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# **CORPORATE SOCIAL RESPONSIBILITY (C. S. R) INITIATIVES AND CONSOLIDATION OF SOCIAL ENTERPRISES REALITIES AND CONTRADICTIONS**

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The Indian Companies Act 2013, is a turning point in the journey of CSR in India. It has made mandatory for the companies (large and medium) to allocate 2% of profit for their charity and social objectives.

There are two strikingly different schools regarding the proposition CSR. Laureate Milton Friedman thinks “After all the business of the company is to do good business and not the welfare”. On the other, many welfare economists including Keith Davis think that the companies must be conscious of their social objectives and serve the community around them.

Some doubt whether CSR is possible at all “in an era of indulgent consumerism and luxurious lifestyle on the part of the companies”, unless the companies believe in some ethical economic model which is part of the “trusteeship” which Mahatma Gandhi envisioned and advocated in India.

Keeping the dialectics apart, the Indian Institute of Corporate affairs estimate that CSR funds to be around 20,000 crores from roughly 6,000 companies (both large and medium). The sheer amount is so good that many good social initiatives can be undertaken by the companies with this amount of money!

Of course, CSR is not something new in India. Corporate charity and philanthropy was the part and parcel of some of the great Indian companies for more than a Century.

TISCO at Jamshedpur is the best example of CSR. In fact the whole town Jamshedpur was developed by Tatas at and around the steel factory. TISCO, the

company has not only built the township, housing, drainage, schools, clinics and all other facilities to make the Jamshedpur a model of CSR in private sector in whole of Asia.

On the other, ONGC India's Mammoth PSU has a comprehensive policy of CSR for social development, which includes education, healthcare, environment protection, rural development and women empowerment activities.

## **THE TYPES OF ACTIVITIES AND TRENDS**

Different companies have taken up different types of activities under CSR initiatives, based on their location, neighbourhood, nature of production and their financial strength. All the CSR activities by different companies can be categorized into few headlines:

- Skill development and education
- Primary healthcare
- Rural development and community empowerment
- Marginalized groups development
- Environment protection schemes
- Women's empowerment

Above all, few companies have also undertaken the disaster management and disaster prevention programs in their areas.

## **CSR INITIATIVES**

### **FOR CONSOLIDATION OF SOCIAL ENTERPRISES**

The Indian companies entry into the field of social enterprise' development is comparatively new

Some of the thrust areas and segments under this category are as follows:

- Venture capital financing for new innovative startups
- Idea incubation, prototype/model incubation centers

- Skill updating and training activities for the small and new enterprises.
- Financing of SHG'S particularly, youth co-operatives for self employment
- Empowerment of marginalized women through self-help groups and women co-operatives
- Development of artisan sector and self-employment groups like weavers co-operatives, smith co-operatives etc.

Most of these initiatives are at micro level, their overall impact on the national level is yet to be studied, assessed and estimated.

## **PROBLEMS AND CHALLENGES**

The significant problem in CSR funding is the 'Transferency'

- ❖ Now who has to ensure Transferency?
- ❖ What is the mechanism for the transferency ?
- ❖ And what is tranferancy!

In simplest understanding, transferency in CSR funding is “nothing but the authenticity in the CSR allocations and CSR spending and the un-manipulated impact assessment of CSR spending .

There is a criticism that CSR allocations, are used as tax saving device and tax reduction mechanism by some companies.

On the other, prioritizing in CSR funds spending is also questionable in some cases. The criticism is that they are diverted to extraneous purposes.

These issues and questions have to be addressed earnestly, if the transferency issue has to be totally resolved by the companies.

Here, any attempt by governments to over regulate and control CSR funding is not only impractical but also untenable, for the most of the governments (state and central) are incapable of monitoring their own activities in an effective way.

Coming to the prioritization in undertaking the type of activities under CSR, the companies have to take up without fail, a comprehensive survey and study on the felt needs of the community in and around which they launch their CSR activities.

## **THE STRATEGY AND MODES' OPERANDI**

There is no one set strategy or technique for CSR funding in a vast country like India. Each company has to devise its own policy on thrust areas and activities before launching the CSR programme:

- In any sector or any segment, activity shall be based on the earlier survey and study
- Any CSR initiative must be people friendly and community involving and felt need based.
- Periodical impact of the study is a must for CSR funding by the company
- Coming to the overall thrust areas for the prioritised spending at the national level they may be as under:
  - ❖ Environmental sustainability/protection
  - ❖ Community development
  - ❖ Primary health care
  - ❖ Skill and education development
  - ❖ Rural development
  - ❖ Basic sanitation programs
  - ❖ Disaster management, training and prevention
  - ❖ Empowerment of women
  - ❖ Self help groups development
  - ❖ Water conservation
  - ❖ Livelihood creation
  - ❖ Extreme poverty alleviation
  - ❖ Micro financing

The list is not exhaustive for the problems are innumerable in the vast country like India.

After all, it is not the duty of the companies to solve all these problems! However, they must be socially conscious and community sensitive as they derive profit and their very existence from the community, consumers and customers.

On the other, it is the duty of governments (state and central) to help, motivate and inspire the companies to undertake CSR initiatives.

Hence, the strategy for CSR spending must be multi pronged, felt-need-based, neighbourhood-based and urgency-based for the specific company, in a specific area and in a specific community and situation.

This is the only modus-operandi for each company. However it must be in tune with and in-alignment with the overall national vision and international competitive scenario of the company/business.

The governments (state and central) should not think or arrogate that CSR as part of their authority. On the other, companies should not forget their social consciousness and social commitment to the community which gives them their very existence and profits.

After all social conscience is the soul of the corporate social responsibility and not the government regulation!

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