

A Close Look into Corporate Social Responsibility in India

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Abstract: The theme of Corporate Social Responsibility has developed during last few decades from simple philanthropic activities to integrating the interest of the business with that of the communities in which it operates. In this paper, an attempt has been made to make an objective evaluation of the Corporate Social Responsibility and related ethical business practices that are being adopted by large corporate houses in India. Corporate Social Responsibility is being considered as crucial for carrying on business in the society rather than as a charity. While Corporate Social Responsibility is relevant for business in all societies, it is particularly important for developing countries like India, where resources are scarce for fulfilling the ever increasing aspirations and diversity of a pluralistic society which make the process of sustainable development more challenging as well as difficult. While the Government undertakes extensive developmental initiatives through a series of sectoral programmes, the business sector in India also needs to take the responsibility of exhibiting socially responsible business practices that ensures the distribution of wealth and well-being of the communities in which the business operates.

Keywords: Corporate Social Responsibility; ethics; India; stakeholder; sustainable development.

1. Introduction

The theme of Corporate Social Responsibility has developed during last few decades from simple philanthropic activities to integrating the interest of the business with that of the communities in which it operates. By demonstrating socially, environmentally and ethically responsible behaviour in governance of its operations, the business can create value and long term sustainability for itself while making positive contribution for the betterment of the society. In recent years, Corporate Social Responsibility (CSR) is increasingly becoming a part of a large number of companies in India as well as across the globe. The Indian corporate sector has seen the current decade as a period of high growth and the emergence of a strong India Inc. having a significant global footprint. The decade also saw the financial crisis that shook the global markets. While the corporate sector is recovering from the jerk of the global financial crisis, the future is looking bright. However, the corporate sector is also standing in the midst of a sustainability crisis that poses a threat to the very existence of business. The business sector has been extremely thriving in generating wealth and value for its shareholders over the post independence years. It is praiseworthy, but at the same time, triggered by an increasingly unmanageable population, we have been faced with an India, besieged with problems of poverty, malnutrition, illiteracy and unemployment. The pressures of limited resources are likely to get more sensitive. The cost of environmental damage is critically eroding the GDP. The

Government is undertaking ambitious development schemes but the magnitude of services required necessitates that all stakeholders join hands in achieving the development objectives of dream India. The business sector therefore needs to assist by taking up socially responsible business practices. Corporate Social Responsibility is how companies manage their business to produce an overall positive impact on society. It is a concept whereby companies decide voluntarily to contribute to a better society and a cleaner environment—a concept wherein companies integrate social and environmental concerns in their business operations and in their interactions with the stakeholders.

The 21st century is exemplified by unmatched challenges and opportunities, arising from globalization, the desire for inclusive development and the imperatives of climate change. Indian business, which is today viewed globally as a responsible component of the ascendancy of India, is poised now to take on a leadership role in the challenges of our times. It is recognized the world over that integrating social, environmental and ethical responsibilities into the governance of businesses ensures their long term success, competitiveness and sustainability. This approach also confirms the view that businesses are an integral part of society, and have a critical and active role to play in the sustenance and improvement of healthy ecosystems, in fostering social inclusiveness and equity, and in upholding the essentials of ethical practices and good governance. CSR has become crucial due to the fact that it influences all aspect of business as well as the society.

Society creates a dynamic context in which the firm operates. Society addresses business ethics, corporate governance and the environmental concerns. In return businesses are largely responsible for creating wealth for the operating organization as well as the society. But at the same time it can create harm to the society. This includes pollution, layoffs, and industrial accidents to count for a few. The debate over the proper relationship between the business and society has focused on the topic of corporate social responsibility for the past several decades (Klonoski, 1991).

The investigation of CSR becomes more stimulating from a readers perspective because it is very contemporary. What calls for today corporate social business includes job and job losses, corporate charity, personal greed, environmental concerns, corruption, innovations, scientific breakthroughs, to say it revolves around all the stakeholders. The corporate social responsibility competencies may enable an organization to have sustained competitive advantage.

