Fostering a culture of CSR within companies, where employees are actively engaged in social responsibility initiatives, is crucial for long-term success.

Legal Framework Overview

The **legal framework** for CSR in India is primarily governed by the **Companies Act of 2013**. Companies meeting specific criteria are required to spend a minimum percentage of their profits on CSR activities, ensuring that businesses contribute to **national development**.



Key CSR Regulations

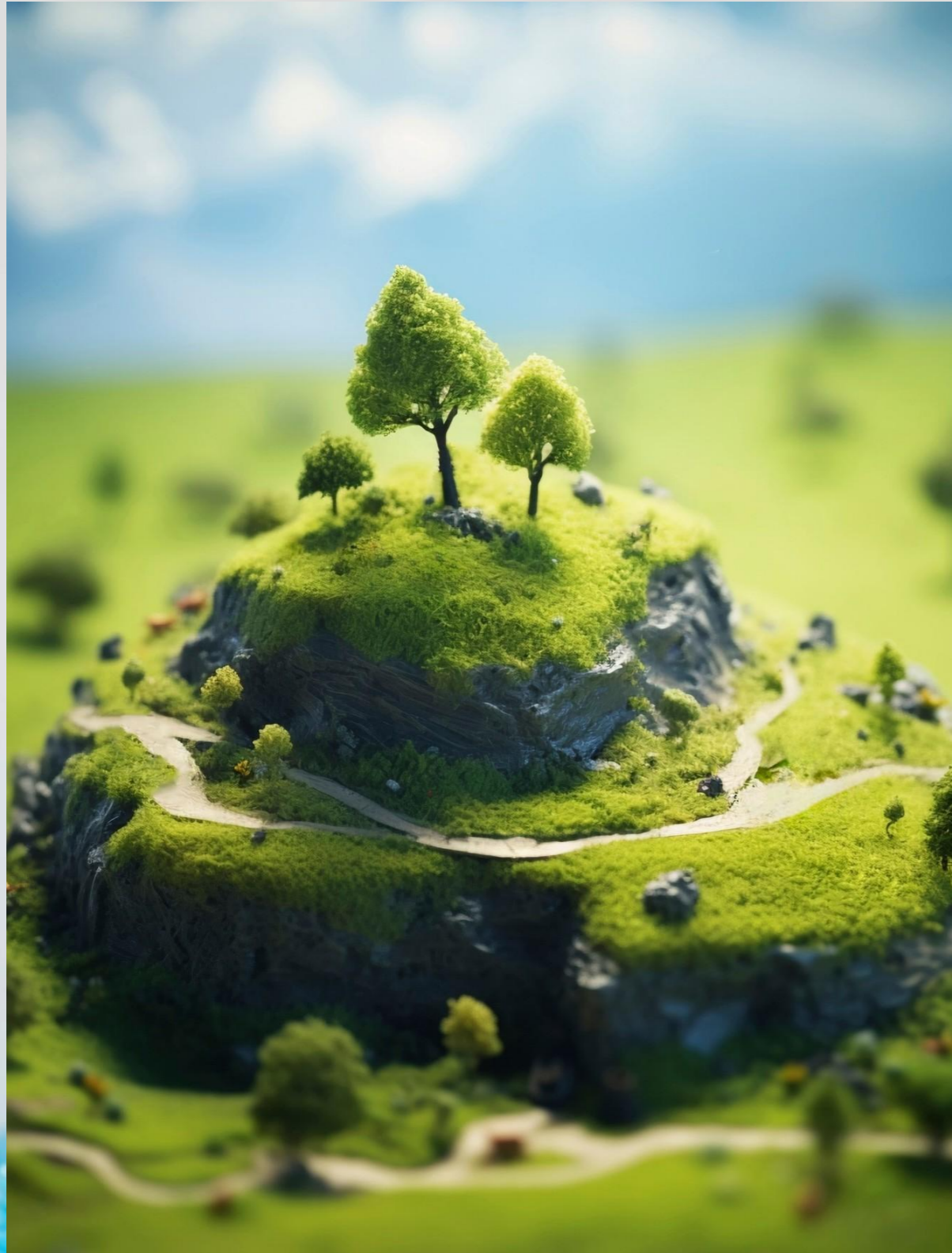
Key regulations under the **Companies Act** include Section 135, which outlines the CSR obligations for eligible companies. It mandates the formation of a CSR committee and specifies the **activities** that qualify for CSR funding, ensuring transparency and accountability.





