CSR Reporting Beneficiaries: An Indian Perspective

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Abstract-CSR reporting has recently gained, much needed, importance worldwide. There are countries where it is mandatory, for the public listed companies, while some others are still in the process of formalizing the requirements for CSR reporting. Definitely reporting has its own advantages in the public domain and at the organizational level. This paper is an attempt to explore the CSR concept and additionally to revisit the conventional CSR model, to modify the same, on the basis of latest practices. Further the study will also, analyze and compare the gains, achieved by various Indian organizations, on the basis of available funds. The study will adopt both qualitative and quantitative approach, to achieve, these objectives.

Key Words:CSR, Corporate Citizenship, GRI (Global Reporting Initiative), Philanthropy, PAT (Profit after Taxes)

I. INTRODUCTION

The history of social and environmental concerns about business is as old as trade and business itself. For example, commercial logging operations and laws to protect forests can both be traced back almost 5,000 years (BRASS Centre, 2007). King Hammurabi of Ancient Mesopotamia in around 1700 BC is known to have introduced a code in which builders, innkeepers or farmers were put to death if their negligence caused the deaths of others, or major inconvenience to local citizens. Meanwhile, history has equally recorded the grumblings of Ancient Roman senators about the failure of businesses to contribute sufficient taxes to fund their military campaigns. In 1622 disgruntled shareholders in the Dutch East India Company, are said to have started issuing pamphlets complaining about management secrecy and “self-enrichment”. In last few decades the concept of Corporate Social Responsibility has grown exponentially. In the 21st century larger firms face, number of changes and challenges including the corporate social responsibility as being one of the key problems. It suggests the importance of understanding the CSR by the organization towards the society which also impacts the Society development of the firm. The CSR activities are treated as an investment not as a cost or expense where it shows the relationship between corporation and the stakeholders such as the customers, investors, employees and society as a whole. The business’s purpose is not only to earn profit but the welfare of the society as well. Some studies have shown the positive correlation between the CSR and Society development while other studies show the negative relationship between them. Each company approaches, CSR implementation differently. This depends on factors like the culture of the organization, size or the stakeholder demand etc.

CSR can be defined when a firm apply its rules and regulations, the welfare of its investors and society should be considered as its duty. As defined by the World bank (2004) CSR is: The commitment of business to contribute to sustainable economic development working with employees, their families, the local community and society at large to improve the quality of life, in ways that are good for business and good for development. As defined by ISO:26000 CSR is the responsibility of an organization for the impacts of its decisions and activities on society and the environment, through transparent and ethical behavior that: Contributes to sustainable development, including health and the welfare of society also takes into account the expectations of stakeholders. All these activities should be in compliance with applicable law and consistent with international norms of behavior. In fact Victorian philanthropy could be said to be responsible for considerable portions of the urban landscape of older town centers today. In 1612, English jurist Edward Coke complained that corporations “cannot commit treason, nor be outlawed or excommunicated, for they have no souls.” The concept of Corporate Social Responsibility (CSR) in its present form originated in 1950's when Bowen, H. wrote a seminal book “The Social Responsibilities of a Businessman” whom Carroll takes to be the father of CSR (Carroll, 1999). Since then the notion of CSR has come to dominate the society-business interface and many theories and approaches have been proposed. Although the concept of CSR has dominated the business-society interface, many other alternative concepts have infiltrated the academic literature to study the same such as Corporate Citizenship, Corporate Governance, Corporate Social Responsiveness, and Corporate Social Performance. Even for CSR, many definitions have also been proposed in order to explain the form and the content. CSR has been a fuzzy one with unclear boundaries and debatable legitimacy (Lantos, 2001, Cramer *et al.*, 2006). Importantly, the approach to CSR has also changed from

Agency theory to Stakeholder theory. The concept of CSR has a normative altruistic basis and the strongest indication comes from the terminology itself used to describe the concept (Corporate Social Responsibility) but current trends from both academia and industry strongly indicate a shift in paradigm from normative altruistic bias of CSR to positivist strategic orientation to CSR. From the 1950's to the present the concept of CSR has gained considerable acceptance and the meaning has been broadened to include additional components.

