

# Opportunities and Challenges for Corporate Social Responsibility in India

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## Abstract:

**Background:** This article delves into the assessment of corporate involvement in Corporate Social Responsibility (CSR) in India, with a specific focus on the implications and challenges arising from the implementation of section 135 of 'The Company Act-2013'. Our study aims to comprehensively understand the landscape of CSR practices.

**Materials and Methods:** Utilizing various secondary data sources, including the High-Level Committee report on CSR-2018 by the Ministry of Corporate Affairs, government reports, companies' annual reports, recent research articles, and related publications were analysed for this study.

**Results:** Analytical findings reveal promising contributions from several Indian firms, exemplified by entities such as the TATA Group and Reddy's Foundation, demonstrating their potential impact on community welfare. Notably, Satyam's involvement in the EMRI 108 ambulance initiative stands out as a revolutionary endeavor fostering positive changes in community life. Despite these promising developments, substantial challenges persist, demanding governmental attention and intervention to streamline CSR initiatives for a more impactful improvement in the living conditions of the Indian populace.

**Keywords:** Corporate Social Responsibility in India, CSR in India, Opportunities for CSR in India, Challenges of CSR in India.

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## I. Introduction

Globalisation opened up the world not only to the economy for trading but also brought the exchange in social and cultural affairs for all countries of the world. This resulted in greater transfer of production, markets and technology from developed world to developing world in terms of high standards of quality as well as higher living standard to developing countries. Gradually, the shade of globalisation was realised very soon because of growing inequality across the world and within nations, volatility in financial market, environmental degradation and competition among the corporations. Eventually, Corporate Social Responsibility (CSR) was one of the approaches coined to nullify negativity raised across the world to overcome these challenges<sup>1</sup>. The concept of CSR is commitment by organizations to balance between give and take process through financial flow along with contributions to the quality of life of employees, local community and civil society at large<sup>2</sup>. Until 1990s the adoption of CSR was purely voluntary initiative for companies, but in recent times there is increasing pressure across the globe to the organizations to think focusing on the financial bottom line and consider the social and environmental impact of their business policies on global community. The globalization enlarged the range of activities and practices from charity to cause branding to business strategies to addressing the labor and human rights issues<sup>3</sup>.

Different researchers at different point of time and classical Indian literature time and again have emphasized the need for CSR practice of corporate entities in India<sup>4,5,6</sup>. As a result of these efforts and proactive Government initiative; the inclusion of the CSR became mandates under 'The Companies Act-2013' to engage corporate world more religiously towards the gross-root communities in achieving the sustainable development goals. According to 135<sup>th</sup> clause of the Companies Act-2013<sup>7</sup> any company having net worth of rupees Five

hundred crores (approximately 65 Million US Dollars) or more, or turnover of rupees Thousand crores (approximately 130 Million US Dollars) or more or a net profit of rupees Five crore (approximately 0.65 Million US Dollars) or more during any financial year should spend two percent of their profit for Corporate Social Responsibility, the company should constitute a CSR committee of the board consisting of three or more directors, out of them at least one director should be an independent to look after CSR activities.

India being second most populous and biggest democratic country in the world, till today only 30 percent of Indians has access to modern medicine<sup>8</sup>, the government requires partnership from private entities to meet the needs of public. Health, Environment, shelter and education are important areas where government requires helping hands. It is being increasingly recognized that progress and welfare of a society is not only the responsibility of the government alone, but many more stakeholders need to be involved to attain the sustainable development goal. Estimates indicate that CSR commitments from companies can amount to as much as twenty thousand crore rupees (approximately 2.63 Billion US Dollars) annually<sup>9</sup>. This highlights that corporate sector has a pivotal role to play in ensuring private investment flows towards community development that has been left out of the development process so far and also to work for sustainable development. Hence, the present article tries to understand the level of involvement of firms in community development, review the opportunities to improve the condition of community life as a part of CSR and examine the challenges faced by firms to work in communities in India with the help of available data/evidence. The researcher also made an effort to suggest the government some of the measures to make best use of concept of CSR.