In this paper, in view of the above discussion, we have tried to make an objective evaluation of the Corporate Social Responsibility and ethical business practices that are being adopted by large corporate houses in India.

2. Concept of Corporate Social Responsibility

The term "corporate social responsibility" came into common use in the late 1960s and early 1970s after many multinational corporations formed the term 'stakeholder'. It was used to describe corporate owners beyond shareholders as a result of an influential book by R. Edward Freeman, *Strategic management: a stakeholder approach* in 1984. Proponents argue that corporations make more long term profits by operating with a perspective, while critics argue that CSR distracts from the economic role of businesses. Others argue CSR is merely window-dressing, or an attempt to pre-empt the role of governments as a watchdog over powerful multinational corporations.

Social responsibility is "an organization's obligation to maximize its positive impact and minimize its negative impact on the society". In other words, it is "the concept that businesses should be actively concerned with the welfare of the society at large". The concept of it is applicable to individuals and governments as well as organizations. This of an organization is referred to as 'corporate social responsibility'. Corporate social responsibility in the broader sense is taken to mean sustaining economic/business activity by co-mingling social responsibility of the enterprise in their external and internal relations with business prospects. Hence, corporate social responsibility is more than charity. It has some underlying economic implication. It is an innovative way to contribute by the firms to spend in towns and villages and to buy products from millions of artisans who are at the bottom of the pyramid. The fortune of the bottom of the pyramid calls for corporations to design products/services for the enormous population at the bottom of the pyramid.

Corporate Social Responsibility (CSR), can be

described as, the continuous commitment by corporations towards the economic and social development of communities in which they operate. The concept of corporate social responsibility of large industrial groups has occupied a prominent place in the greater national discourse on economic issues since the pre-independence era in India. Mahatma Gandhi described large business as 'trusts' of the 'wealth of the people' and thus emphasized on the larger social purpose that industrial wealth should serve in independent India. Corporate social responsibility (CSR, also called corporate conscience, corporate citizenship, social performance, or sustainable responsible business/ Responsible Business) is a form of corporate self-regulation integrated into a business model. CSR policy functions as a built-in, self-regulating mechanism whereby businesses monitors and ensures its active compliance with the spirit of the law, ethical standards, and international norms. The goal of CSR is to embrace responsibility for the company's actions and encourage a positive impact through its activities on the environment, consumers, employees, communities, stakeholders and all other members of the public sphere.

Different concerns define Corporate Social Responsibility differently. World Business Council for Sustainable Development defines Corporate Social Responsibility as "The continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large."

Jamshedji Tata has very brilliantly defined the Corporate Social Responsibility "The clear definition of Corporate Social Responsibility is that the community is not just another stakeholder in our business but the very purpose of our existence."

"Corporate social responsibility must not be defined by tax planning strategies alone. Rather, it should be defined within the framework of a corporate philosophy which factors the needs of the community and the regions in which a corporate entity functions. This is part of our cultural heritage. Mahatma Gandhi called it trusteeship...I invite corporate India to be a partner in making ours a more humane and just society... We need a new Partnership for Inclusive Growth based on what I describe as a Ten Point Social Charter...first, we need to have healthy respect for your workers and invest in their welfare..." .Indian Prime Minister, Manmohan Singh in 2007.

The speech above touches upon three important issues in contemporary discussions about CSR: (1) the role of government in relation to CSR (2) the drivers of CSR and (3) the end results of CSR. Mr.Singh implicitly suggests that Indian CSR must be a voluntary activity that gives companies free hands with respect to the government. A strong cultural heritage is a key driver of Indian companies to become engaged in CSR. The outcome they strive for is a better society which is more humane and just; in achieving this, their approach doesn't just focus on

community development projects or philanthropy, but also includes extensive programs for employees.