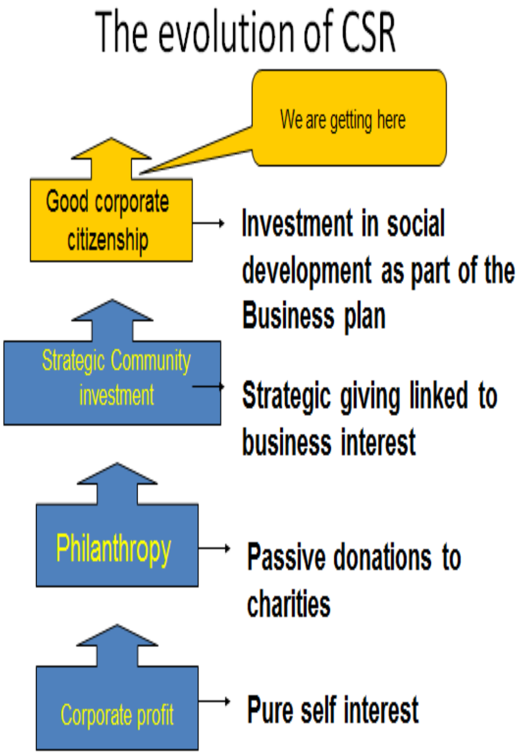


Figure: 1.1 (Evolution of CSR, modified).

1.1. CSR IN INDIA:

CSR is not a new concept in India. However, what is new is the shift in focus from making profits to meeting societal challenges. Giving a universal definition of CSR is quite difficult, as there is no universally accepted definition of corporate social responsibility, it is usually described in terms of a company considering, managing and balancing the economic, social and environmental impacts of its activities . CSR measures the impact of a company's actions on society. It requires a manager to consider his acts in terms of a whole social system, and holds him responsible for the effects of his acts anywhere in that system. The European Commission's definition of CSR is: "A concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis". The online encyclopedia, Wikipedia (2007) has one of the best definitions of CSR. It states that it, "is a concept that organization, especially (but not only) corporations, have an obligation to consider the interests of customers, employees, shareholders, communities, and ecological considerations in all aspects of their operations." Long referred to as a company's soul food, corporate social responsibility is finally being taken seriously by Indian tech companies as they embark upon a gamut of philanthropic activities. Though Infosys foundation and other initiatives by Narayan Murthy chairman and Chief Mentor of Infosys have always been on the forefront of philanthropic activities as a part of CSR. Mr. Narayan Murthy firmly underlines the significance of CSR: "For benefits of globalization and technology to reach to the poor, the private sector, philanthropic institutes and individuals should cooperate and establish partnership with Government institutes. This would lift millions of our people out poverty, provide them with opportunities and make them participating in the process and progress of globalization." The sad part is that CSR still has not taken of in India according to a recent survey by Mumbai based online organization Kramayog. The edition of the research revealed that nearly half of the top companies do nothing in way of CSR. For the Indian Company whatever the CSR activities are happening are centered on education, rural up-liftment and helping the physically challenged.

II. LITERATURE REVIEW

According to Gupta, M. (2012), there can be varied reasons for a firm to involve in CSR. These reasons can be enhancing the goodwill of the firm among consumers, increasing the firm's profitability, increasing its competitive advantage and attracting talent (Branco and Rogrigues, 2006; Nelling& Webb, 2009; Scholtens, 2008). Epstein -Reeves, J. (2012) states 6 reasons for firms to embrace CSR. These are as follows. The first reason is innovation. Involving into CSR leads firms to innovate with their product lines. Examples of such innovations could be the use of organic fabric for producing apparels which also helps the brand involve a greater customer base with them. The second reason is Cost saving simple CSR initiatives like using less paper in packaging or using less electricity or water is not just fulfilling social objectives but also cutting costs for the firms. The third reason given by him is that it helps in brand differentiation. Consumers are increasingly using CSR as a measure to differentiate one brand from another in this highly competitive market. The fourth reason is that involving into CSR entails long term thinking. Involving CSR is a way to ensure that the future of the firm is secure and sustainable. It is a shift from worrying about the next fiscal quarter's financial results to the impact business decisions today have on financial (and social) results ten years from now. The fifth reason is customer engagement. Communicating about its CSR initiatives, the firms are able to connect with their customers in new ways. It's easy to engage the customer with the firm is easy as it is about doing well. It still remains an unused tool for business to business communications. The sixth reason given by him is employee engagement. If a company can communicate about its CSR initiatives to its employees, right down to the grass root level helps retain employees.