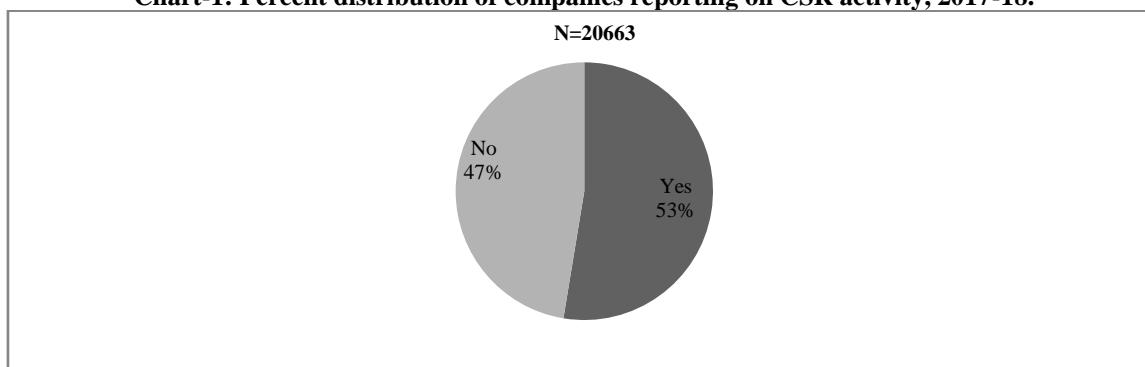
## **II. Data AndMethodology**

The present study is an effort to discuss the opportunities and challenges with evidence based on available data. The data for the article was obtained from different secondary sources one among the important and authentic source is the data provided by the competent authority; Ministry of Corporate Affairs, Government of India, which has published the Report of High Level Committee on CSR-2018<sup>10</sup>. The data is a result of disclosure made by the companies in given form and annual reports for 4 consecutive financial years (2014-15 to 2017-18). As per the section 135 of The Companies Act-2013, it is mandatory for companies to disclose details of measure undertaken by companies to implement the CSR, which includes information on allocation of fund as part of CSR, locality of CSR activities and spending of CSR amount in area of development. The discussion is based on reported information by the companies in their filling of MCA21 registry (MCA21 registry is standard format prescribed by the Ministry of Corporate Affairs to report CSR activities). Apart from the above sources, other articles, books, companies' annual reports and related publications were critically reviewed to highlight the opportunities and challenges for CSR in India.

## **III. Analytical Findings AndDiscussion**

**Level:**It is important to understand the level of involvement of companies in CSR, before we start exploring the benefits of CSR to society. More involvement can be seen as an opportunity for India in different aspects. As more companies involve in CSR, it leads to more flow of fund and talent towards improving the community life.

**Chart-1: Percent distribution of companies reporting on CSR activity, 2017-18.**



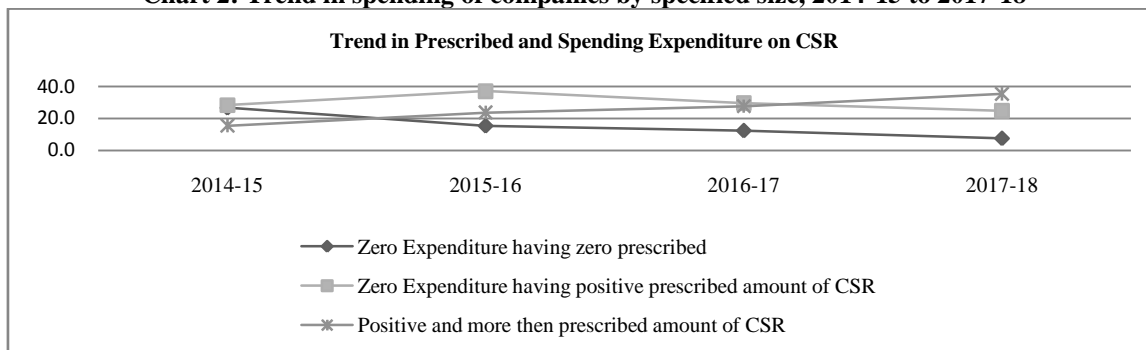
Source: High Level Committee Report on CSR-2018, Ministry of Corporate Affairs, Govt. of India<sup>11</sup>.

The data presented in Chart One reveal that more than half of the eligible companies actively participated in Corporate Social Responsibility (CSR) activities. Among the 20,663 liable companies (excluding 716 companies for whom Schedule III of the Companies Act, 2013 is not applicable), a substantial 10,868 companies, accounting for 53 percent of the total liable companies, reported engaging in CSR activities as outlined in Section 135 of The Companies Act-2013. These findings align with the results of a CSR reporting

survey in Asia conducted by Chapple and Moon<sup>12</sup> (2005) indicating that nearly three-quarters of large companies in India position themselves as having CSR policies and practices. The implementation of 'The Companies Act-2013' is anticipated to catalyze a positive shift, encouraging all eligible organizations not only to partake in CSR but also to contribute meaningfully towards enhancing the well-being of people across the nation.

**Trend:** The study of trend is another important analytical instrument to understand development in specific issue.

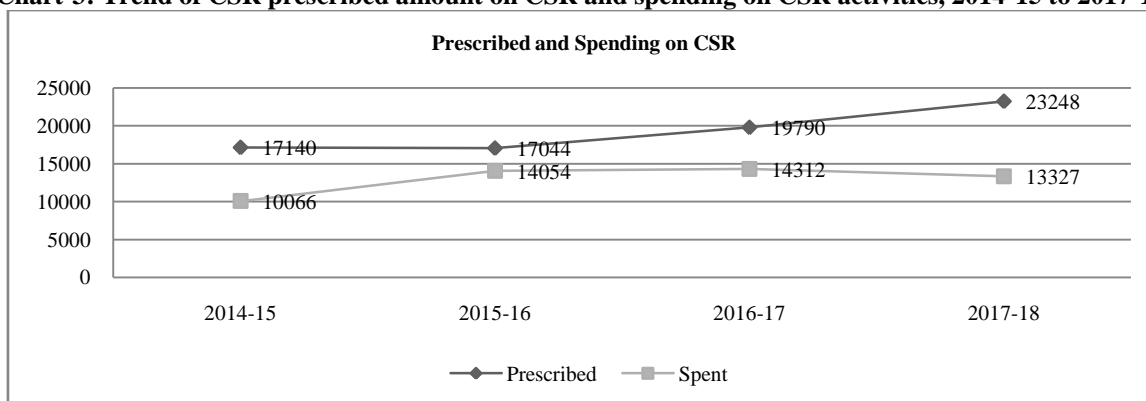
**Chart 2: Trend in spending of companies by specified size, 2014-15 to 2017-18**



Source: High Level Committee Report on CSR-2018, Ministry of Corporate Affairs, Govt. of India.