CSR Policies in India

Various **policies** guide CSR initiatives in India, including the **National CSR Policy**. These policies encourage businesses to engage in sustainable practices, focusing on areas like education, healthcare, and **environmental sustainability**, enhancing their social impact.

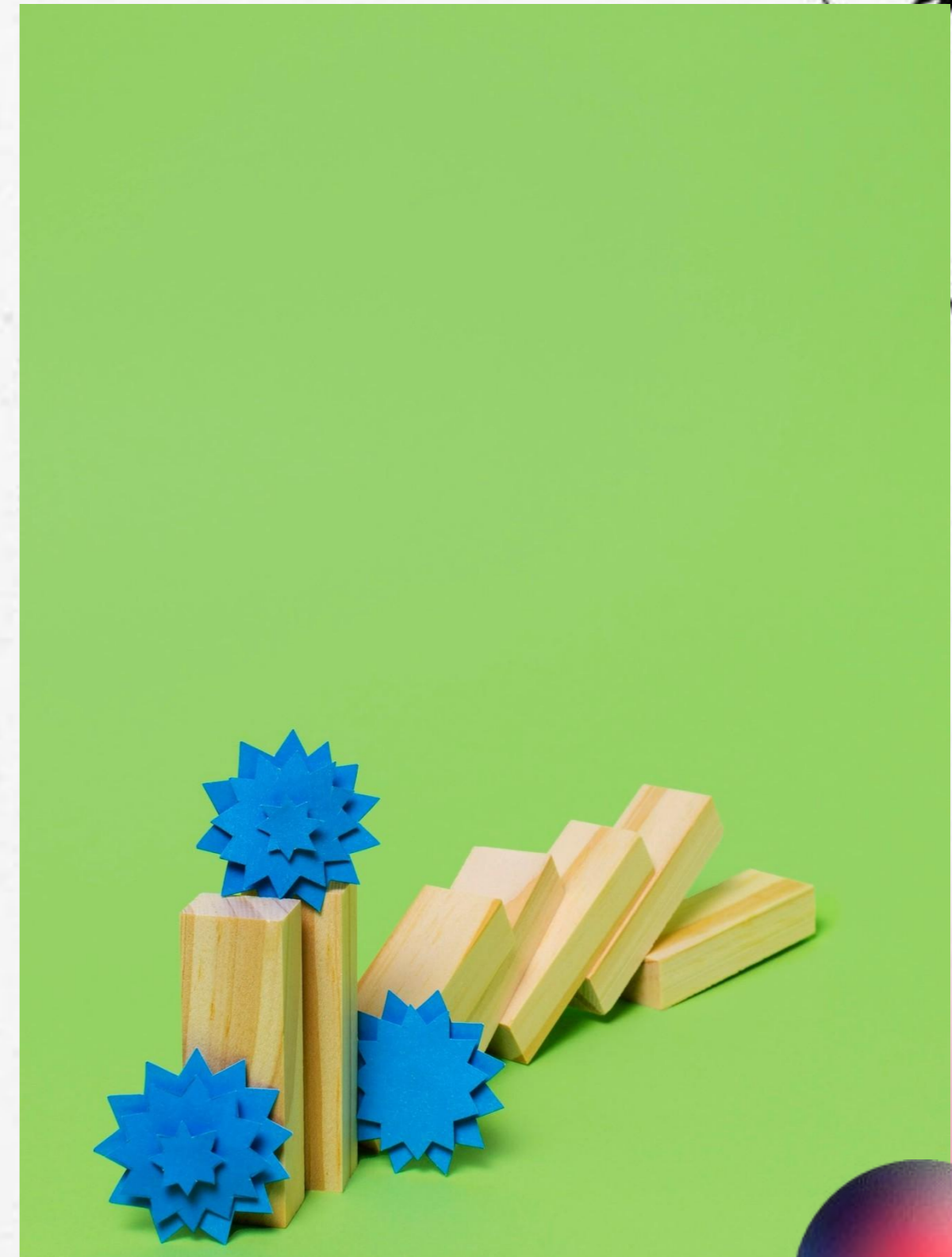


Sustainability Guidelines

Sustainability guidelines in CSR emphasize the importance of **environmental conservation** and **social equity**. Companies are encouraged to adopt practices that promote **sustainable development**, ensuring that their operations do not harm the environment or society.

CSR Implementation Challenges

Despite the framework, many companies face challenges in implementing CSR effectively. Issues such as lack of awareness, inadequate funding, and ineffective monitoring can hinder progress, necessitating strategic planning and stakeholder engagement.



Successful CSR Case Studies

Several companies in India have successfully implemented CSR initiatives, showcasing best practices. For instance, **Tata Group** and **Infosys** have made significant contributions to **education** and **healthcare**, setting benchmarks for corporate responsibility.



Future of CSR in India

The future of CSR in India looks promising with an increasing emphasis on **sustainable practices** and **social responsibility**. Companies are expected to innovate and align their CSR strategies with the **United Nations Sustainable Development Goals (SDGs)**.



Global CSR Trends

India's CSR landscape is influenced by **global trends** in corporate responsibility. There is a growing focus on **transparency, stakeholder engagement, and impact measurement**, pushing companies to adopt more comprehensive CSR strategies.





Role of Stakeholders

Stakeholders play a crucial role in the effectiveness of CSR initiatives. **Employees, customers, and communities** must be engaged to create a shared vision for CSR, fostering collaboration and enhancing the overall impact of corporate social efforts.

CSR of Small and Medium Enterprises.



CSR for Small and Medium Enterprises (SMEs): A Unique Approach