As Gupta, M. (2012) says in her work that for the long term successful corporations need a balanced focus on the social and economic need but there are evidences of strong relationship between CSR and financial gains (Ackerman, 1973). According to Juulsen and Knudsen (2010), involving in CSR activities no doubt helps firms to meet their societal commitments. However, social concerns are not always the sole reason for undertaking these projects. Although estimating the real quantitative contribution of CSR initiatives to the bottom line profits of the firms is difficult, firms acknowledge the fact that undertake CSR activities are not just to attain their social goals but because it helps build their corporate image. Also, conducting responsible business helps them to create more business. Though at the first look it looks like a corporate suicide being honest about the economic benefits behind the CSR initiatives but it helps people understand why the companies are being honest about all of it. Making money by giving back to the society enables the company to continue to make profit. The customers are convinced to keep the firm in the business to help them continue to give back to the society by being in the business and making more money. Gupta, M. (2012) in her work states that Margolis and Walsh (2001) and Orlitzky, Schmidt and Rynes (2003) conducted extensive reviews on the literature on corporate responsibility and financial performance. Margolish and Walsh (2001) found that 53% of the studies had indications about a positive relationship between CSR and financial performance. On the other hand, 24% of the studies indicated that there is no relationship between a firm's financial performance and it CSR initiatives. 5% of the results even showed negative relations between them while 19% revealed mixed results. Similarly when Orlitzky, Schmidt and Rynes (2003) conducted the studies they found a positive relationship between a firm's CSR initiatives and its financial performance across industries. As a PR tool, CSR works towards building positive publicity for the firm. If the company is doing well, it will not translate into business for the firm unless the firm is communicating it to its stakeholders. And that is where PR comes in the picture. If the CSR initiatives of the firm are not communicated well enough, the potential buyers, investors and employees will not view the firm as a potential product provider or a good investment opportunity. Since, CSR is one way in which customers distinguishes one brand from the other, effective communication of CSR helps attract new customers. In a similar way, negative publicity can lead to boycott of the product and cause considerable harm to the business of the firm (Juulsen and Knudsen, 2010).

A. Market response to CSR:

As the market realises the potential of CSR for brand building as well as accruing higher financial gains, companies are trying to utilise this advantage to the full potential. A lot of companies are involving into CSR. The consumer response to this is favourable. Some studies have even concluded that the consumers are willing to choose companies that involve into CSR above the other companies who do not.

Consumer Perception of CSR:

With the increased pressure of Globalisation and burgeoning consumer demand, apparel companies are striving to provide good quality products at low costs to their customers. Facing the brunt of this phenomenon are the workers, developing economies, environment and many more. Over the years the awareness about CSR among the customers has increased. People who have strong principles regarding the social ethics pay a lot of attention to what the brand they purchase is doing for the society and the environment. They put considerable emphasis on the CSR initiatives of the brands while making a purchase (Dutta et.al, 2013). The CSR initiatives of the brands work towards building trust in their consumer group (Pivato, Misani and Tencati, 2008). It affects their decision-making process and translates into intentions to buy the products of that particular brand (Brown and Dacin, 1997).In 2005, Becker-Olsen and hill conducted two studies with the aim to explore the impact of perceived CSR on consumer's responses to social initiatives. The results of the study showed that a considerable majority of the respondents believed that firms should involve in CSR and 76 per cent of them also believed that it will be beneficial for the firms if they do so. They conceded to the fact that they will readily boycott a firm if the firm was not acting responsibly (Bashar)However, Dutta et.al, 2013 say that brand loyalty is not something that builds overnight by a short term social project. In fact, it is viewed as opportunistic by the customers. Therefore, it is imperative that brands include social responsibility in their normal business processes and not just get involved in tactical CSR. This is what will lead to creation of a customer base that is loyal to the brand (Brink et al., 2006). Research has proven that customers switch brands if the other brand is involved in some social initiatives. This is even when the products of the two are of almost the same quality and prices. This proves that CSR does have a psychological impact on the customers and affect their decision to buy a particular brand. It also helps the customer to distinguish one brand from another (Gupta and Pirsch, 2006). Societal marketing gives the edge to the brands which involve in CSR to win over the customers in this highly competitive market with numerous market players (Bloom et al., 2006).Becker-Olsen, K.L., Cudmore, B.A. and Hill, R.P. (2005) in their research try to examine if the consumer's purchase decisions for a particular product is based on the firm's CSR initiatives.