The data presented in Chart 2 illustrates a noteworthy trend in corporate behavior regarding Corporate Social Responsibility (CSR) expenditures. The percentage of companies falling within the "zero expenditure" category, indicating those with no prescribed amount to spend on CSR, has consistently decreased from 28.3 percent to 7.4 percent over the fiscal years FY-2014-15 to FY-2017-18. Concurrently, the percentage of companies in the same category but with a positive prescribed amount for CSR has seen a decline from 26.7 percent to 24.8 percent during the same period. In contrast, there has been a notable increase in the percentage of companies categorized as positive and spending more than the prescribed amount on CSR, rising from 15.5 percent to 35.4 percent between FY-2014-15 and FY-2017-18. This positive trajectory reflects a growing inclination among companies to actively engage in CSR activities. It is crucial to highlight the overall positive attitude demonstrated by companies in embracing CSR initiatives during this period.

**Chart-3: Trend of CSR prescribed amount on CSR and spending on CSR activities, 2014-15 to 2017-18.**



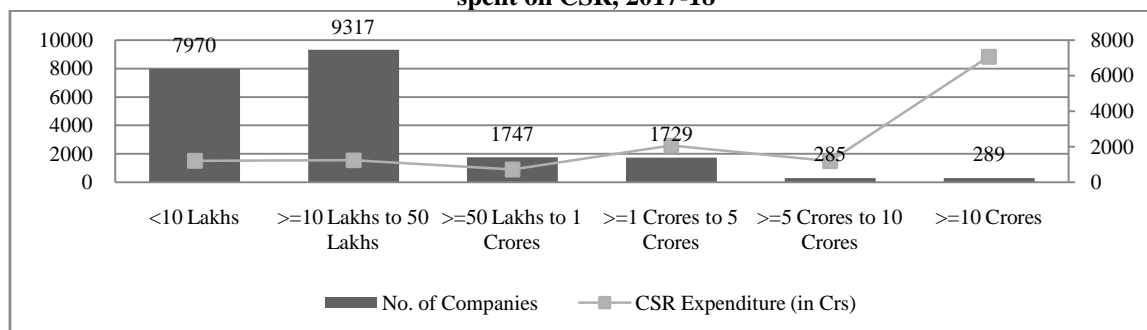
Source: High Level Committee Report on CSR-2018, Ministry of Corporate Affairs, Govt. of India.

The trend depicted in Chart 3 concerning the prescribed amount and actual spending on CSR exhibits positive growth over the past four years. The anticipated spending on CSR in the fiscal year 2014-15 was Rupees 17,140 crores (approximately 2.26 Billion US Dollars), and this figure rose to Rupees 23,247 crores (approximately 3.06 Billion US Dollars), signifying a substantial 35 percent increase within this four-year span. Additionally, the expenditure on CSR increased from Rs 10,065 crores (approximately 1.32 Billion US Dollars) in 2014-15 to Rs 13,326 crores (approximately 1.75 Billion US Dollars) in the fiscal year 2017-18, reflecting a commendable 32 percent increase during the same period. Notably, there is an observable widening gap between the prescribed amount of CSR and the actual spending in the fiscal year 2017-18.

A study conducted by Gupta and Gupta (2007) similarly concluded that the trends in socially responsible initiatives in India are crucial and exhibit a positive trajectory<sup>13</sup>. Gulyas (2009) and RamyaSathish

(2010) posit that CSR is gaining increased significance in Indian corporate houses as organizations comprehend its essence in fostering business growth, emphasizing the need to build confidence and sustainable relationships within the community<sup>14,15</sup>. In contrast, Arora and Puranik (2004) provide a counter perspective, reviewing contemporary CSR trends in India and highlighting that, despite the immense benefits derived by the corporate sector from liberalization and privatization, its transition from philanthropic mindsets to CSR has lagged behind its impressive financial growth<sup>16</sup>.