CSR is titled to aid an organization's mission as well as a guide to what the company stands for and will uphold to its consumers. Development business ethics is one of the forms of applied ethics that examines ethical principles and moral or ethical problems that can arise in a business environment. ISO 26000 is the recognized international standard for CSR. Public sector organizations (the United Nations for example) adhere to the triple bottom line (TBL). It is widely accepted that CSR adheres to similar principles but with no formal act of legislation. The UN has developed the Principles for Responsible Investment as guidelines for investing entities.

3. Evolution of Corporate Social Responsibility in India

Now-a-day, businesses are managed to bring about an overall positive impact on the communities, cultures, societies and environments in which they operate. The evolution of corporate social responsibility in India refers to changes of the cultural norms of corporations' engagement of corporate social responsibility (CSR) over time in India. The history of CSR in India has its four phases which run parallel to India's historical development and has resulted in different approaches towards CSR. However the phases are not static and the features of each phase may overlap other phases.

The First Phase

In the pre-industrialization period which lasted till 1850, wealthy merchants shared a part of their wealth with the wider society by way of setting up temples for a religious cause. Moreover, these merchants helped the society in getting over phases of famine and epidemics by providing food from their godowns and money and thus securing an integral position in the society. In the first phase, charity and philanthropy were the principal drivers of CSR. Culture, religion, family values and tradition and industrialization had an influential effect on CSR. With the advent of the colonial rule in India from 1850s onwards, the approach towards CSR was changed. The industrial families of the 19th century such as Tata, Godrej, Bajaj, Modi, Birla, Singhania were strongly inclined towards economic as well as social considerations. However, it has observed that their efforts towards social as well as industrial development were not only driven selfless and religious motives but also influenced by caste groups and political objectives.

The Second Phase

In the second phase, during the independence movement, there was increased stress on Indian Industrialists to demonstrate their dedication towards the progress of the society. This was when Mahatma Gandhi introduced the notion of "trusteeship", according to which the industry leaders had to manage their wealth so as to benefit the common man. *"I desire to end capitalism almost, if not quite, as much as the most advanced socialist. But our methods differ. My theory of trusteeship is no make-shift, certainly no camouflage. I am confident that it will survive all other*

theories." [Gandhi (1939), cited in Bose (1947)] .This was Gandhi's words which highlights his argument towards his concept of "trusteeship". Gandhi's influence put pressure on various Industrialists to act towards building the nation and its socio-economic development. According to Gandhi, Indian companies were supposed to be the "temples of modern India". Under his influence businesses established trusts for schools and colleges and also helped in setting up training and scientific institutions. The operations of the trusts were largely in line with Gandhi's reforms which sought to abolish untouchability, encourage empowerment of women and rural development.

The Third Phase

The third phase of CSR (1960–80) had its relation to the element of "mixed economy", emergence of Public Sector Undertakings (PSUs) and laws relating labour and environmental standards. During this period the private sector was forced to take a backseat. The public sector was seen as the prime mover of development. Because of the stringent legal rules and regulations surrounding the activities of the private sector, the period was described as an "era of command and control". The policy of industrial licensing, high taxes and restrictions on the private sector led to corporate malpractices. This led to enactment of legislation regarding corporate governance, labour and environmental issues. PSUs were set up by the state to ensure suitable distribution of resources (wealth, food etc.) to the needy. However the public sector was effective only to a certain limited extent. This led to shift of expectation from the public to the private sector and their active involvement in the socio-economic development of the country became absolutely necessary.

The Fourth Phase

In the fourth phase (1980 until the present) Indian companies started abandoning their traditional engagement with CSR and integrated it into a sustainable business strategy. In 1990s the first initiation towards globalization and economic liberalization were undertaken. Controls and licensing system were partly done away with which gave a boost to the economy the signs of which are very evident today. Increased growth momentum of the economy helped Indian companies grow rapidly and this made them more willing and able to contribute towards social cause. Globalization has transformed India into an important destination in terms of production and manufacturing bases of TNCs are concerned. As Western markets are becoming more and more concerned about labour and environmental standards in the developing countries, Indian companies who export and produce goods for the developed world need to pay a close attention to compliance with the international standards.