D. Factors affecting consumer perception:

According to the research mentioned above, the factors affecting customer's response towards CSR were grouped into six broad categories. The first category is societal concern. A consumer's perception about CSR is not limited in scope and encompasses all the ways in which the activities of a business affect the society and environment. Respondents were concerned about the societal impacts of the business operations and their commitment towards society, environment, sustainable development, creating an environment of healthy business, ethical production and improving the future of all its stakeholders. They not only are concerned about the implementation of such activities but also about the truthful disclosure of these activities. The second category is ethical practices. The customers are not only concerned about the holistic view behind the CSR activities but also about the exact activities undertaken for the fulfilment of those objectives. This includes encouraging employees to work for the society, prevention of corruption, promotion of public interest issues, maintaining ecological balance, responsibility towards society as well as ethical advertising (Dutta, Singh, 2013). The third factor is accountability in practice. It predicates that corporate governance should be insured and responsibility towards customers should be fulfilled. The fourth factor is the past records of the brand. As stated earlier, according to customers CSR is not a one-time activity. The customer perception about CSR is affected by the sustenance of their social initiatives. Companies who include social concerns in their business processes tend to have a larger base of loyal customers than those who involve in opportunistic and tactical CSR activities (Dutta, Singh, 2013). The fifth factor is the responsibility towards the shareholders. The respondents laid considerable emphasis on the way companies behave with the people who invest in them. This was measured by them on the basis of the ability of the firm to give the shareholder's their due. The sixth factor included the philanthropic activities undertaken by the firms like donations etc.

E. Incorporating CSR in the business process

As the industry realised the importance of CSR communication in order to engage their customers with them, it moved on from strategic CSR to incorporating CSR in the business process of the company. Some of the tools used are Cause Related Marketing and Cause branding. Instead of collaborating with a social cause on a superficial level, they are including the cause into their company values and ethics.

III. RESEARCH METHODOLOGY

The study emphasizes on both exploratory as well descriptive methodology because the study is making us understand the In-depth study of CSR and its guidelines. An in-depth analysis of current DPE guidelines, GRI reporting and its implementation in few companies in India is studied with qualitative approach. Top five companies from public sector, private sector and service industry were analyzed in details with respect to their CSR Expenditure in 2014. Regression was done, as to analyze the expenditure of the allocated budget for CSR, in these companies. There were major two hypotheses on which the expenditure is tested with respect to mentioned companies net profit and asset.

H1: *CSR has a significant positive relationship with net profits.*

H 2: *CSR has a significant positive relationship with total assets.*

4. Perspectives of CSR

What is CSR	**What is Not CSR**
CSR activities must be in the form of projects/programmes. Thus CSR activities should be projectivized ; Components of a project are as follows: • Need Based Assessment/Baseline Survey/Study • Clearly identified time frame • Specific annual financial allocation • Clearly identified milestones • Clearly identified & measurable objectives /goals	Pure philanthropy or mere donations will not count as CSR

• Robust & periodic review & monitoring • Evaluation & Assessment (Where possible, by third party)	
Corporates are expected to fund projects from their own accounts through implementing agencies; Government programmes/initiatives can be complemented/supplemented Programmes/projects must be within India;	Funds/moneys deposited in Central or Government accounts will not count as CSR; Government programmes/initiatives should not be duplicated. Programmes/projects undertaken outside India will not count as CSR
It should be independent of compliance with any regulation or law;	Activities which are in compliance with any regulation or law will not count as CSR;
	Activities undertaken in pursuance of normal course of business of a company.

Table –III.I (CSR as a business, Modified)

IV. CORPORATE SOCIAL RESPONSIBILITY GUIDELINES:

The Ministry of Corporate Affairs has notified Section 135 and Schedule VII of the Companies Act 2013 as well as the provisions of the Companies (Corporate Social Responsibility Policy) Rules, 2014 to come into effect from April 1, 2014.With an effect from April 1, 2014, every company, private limited or public limited, which either has a net worth of Rs 500 crore or a turnover of Rs 1,000 crore or net profit of Rs 5 crore, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility activities. The CSR activities should not be undertaken in the normal course of business and must be with respect to any of the activities mentioned in Schedule VII of the 2013 Act. Contribution to any political party is not considered to be a CSR activity and only activities in India would be considered for computing CSR expenditure.