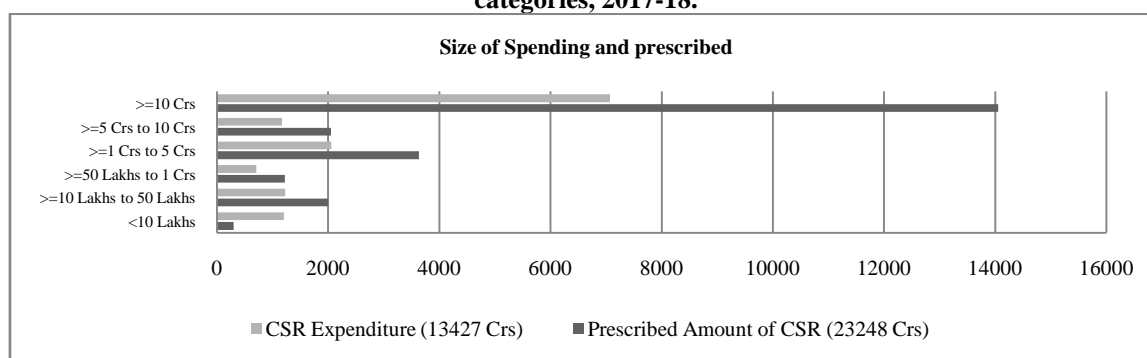
**Chart-4: Distribution of Companies based on prescribed spending based on size and amount of money spent on CSR, 2017-18**



Source: High Level Committee Report on CSR-2018, Ministry of Corporate Affairs, Govt. of India.

Chart 4 delineates the expenditure patterns of companies across various size categories, based on the prescribed amounts allocated for CSR activities and the actual expenditure during the fiscal year 2017-18. Notably, only 289 companies falling within the category of more than or equal to Rs-10 crores (approximately 1.32 Million US Dollars) have collectively spent Rs 7,067 crores (approximately 0.93 Billion US Dollars), constituting more than 52 percent of the total CSR spending. Similarly, 285 companies in the Rs-5 to 10 crores category have expended Rs 1,171 crores (approximately 0.15 Billion US Dollars), accounting for 8.7 percent of the total spending. Companies in the Rs-1 to 5 crores category, totalling 1,729, have collectively spent Rs 2,053 crores (approximately 0.27 Billion US Dollars), representing 15.3 percent of the total CSR spending. In the Rs-50 Lakhs to 1 crore category, 1,747 companies have contributed Rs 708 crores (approximately 0.09 Billion US Dollars), making up 5.3 percent of the total expenditure. Furthermore, 9,317 companies in the Rs-10 to 50 Lakhs category have spent Rs 1,225 crores (approximately 0.16 Billion US Dollars), contributing 9.1 percent to the total spending. Lastly, 7,970 companies in the Less than 10 lakhs category have expended Rs 1,203 crores (approximately 0.16 Billion US Dollars), accounting for only 9 percent of the overall CSR spending.

**Chart-5: Distribution of Companies based on spending on CSR and prescribed spending by different categories, 2017-18.**

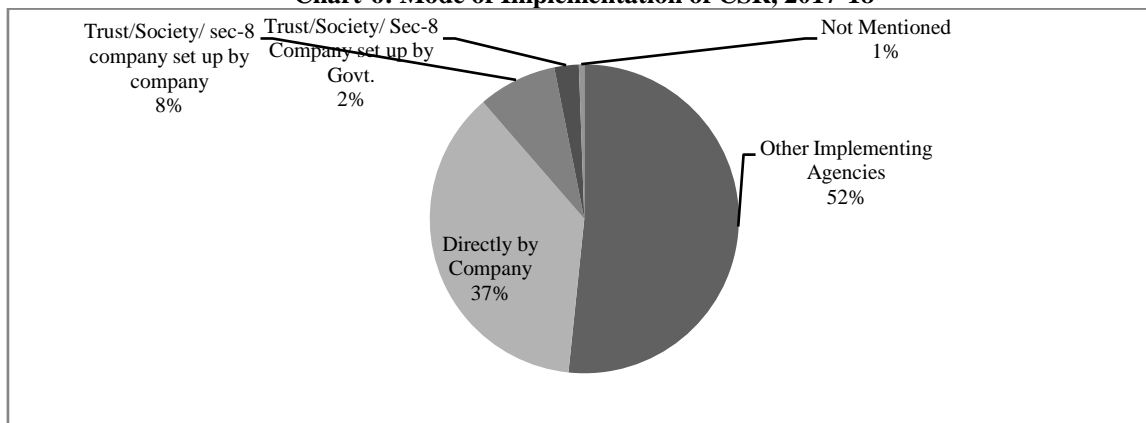


Source: High Level Committee Report on CSR-2018, Ministry of Corporate Affairs, Govt. of India.

The disparity between the prescribed CSR amount and the actual spending by companies is a pivotal factor in gauging their genuine commitment to CSR initiatives. Chart 5 illustrates that a total of Rupees 23,248 Crores (approximately 3.06 Billion US Dollars) was prescribed according to the criteria outlined in Section 135 of The Companies Act-2013. However, companies collectively spent Rs 13,427 Crores (approximately 1.77 Billion US Dollars) as part of their CSR efforts. This reveals a substantial 42 percent gap between the prescribed and actual amounts dedicated to CSR, underscoring the significant difference between the recommended and executed spending by companies.

Notably, this gap is more pronounced among companies with a size of equal to or greater than 10 crores, encompassing 289 companies. The only exception within this category is observed among companies with a size less than 10 lakhs. Despite a prescribed amount of Rs 299 crores (approximately 0.04 Billion US Dollars), these companies surpassed expectations by spending Rs 1,203 crores (approximately 0.16 Billion US Dollars), demonstrating a remarkable 302 percent increase over the prescribed amount. This exceptional case indicates a proactive and committed approach to CSR initiatives among smaller-sized companies, surpassing the prescribed norms significantly.