4. Different Models of CSR prevailed in India

Over this time, four different 'models' have emerged, all of which can be found in India today (see Table 1).

Ethical model:

The origin of the first ethical model of corporate

responsibility is due to the revolutionary efforts of 19th century corporate philanthropists like Cadbury Brothers in England and the Tata family in India. , With the initiation of Mahatma Gandhi's notion of 'trusteeship' where the owners of property would willingly administer their wealth on behalf of the people, the demands on Indian industrialists to demonstrate their commitment to social progress increased during the Independence movement. Gandhi's authority encouraged various Indian companies to play active roles in nation building and promoting socio-economic development during the 20th century. The history of Indian corporate philanthropy has included cash or kind donations, community investment in trusts, and provision of essential services such as schools, infirmaries, etc. Many firms, particularly 'family-run businesses', continue to support such philanthropic initiatives.

Statist model:

A second model of corporate responsibility originated in India after Independence in 1947, when India adopted the socialist and mixed economy framework, with a large public sector and state-owned companies. The boundaries between the state and society were clearly defined for the state enterprises. Elements of corporate responsibility, especially those relating to community and worker relationships, were enshrined in labour law and management principles. This state-sponsored corporate philosophy still operates in the numerous public sector companies that have survived the wave of privatization of the early 1990s.

Liberal model:

This approach was innovated by the American economist Milton Friedman, who in 1958, challenged the very notion of corporate responsibility for anything other than the economic bottom line. The global trend towards privatization and deregulation can be supposed to be underpinned by a third model of corporate responsibility—that companies are solely responsible to their owners. *'If anything is certain to destroy our free society, to undermine its very foundation, it would be a widespread acceptance by management of social responsibilities in some sense other than to make as much money as possible. This is a fundamentally subversive doctrine'* [Friedman (1958)]. Many in the corporate world and elsewhere would agree with this concept, arguing that it is sufficient for business to obey the law and generate wealth, which through taxation and private charitable choices can be directed to social ends.

Stakeholder model:

This view is associated with R Edward Freeman, whose influential analysis of the stakeholder approach to strategic management in 1984 brought stakeholding into the mainstream of management literature (Freeman 1984). The progress of globalization has also accompanied with it a growing consensus that with growing economic rights, business also has a growing range of social obligations. Citizen drives against negligent corporate behaviour along

with consumer action and increasing shareholder pressure have given rise to the stakeholder model of corporate responsibility. According to Freeman, 'a stakeholder in an organization is any group or individual who can affect or is affected by the achievement of the organization's objectives.' Being Pioneer of the stakeholder and 'business ethics' concept in the context of corporate responsibilities, Freeman developed a framework for identifying and managing the critical relationships of the modern corporation. His conceptual crystallization of stakeholder analysis has become a staple of both academic writing and business decision-making models. The essence of the stakeholder model was captured by David Wheeler and Maria Sillanpää (formerly with The Body Shop). The long term value of a company rests primarily on: the knowledge, abilities and commitment of its employees; and its relationships with investors, customers and other stakeholders. Loyal relationships are increasingly dependent upon how a company is perceived to create 'added value' beyond the commercial transaction. Added value embraces issues like quality, service, care for people and the natural environment and integrity. It is our belief that the future of the development of loyal, inclusive stakeholder relationships will become one of the most important determinants of commercial viability and business successes [Wheeler and Sillanpää (1997)]

Table:1 Models of Corporate Responsibility in India

Model	Focus	Champions
Ethical	Voluntary commitment by companies to public welfare	M K Gandhi
Statist	State ownership and legal requirements determine corporate responsibilities	Jawaharlal Nehru
Liberal	Corporate responsibilities limited to private owners (shareholders)	Milton Friedman
Stakeholder	Companies respond to the needs of stakeholders customers, employees, communities, etc.	R Edward Freeman