While large corporations often have dedicated departments and budgets for CSR, SMEs face unique challenges and opportunities in their approach to social responsibility. Here are some key considerations:

Challenges:

- **Limited Resources:** SMEs often have limited financial and human resources, making it difficult to allocate significant funds or personnel to CSR activities.
- **Focus on Survival:** The primary focus for many SMEs is on survival and growth, which can overshadow CSR considerations.
- **Lack of Awareness:** Some SMEs may not fully understand the benefits of CSR or how to effectively integrate it into their business operations.
- **Measurement and Reporting:** Tracking and measuring the impact of CSR initiatives can be challenging for SMEs due to limited resources and expertise.

Opportunities:

- **Niche Focus:** SMEs can leverage their unique strengths and local connections to focus on specific CSR initiatives that align with their business and community.
- **Employee Engagement:** SMEs can foster a strong sense of community and employee engagement through volunteer programs and other participatory initiatives.
- **Supply Chain Impact:** SMEs can influence their supply chains by promoting ethical and sustainable practices among their suppliers.
- **Innovation and Agility:** SMEs can be more agile and responsive to community needs, allowing them to tailor their CSR efforts to specific local challenges.

Key CSR Activities for SMEs:

- **Environmental Sustainability:** Reducing waste, conserving energy, and promoting eco-friendly practices.
- **Employee Well-being:** Providing safe and healthy working conditions, promoting work-life balance, and offering employee development opportunities.
- **Community Engagement:** Supporting local schools, charities, and community events.
- **Ethical Business Practices:** Adhering to fair labor practices, responsible sourcing, and ethical marketing.



Conclusion

In conclusion, CSR in India is a dynamic field shaped by legal mandates, policies, and sustainability guidelines. As businesses evolve, so must their commitment to **social responsibility**, ensuring a positive impact on society and the environment.