A. Major Highlights are:

CSR Provisions Of The Companies Act: Section 135

Every company having a net worth of rupees five hundred crore or more (100 million $ or more), or a turnover of rupees one thousand crore or more (200 million $ or more), or a net profit of rupees five crore or more (1 million $ or more) during any financial year shall constitute a Corporate Social Responsibility Committee of the Board consisting of three or more directors, out of which at least one director shall be an independent director. The Board's report shall disclose the composition of the Corporate Social Responsibility Committee. The Corporate Social Responsibility Committee shall, formulate andrecommend to the Board, aCorporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII, CSR policy should recommend the amount of expenditure to be incurred on the activities referred to in clause (a) of DPE and Monitor the Corporate Social Responsibility Policy of the company from time to time. The Board of every company referred to in sub-section (1) shall, After taking into account the recommendations made by the Corporate Social Responsibility Committee, approve the Corporate Social Responsibility Policy for the company and disclose the contents of such Policy in its report and also place it on the company's website, if any, in such manner as may be prescribed andEnsure that the activities as are included in Corporate Social Responsibility Policy of the company are undertaken by the company.The Board of every company referred to in sub-section (1), shall ensure that the company spends, in every financial year, at least two per cent of the average net profits of the company made during the three immediately preceding financial years, in pursuance of its Corporate Social Responsibility Policy. Provided that the company shall give preference to the local area and areas around it where it operates, for spending the amount earmarked for Corporate Social Responsibility activities, Provided that if the company fails to spend such amount, the Board shall, in its report made under clause (o) of sub-section (3) of section 134, specify the reasons for not spending the amount.

B. Reporting ON CSR:

A brief outline of the company's CSR policy including the overview of projects or programs proposed to be undertaken and a reference to the web-link of the CSR Policy and projects or programs for all PSU as well as private sector organisation.The report should include, below mentioned details:

- Average Net Profit of the company for last 3 financial years.
- Prescribed CSR Expenditure (2% of the amount as in item 3 above).
- Details of CSR spent during the financial year:
- total amount to be spent for the FY;
- amount unspent, if any;
- Manner in which the amount spent during the financial year.
- In case the company has failed to spend the 2% of Average Net Profit (INR) of last 3 financial years, please provide the reasons for not spending the amount in its Board report;
- A responsibility statement of the CSR Committee, that the implementation and monitoring of CSR Policy, is in compliance with CSR Objectives and Policy of the company.

C. Global Reporting Initiative (GRI):

The Global Reporting Initiative (GRI) is a non-profit organization that promotes economic, environmental and social sustainability. GRI provides all companies and organizations with a comprehensive sustainability reporting framework that is widely used around the world. GRI's Sustainability Reporting Framework enables all companies and organizations to measure and report their sustainability performance. By reporting transparently and with accountability, organizations can increase the trust that stakeholders have in them, and in the global economy. GRI's mission is to make sustainability reporting standard practice for all companies and organizations. Its Framework is a reporting system that provides metrics and methods for measuring and reporting sustainability-related impacts and performance. The Framework which includes the Reporting Guidelines, Sector Guidance and other resources – enables greater organizational transparency and accountability. This can build stakeholders' trust in organizations, and lead to many other benefits.

Thousands of organizations, of all sizes and sectors, use GRI's Framework to understand and communicate their sustainability performance. GRI is an international not-for-profit organization, with a network-based structure. Its activity involves thousands of professionals and organizations from many sectors, constituencies and regions. The Framework is developed collaboratively with their expert input: international working groups, stakeholder engagement, and due process – including Public Comment Periods – help make the Framework suitable and credible for all organizations.

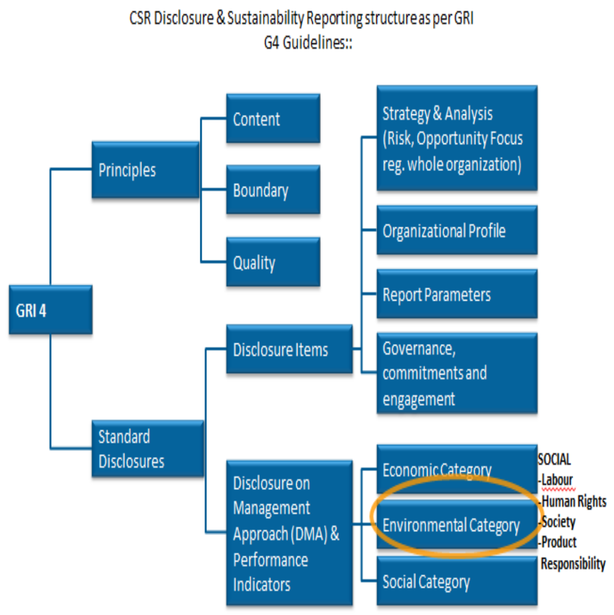


Figure IV.I: (GRI Reporting Structure, source: GRI Website)