5. Objectives of Corporate Social Responsibility

Corporate social responsibility was viewed in terms of four faces, as explained by Carroll (Carroll, 1998). He propounded that the four faces corporate citizen are economic face, legal face, ethical face and philanthropic face. In his argument he forwarded that, profit making is not antithetical to good corporate citizenship. A firm should be profitable and must be able to carry their own weight and fulfill their own economic responsibilities. They are expected to have sufficient income generation so as to pay their bills and reward the investors. When these investors receive a strong return on their investment, the assurance to other stakeholders gets stronger. Further characterizing

good corporate citizens, it is expected that organization should obey the law that are designed to govern the relationship between the organization and their stakeholders. The organizations are then regarded to strive to operate in an ethical fashion. The desire to help mankind through acts of charity is commonly known as Philanthropy. This type of contribution is often regarded as equivalent to corporate citizenship.

The objectives of CSR policy of the organizations are extensive and therefore can broadly be categorized in the following mode:

The policy aspires at providing localized rural employment and livelihood opportunities to empower rural communities. CSR policy aims to uphold commitment to complement the efforts of the Government in the nation-building process. The policy is committed towards raising the quality of life and social well-being of community by contributing to basics of life in harmony with nature. The policy aims at creating business leadership ensuring social and environmental sustainability in a responsible manner. This also aims at upliftment of the deprived and creating a sustainable world in which NGOs, Government and other stakeholders would work together to achieve inclusive growth and equity. The policy also aims at improving the lifestyle of rural people, helping in upliftment of the poor, especially scheduled caste and scheduled tribes, and promoting education among slum dwellers. The policy adopts triple bottom line accounting methods expanding the traditional reporting framework to take into account environmental and social performance in addition to financial performance. The policy aims to create sustainable economies and transform stagnant lives into active partnerships through synergized proactive handholding in areas of infrastructure, education, training, health and environment. The policy also aims at fostering innovation by partnering with Indian universities and providing digital inclusion for people who do not have access to Information and Communication Technologies (ICT). The policy pledges to work with international communities towards mitigating global, human and environmental concerns

Carroll (1998) cited few of the reasons stating that: business has a stake in civil discourse; a corporate culture is incivility and intolerance thwarts the development of a company's most important asset, its people; businesses should serve as an example of how people are treated; and, because there has been a decline of the institutions that have bound communities together- the lodge, social hall, and the church- business must fill the void.

Chaudhary(2009) identifies the following objectives of CSR:

- Boost in brand image and reputation.
- Increased sales and customer loyalty.
- Reduction in operating costs.
- Higher productivity and quality.
- Attract and retain employees.

Reduced regulatory oversight.

6. Dimension of CSR

In recent years, the business strategy field has experienced the renaissance of corporate social responsibility (CSR) as a major topic of interest. CSR resurfaced persuasively over the past ten years in response to mounting public concern about globalization. Firms find themselves held responsible for human rights abuses by their suppliers in developing countries; interest groups demand corporate governance to be transparent and accountable.

Institutional Level: CSR as Organizational Legitimacy

Davis (1973) describes the iron law of responsibility, as the fact that firms exercising power will eventually be held accountable by society. At this level, CSR can be best understood as a quest for organizational legitimacy. Firms are under the obligation not to abuse the power invested on them by society or they risk losing society's implicit endorsement. More recently this view point has resurfaced as a firm's need to retain its "license to operate" (Post, Preston, & Sachs, 2002: 21).

Individual Level: CSR as Moral Choices of Managers

At the individual level, CSR has been constructed by Ackermann (1975) as managerial discretion. According to this view, managerial actions are not fully defined by corporate policies and procedures. Although managers are constrained by their work environment, they nonetheless have to weigh the moral consequences of the choices they make. The view of CSR is strongly anchored in the business ethics literature (Jones, 1991; Donaldson & Dunfee, 1994; Crane & Matten, 2003).