**Chart-6: Mode of Implementation of CSR, 2017-18**

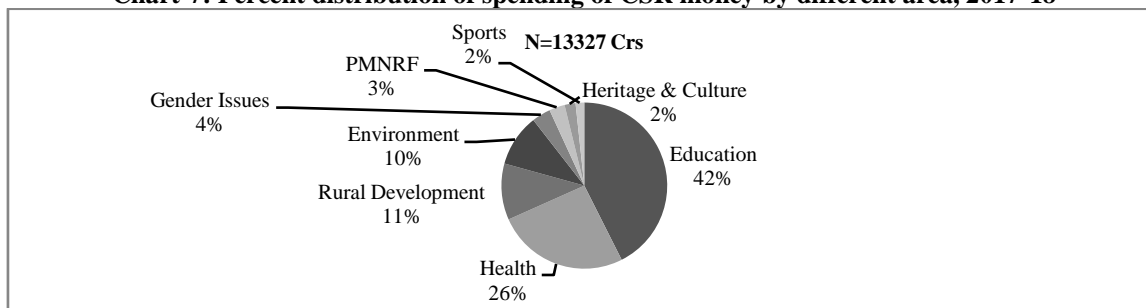


Source: High Level Committee Report on CSR-2018, Ministry of Corporate Affairs, Govt. of India.

Chart-6 provides insights into the prevalent modes of CSR implementation by companies during the fiscal year 2017-18. Notably, more than half of the companies, constituting 52 percent, opt to seek the support of external implementing agencies. Conversely, approximately 37 percent of companies choose to implement CSR activities directly through their in-house teams. Additionally, about 8 percent of companies establish their own trusts or societies for CSR initiatives, while the remaining 2 percent prefer to collaborate with trusts/societies established by the government.

This data reveals a notable trend where a significant proportion of companies rely on external entities to execute their CSR activities, rather than directly involving themselves. This approach, while common, raises concerns about the effectiveness and impact of CSR efforts, as the reliance on external agencies may hinder the direct engagement of companies at the grassroots level. This dependency-oriented approach suggests that the original intent and impact of the CSR initiatives may not be as fruitful and impactful as envisioned. As long as organizations continue to follow this dependent implementation model, the beneficiaries may only experience a superficial improvement, akin to a fleeting moment of mouthwash, rather than achieving lasting satisfaction and meaningful change.

**Chart-7: Percent distribution of spending of CSR money by different area, 2017-18**

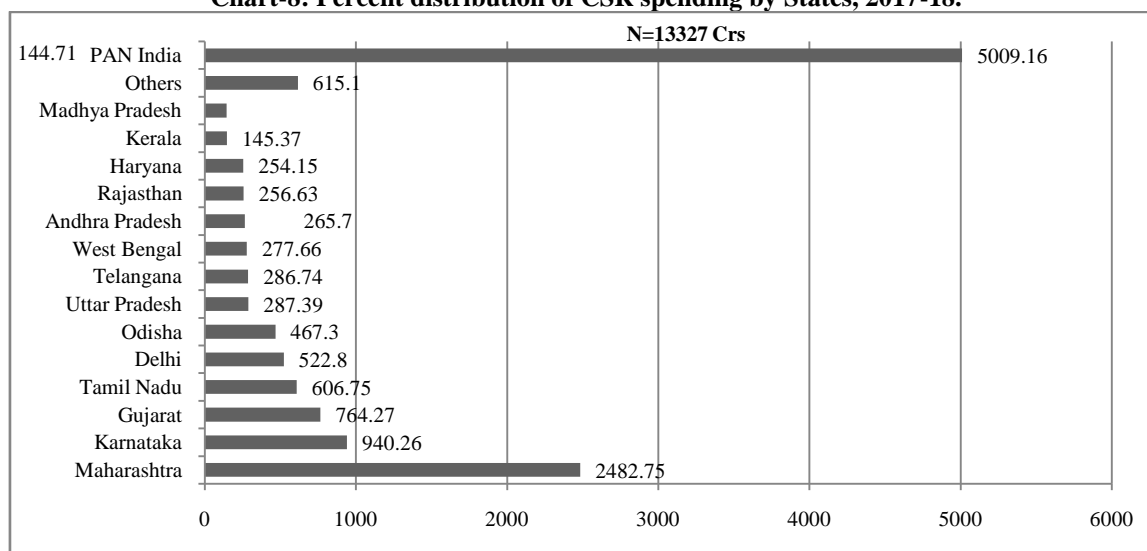


Source: High Level Committee Report on CSR-2018, Ministry of Corporate Affairs, Govt. of India.

The prevailing distribution of CSR expenditures across broad areas, as depicted in Chart-7, highlights that a substantial portion, accounting for 42 percent, of CSR funds has been allocated to initiatives in the realm of education. Following closely, 26 percent of the funds have been directed towards health-related activities, emphasizing a significant commitment to promoting well-being. In the domain of rural development, 11 percent of the CSR funds have been utilized to address critical issues, showcasing a concerted effort to uplift rural communities. Environmental activities also garner attention, with 10 percent of CSR money dedicated to initiatives promoting sustainability and ecological well-being.