GRI's Secretariat is located in Amsterdam, The Netherlands, and there are GRI **Focal Points** – regional offices – in Australia, Brazil, China, Colombia, India, South Africa, and the USA. More than 600 Organizational Stakeholders – core supporters – play a vital part in endorsing GRI's mission. RI also enjoys strategic partnerships with the United Nations Environment Programme, the UN Global Compact, the Organization for Economic Co-operation and Development, the International Organization for Standardization, and others. The principle of GRI should report on Content, quality of work and boundaries of disclosure with all limitations clearly. Overall it should include on all parameters of CSR organizational chart with an independent director, financial statement disclosure, governance engagement and commitments. The disclosure items should clarify the economic, environmental and social categorization.

D. CSR Expenditure By Major Companies:

In India it is been observed that majority of Indian companies where CPE and private sector organizations are spending on health, nutrition, education, water scarcity and climate change, particularly with its population of over 1.2 billion people. 2014 saw the Companies Act with the mandatory CSR provision come into the act. This has led to many discussions on how these provisions and the newly notified rules impact corporate India. Majority of the companies scored well with respect to the below mentioned criteria:

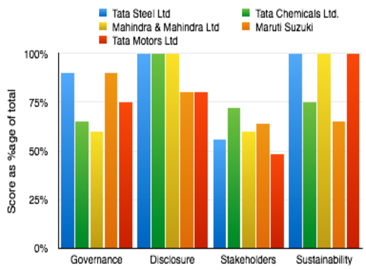
1. How well is the governance for CSR structured in the company?
2. How forthcoming are companies with respect to CSR activities and performance
3. How well are key stakeholders (employees, community, customers and suppliers) integrated within a company's CSR framework?
4. How pervasive are sustainability practices of companies?

It was found that Majority of the companies still failed to spend on CSR expenditure and could use only some percentage of PAT for major projects.

TOP COMPANIES FOR CSR IN 2014:

Top five Public Sector Companies	Top Five Private Sector Companies	Top Five Service Industry
SAIL	Tata Steel Ltd	Infosys
GAIL India	Tata Chemicals Ltd.	Wipro
NTPC	Mahindra and Mahindra Ltd.	Bharti Airtel Ltd
National Oil Corporation	Maruti Suzuki	HCL Technologies
ONGC	Tata Motors Ltd	Tata Consultancy

Table: Sourced from www.responsiblefuture.in



	Governance	Disclosure	Stakeholders	Sustainability	Overall
Average score for all companies	9.9	3.9	18.6	7.5	39.9

Figure IV.II: (Average Scores comparison on CSR Expenditure Parameters)

On the basis of analysis it is found that key parameters of governance, disclosure, stakeholder engagement and sustainability together, should provide a satisfactory stand, in relation to CSR practices implementation.

On the basis of data analysis, it was found that Tata steel Ltd shows the highest CSR expenditure in all parameters. Steel Authority of India Ltd toped in public sector enterprise and Infosys in service industry. Manufacturing companies fare marginally better than Service companies. Public companies are better than private companies. Companies are reasonably strong on governance, weak in disclosure, weak on stakeholder based CSR and, surprisingly, weak on sustainability. IT companies are relatively strong in governance and disclosure. Diversified companies are strong in stakeholder based CSR and sustainability. Automobile companies and telecom companies are strong on sustainability. Disclosure practices are weak across all industries. The Companies Act 2013 (and its rules) prescribes 10 areas in which companies will be required to invest. Currently companies focus least on armed forces veterans/war widows; protect national heritage; support artists, sportsmen and musicians, eradicating hunger and poverty, and initiatives for senior citizens. Presently only 10 corporate are complying with these norms with a spending of 2% or more. Most corporates are not meeting with the proposed 2% CSR norm – the average CSR spend as a percentage of PAT for 74 companies is 1.02%. Manufacturing companies, on an average, score far better than service companies. This difference is attributable to higher sustainability scores indicating that these issues are more important for the manufacturing sector. It was found through sources that only 18 % of the companies studied are currently complying with the 2% norm. Current CSR spend of 147 companies out of Top 214 companies is Rs 4281 cr during 2013-14. Presently only 27 corporate are complying with these norms with a spending of 2% or more. Most corporates are not meeting with the proposed 2% CSR norm – the average CSR spend as a percentage of PAT for 147 companies is 1.28%. Further 45 companies are spending between 1% and 2% of their PAT. Rest 75 companies have a CSR spend of less than 1% of their PAT.