Gender-related issues receive approximately 4 percent of the CSR funds, indicating a deliberate focus on fostering gender equality and empowerment. The remaining 7 percent of funds are allocated to various other areas, reflecting a diversified approach in addressing societal needs beyond the primary sectors mentioned. This comprehensive distribution underscores the multi-faceted impact of CSR initiatives, contributing to education, health, rural development, environmental sustainability, gender equality, and other vital areas for holistic societal progress.

**Chart-8: Percent distribution of CSR spending by States, 2017-18.**



Source: High Level Committee Report on CSR-2018, Ministry of Corporate Affairs, Govt. of India.

Chart-8 illustrates the percentage distribution of CSR expenditures across different states during the fiscal year 2017-18. The CSR spending is correlated with the presence of companies in each location. Notably, a significant proportion of CSR funds, constituting 38 percent, is designated as PAN India, denoting companies that allocate CSR funds across more than one state or district without providing a detailed breakdown by state. Further analysis reveals that industrialized states like Maharashtra lead in CSR spending, accounting for 19 percent, followed by Karnataka at 7 percent, Gujarat at 6 percent, and Tamil Nadu at 5 percent. Remarkably, more than 37 percent of the total CSR spending is concentrated in these four states, primarily located in the southern and western regions of India. In contrast, all North-Eastern states collectively receive less than 1 percent of the CSR funds, indicating a substantial regional disparity in the distribution of CSR initiatives. This regional concentration highlights the need for a more balanced and inclusive approach to CSR spending, ensuring equitable development across diverse geographical areas.

#### IV. Discussion

**1. Expanding Horizons for CSR:** As elucidated in the preceding paragraphs and evident in Charts 1, 2, 3, and 4, numerous large-scale companies are increasingly taking the initiative to engage in CSR endeavors for the betterment of communities. Chart-4 highlights the significant role played by large-scale companies, contributing a substantial 52 percent to CSR activities. Corporate entities are recognizing the interconnectedness of employee well-being, community welfare, and environmental stewardship, understanding that what benefits one aspect positively impacts the others and ultimately contributes to the overall success of the business<sup>16</sup>. Moreover, CSR signifies more than just a philanthropic endeavor; it represents an avenue for corporate houses to foster improved relationships with society as a whole. This realization is transforming the landscape for both management practices and academic exploration. The provisions outlined in Section 135 and Schedule VII of the Companies Act-2013 not only encourage companies to actively contribute to the welfare of the community but also underscore the global importance of CSR in the context of the ongoing process of globalization. Recent amendments in CSR laws go beyond the confines of the company itself, extending the scope to encompass all stakeholders involved in CSR and society at large.

These findings align with the perspectives of other researchers. Campbell (2007), in his article 'Why would corporations behave in a socially responsible way,' emphasizes the pivotal role of strong state regulation, collective industrial regulation, and independent organizational monitoring in influencing companies to adopt socially responsible behaviors<sup>18</sup>. Similarly, Verma and Jain (2013) argue that mandatory CSR initiatives by large companies can positively influence smaller entities to actively participate in CSR activities, creating a

cascading effect for the greater good. This collective shift in mindset and corporate behavior underscores the transformative potential of CSR across diverse sectors and stakeholders<sup>19</sup>.

**2. CSR as a Business Imperative:** In recent years, the evolving landscape of globalization and growing environmental concerns has transformed the perception of the role that corporations play in the broader social context in which they operate. According to KPMG and ASSOCHAM (2008), corporations increasingly see themselves as integral parts of society, prompting them to engage in socially responsible practices that extend beyond mere economic performance<sup>20</sup>. The social responsibility has become a significant business concern, transcending factors such as firm size, sector, location, primary purpose, or legal status.

Indu Jain (2010) goes a step further, asserting that CSR is transitioning from being perceived as merely 'doing social good' to becoming a 'business necessity'<sup>21</sup>. This shift aligns with Maltz and Ringold (2011) observation that corporations face mounting pressure to assume a role that extends beyond their traditional function of creating value solely for shareholders<sup>22</sup>; they are increasingly expected to consider the interests of a broader array of stakeholders. Supporting this trend, Waddock and Graves (1997) found a positive association between financial performance and CSR in their study<sup>23</sup>. Similarly, the research by Manchiraju and Rajgopal (2019) concluded that voluntary CSR initiatives contribute to increasing shareholders' value<sup>24</sup>. These perspectives collectively underscore the emerging reality that CSR is no longer perceived as merely a philanthropic or optional endeavor; instead, it has become an essential and integral component of corporate strategy and business success.

**3. Harnessing the Potential of Private Sectors:** The examination of opportunities underscores the significant potential exhibited by many Indian firms in contributing to the enhancement of community life through CSR initiatives. Illustratively, the impactful contributions of the Bill and Melinda Gates Foundation in the prevention and management of HIV/AIDS in India, and the Satyam Foundation's introduction of the 108 emergency ambulances, represent transformative milestones in the Indian health sector. These instances vividly demonstrate that private institutions possess the capability, on par with the government, to address fundamental community needs.

The telecommunications sector serves as another compelling example to highlight the capabilities of the private sector. PrabhudevKonana (2006) argues that several foundations established by prominent Indian firms such as Infosys, Wipro, Tata, TVS, Reliance, and Dr. Reddy's Laboratories, among others, have actively engaged in corporate activism to improve healthcare, education, living conditions, and alleviate poverty<sup>25</sup>. These foundations play a crucial role in supporting government primary schools, devising effective processes and methodologies to bring about positive change. Moreover, they extend support to numerous non-governmental organizations involved in establishing orphanages, hospitals, and schools, showcasing the substantial potential of the private sector to contribute significantly to societal well-being.

**4. Make in India and Start-up India Initiatives:** Launched by Prime Minister Shri. Narendra Modi in September 2014, the Make in India program is a pivotal component of a comprehensive set of nation-building initiatives. As part of this initiative, the government has collaborated with the World Bank Group to identify areas for improvement, aligning with the World Bank's 'doing business' methodology. In response to the identified areas, significant steps were taken to enhance India's ranking, which stood at 142nd in terms of ease of doing business. A key aspect of the Make in India program involves opening up traditionally public-owned sectors such as Defence, Space, and Railways for private investment. This strategic move aims to attract additional capital and foster economic growth. Additionally, the initiative envisions the development of six new industrial corridors and industrial cities across different regions of India, further contributing to the nation's economic expansion.

The Start-up India initiative, aligned with the Make in India program, seeks to catalyze entrepreneurial ventures and innovation. These combined efforts reflect India's increasing credibility on the global stage. The nation's ranking in ease of doing business has witnessed significant improvements, signalling a shift towards a more favourable business environment. The government's proactive measures and emphasis on private investment have garnered momentum, energy, and optimism. Notably, public and private enterprises alike are embracing the Make in India and Start-up India initiatives as transformative strategies. The current leadership of the world's largest democracy is dedicated to making India a powerful global economy, and these initiatives serve as cornerstones in achieving that ambitious goal. The concept of Make in India is not only driving immediate investments but is also perceived as an opportunity for civil society in the coming years, with the potential to shape India's economic landscape significantly.

**5. Significance of Small and Medium Enterprises (SMEs) in India's Economic Landscape:** Small and Medium Enterprises (SMEs) wield significant influence in fostering the economic growth of the country. According to Jagannathan (2014), SMEs play a pivotal role in India's manufacturing sector, contributing 45 percent to the overall manufacturing output. Furthermore, they employ approximately 40 percent of the total workforce, often situated in small cities and semi-urban areas<sup>26</sup>.

The mandatory spending on Corporate Social Responsibility (CSR) outlined in Section 135 of 'The Companies Act-2013' is poised to have a positive impact on SMEs. This initiative is anticipated not only to generate employment opportunities in small cities, suburban areas, and rural parts of India but also to enhance the overall standard of community life. By integrating CSR practices into their operations, SMEs have the potential to contribute significantly to societal welfare, reflecting a broader commitment to sustainable and inclusive development. The involvement of SMEs in CSR activities aligns with the broader national objectives of economic inclusivity and improved living standards across diverse regions of the country.

### **Challenges**

Over the last 15 years, the concept of Corporate Social Responsibility (CSR) has undergone significant evolution, transitioning from voluntary guidelines to mandatory legal requirements. However, as with any newly implemented concept, CSR faces various challenges that demand attention and government intervention to ensure smooth implementation. The following paragraphs highlight major challenges faced by companies, emphasizing the need for government involvement to overcome obstacles in CSR execution.

**1. Slow, Little, and Non-Involvement of Companies:** Data from Chart-1 reveals that approximately 47 percent of liable companies did not disclose information regarding their CSR spending. Additionally, Charts 4 and 5 illustrate a substantial gap (almost 50 percent) between the prescribed and actual spending on CSR by large-scale companies in the Rs-10 crores and above category. Forbes India's survey further exposes significant underutilization of allocated CSR funds by top-ranking companies. This non-compliance and underutilization emphasize the need for increased company involvement and stricter enforcement of CSR mandates.

**2. Poor Strategies:** Effective CSR strategies require a systematic approach based on community needs, consultation, and thorough assessments. Unfortunately, Chart-6 indicates that 52 percent of companies seek help from external agencies, and Chart-7 shows CSR spending not aligned with local community requirements. This lack of community-centric strategies hampers the potential positive impact of CSR initiatives.

**3. Lack of Accountability:** Although The Companies Act-2013 mandates the formation of CSR committees, a study by Partners in Change (2005) reveals that only 11 percent of companies had a written policy, indicating a lack of accountability in corporate involvement. The absence of proper policies and accountability mechanisms raises questions about the sincerity of corporate commitments to society<sup>27</sup>.