***4.6 Regression Results**: Dependent variable assets*

Variables	Beta	Standard deviation	value	p-value
CSR	12.2093	35.6767	0.34	0.7324

R-squared=0.96

Adjusted R-squared=0.843

F-statistics=0.4608

Thus, the total asset of any company doesn't have an impact on the CSR activities. (Table: 3)

Regression Results: Dependent variable Net profit Margin

Variables	Beta	Standard deviation	value	p-value
CSR	2.657E-07	5.678	0.432	0.678

R-squared=0.3456

Adjusted R-squared=0.4131

F-statistics=0.567

P-value=0.7314

Once again, net profit margins don't show any impact CSR activities. (Table: 4), as the value of t is low.

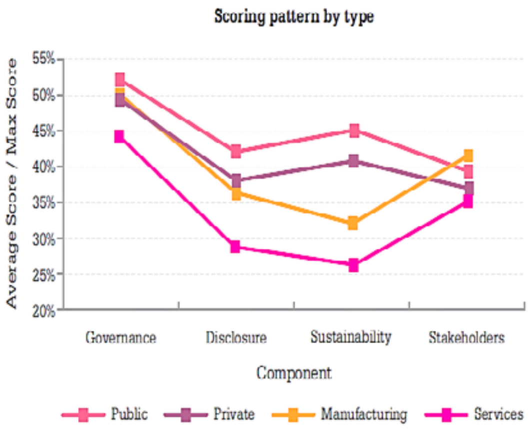


Figure 4: Scoring pattern of CSR by Public sector, Private Sector, Manufacturing and Service Sector.

The performance of public sector companies was better than the private companies which was a relevant achievement. Fig: 4, compares companies across different criterion. Since maximum possible scores of governance, disclosure, stakeholders and sustainability are different, we need to normalize average scores obtained for them to make comparable. This is achieved by dividing the average score by maximum possible score.

It was found that only 18 % companies were spending more than 2% after PAT. The remaining companies were defaulters and could not submit their relevant information's spend of these 147 companies is Rs. 4281 cr during 2013-14. It is also surprising that only 27 corporate are complying with these norms with a spending of 2% or more. Most corporates are not meeting with the proposed 2% CSR norm – the average CSR spend as a percentage of PAT for 147 companies is 1.28%. Further 45 companies are spending between 1% and 2% of their PAT. Rest 75 companies have a CSR spend of less than 1% of their PAT. 2014 saw the Companies Act with the mandatory CSR provision come into effect.

V. CONCLUSION

Social Responsibility helps in achieving sustainable development. The need for social responsible behaviour is needed more than ever, as the world is facing huge environmental and social problems. Industry activities have few impacts on social responsibility, which helps them in branding themselves. Most commonly existing activities under "CSR" function of Corporate belongs to Social Responsibility subject area of "Community Involvement & Development" and cannot be claimed for overall adherence to Social Responsibility. But in the Indian perspective there is no relationship between net profits and CSR activities. Social Responsibility Guidelines should be used as a business risk mitigation tool arising from many sphere like human rights, supply chain, fair competition etc. in order to sustain and create new business opportunities. Sustainability reporting is a growing trend amongst India's top companies. Some reports follow international standards for sustainability and CSR reporting such as the Global Reporting Initiative (GRI), many others don't really adhere to any set norms. Either way, ongoing research has revealed that most talked about companies and their success depends on, implementing CSR activities. The Act makes it mandatory for companies meeting certain thresholds to spend 2% of its net profits in CSR. The Indian act largely focuses on philanthropy in certain key areas. The focus being on giving back to society over and above ordinary course of business. Even as the Indian law looks at a philanthropic, community-centered approach, it is also true that smart strategies have been developed by industry leaders that look at CSR while creating far-reaching positive business impact.

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