**4. Lack of Initiative from Public Sector Units:** Public Sector Units (PSUs) play a crucial role in CSR implementation but are often neglectful. Sudhir Chandra Das (2009) points out that despite revenue increases, social sector development by state-owned corporations is neglected, reflecting a lack of commitment to CSR<sup>28</sup>. Governmental efforts need to ensure PSUs actively participate in CSR initiatives to address social needs.

**5. Poor Response from Small and Medium Enterprises:** Small and Medium Enterprises (SMEs) exhibit limited CSR participation, with challenges such as fluctuating profits, limited resources, and a lack of professional approaches. Gooptu (2008) acknowledges this limited participation and emphasizes the need for increased support and guidance to enable SMEs to engage effectively in CSR activities<sup>29</sup>.

**6. Changing Role of the Governments:** Governmental roles in guiding and monitoring CSR implementation are crucial, but state governments sometimes misuse CSR funds for their own purposes. Pradeep Patra (2015a) highlights the need for clear guidelines to prevent misuse and ensure genuine community development through CSR initiatives<sup>30</sup>.

**7. Lack of Monitoring and Evaluation:** Monitoring and evaluation (M&E) are essential for assessing CSR project impacts, but many businesses neglect these aspects. Pradeep Patra (2015b) observes a lack of emphasis on M&E, hindering the understanding of community engagement and limiting the intended impact of CSR initiatives<sup>31</sup>.

**8. Concentration or Duplication of Work:** The concentration of industries in specific geographic areas, as highlighted in Chart-8, results in CSR initiatives primarily benefiting urban and industrialized regions. This concentration leads to duplication of efforts, leaving deserving communities in other parts of India underserved. To address this, interventions should focus on diverse areas, including education, health, and community development.

**9. Lack of Awareness, Local Government, and Politics:** Community members often lack awareness of CSR expectations, relying on NGOs and implementing agencies for information. The involvement of local government institutions (Panchayat Raj Institutions) is hindered by corruption and political interests, affecting the quality and effectiveness of CSR projects. Increased awareness and transparent governance are necessary for successful CSR implementation.

## **V. Conclusion and Suggestion**

### **Recommendations for Effective CSR Implementation:**



- **Government Monitoring and Evaluation:** The government should play an active role in monitoring and evaluating CSR activities undertaken by organizations. Standard methods should be developed to measure the impact of CSR initiatives, ensuring accountability and transparency.
- **Collaboration with Local Government:** Local governments should collaborate with organizations to address urgent community needs promptly, minimizing corruption. Prioritizing spending on healthcare research, education, and low-cost quality services can significantly impact common people's lives.
- **Healthcare Training Institutes:** Establishing institutes to train healthcare professionals can address the shortage of medical personnel, especially in unreached areas. Focus on empowering youth and women for sustainable growth through skill development programs.
- **Private Sector Initiatives:** Encourage private organizations to take the lead in impactful initiatives, citing examples like the initiation of the 108 Emergency Ambulance by Satyam Foundation, Tata Groups, Bill and Melinda Gates, Reliance, Infosys, and AzimPremji foundations. Recognize and showcase successful CSR models to inspire other organizations.
- **Awareness Generation:** Create awareness about CSR among the general public to generate demand and build effective partnerships between corporates, communities, employees, and the government. Use various communication channels, including media, to disseminate information about CSR initiatives.
- **Expansion to Small and Medium Enterprises (SMEs):** Encourage and support small and medium-sized enterprises (SMEs) to participate in CSR activities, extending the reach of such initiatives to more remote areas. Provide guidance and resources to SMEs for effective implementation.
- **Resource Pooling and Best Practices:** Promote resource pooling among companies for larger and more impactful CSR projects. Encourage the adoption of best practices in CSR, sharing successful models and strategies across industries.
- **Risk Analysis and Mapping:** Conduct thorough risk analysis before implementing CSR initiatives to identify potential challenges and devise mitigation strategies. Map CSR initiatives to the specific needs of communities, ensuring targeted and effective interventions.
- **Independent Accreditation:** Introduce a system for the independent accreditation of CSR initiatives by reputable agencies to validate their impact and credibility. Accreditation can enhance the credibility of CSR activities and encourage organizations to uphold high standards.
- **Incorporate CSR in Education:** Include CSR as a part of the curriculum at management schools, colleges, and universities to instill the importance of social responsibility among future business leaders. Foster a culture of ethical business practices and community engagement from an early stage.
- **Media Involvement:** Encourage media to actively highlight CSR success stories, creating a positive narrative around corporate social responsibility. Media can play a crucial role in showcasing the impact of CSR initiatives and inspiring other organizations to participate.
- **CSR-Friendly Legislation:** Advocate for CSR-friendly laws that provide a supportive framework for organizations to engage in social responsibility. Ensure that legislation encourages rather than hinders CSR initiatives, promoting a conducive environment for corporate engagement.

Implementing these recommendations can contribute to the effectiveness and positive impact of CSR initiatives in India, fostering a collaborative approach towards sustainable and inclusive development. In conclusion, addressing these challenges requires a collaborative effort from companies, government bodies, and local communities. Strict enforcement of CSR mandates, community-centric strategies, transparent governance, and regular monitoring and evaluation are vital components for ensuring meaningful and impactful CSR initiatives in India.

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