Organizational Level: CSR as Stakeholder Management

The objective of stakeholder management is to analyze how a company can serve its customers and be lucrative while also serving its other stakeholders such as suppliers, employees, and communities. With Freeman's (1984) influential book, the focal point moved from legitimacy and morals towards a new theory of the firm. Social considerations are thus no longer outside an organization but are part of its purpose of being. CSR thus becomes a question of stakeholder identification, involvement, and communication. The purpose of stakeholder management was to devise a framework to manage strategically the myriad groups that influenced, directly and indirectly, the ability of a firm to achieve its objectives. Recently the stakeholder perspective has dominated the reinterpretation of CSR pushing the question of the legitimacy of corporate power as well as the moral dimension of managerial decisions more into the background.

Global Level: CSR as Sustainable Development

Brundtland Commission (1987) for the first time methodically highlighted the link between poverty, environmental degradation, and economic development. Its definition of sustainable development, as meeting the needs of the present, without compromising the ability of future generations to meet theirs, extends the responsibility of

firms both inter- and intra-generationally. Thus firms are expected to also consider traditionally unrepresented stakeholders such as the environment and as well as future generations. Although many CSR authors have taken up the notion of a “triple bottom line” (Elkington, 1997) there remain important tensions between the CSR and the sustainable development debate (i.e. Dyllick & Hockerts, 2002). It is evident that company can contribute to sustainable development via its CSR activities if its CSR values coincide with those of sustainable development. This also seems to be the most favorable case for CSR contribution. The question is whether CSR contributes to sustainable development when CSR ultimate goal is not sustainability. The variety of CSR theories (shareholder value (Halme and Niskanen, 2001); stakeholder theory that comes from ethics (Freeman, 1984; Donaldson and Preston, 1995; Phillips *et al.*, 2003); corporate citizenship related to the political concept of citizen (Andriof and McIntosh, 2001; Logsdon and Wood, 2002; Matten and Crane, 2005); CSR (Carroll, 1979; MintzBerg, 1983); corporate social performance related to sociology (Wood, 1991; Orlitzky *et al.*, 2003; Callan and Thomas, 2009); and corporate codes of conduct (Kolk *et al.*, 1999; Sethi, 2002) permits firms may hold different approaches to what their CSR is serving for (e. g. direct feed into bottom-line). Under the circumstances when company’s CSR is directed mainly to short term profit, CSR contribution to sustainable development is questionable. First of all, there always has to be guaranteed a short term win-win scenario from the firm’s perspective whereas sustainable development by definition is targeted at a long-term period (World Comm. Environ. Dev. 1987) Secondly, additional conditions have to be assured in order CSR partnership with a non-business partner to become sustainable (Reed and Reed, 2009). A number of scholars argue that short term profit oriented CSR is unlikely to contribute to sustainable development values (Partners in Change, 2000, 2004; Venkateswaran, 2004; Jenkins (2005); Christian Aid, 2004). Scientific literature has more positively regarded prospects for CSR to contribute to sustainable development when CSR is incorporated into company’s long term strategy. The main difference from short term profit oriented CSR is that companies seek to uncover and pursue long term win-win situations what appear to be win-loss situation in the short term turned into win-win situation in the long term.

7. Few Instances of initiatives undertaken by Indian Corporates to promote of corporate social responsibility in India

Corporate Social Responsibility (CSR) defined as “the ethical behavior of a company towards the society,” appears itself in the form of such dignified programs initiated by profit seeking organizations. CSR has become more and more well-known in the Indian corporate scenario because organizations have realized that besides growing their businesses, it is also imperative to build trustworthy and sustainable relationships with the community at large. This

is one of the key drivers of CSR programs. Ever since their inception, corporates like the Tata Group, the Aditya Birla Group, and Indian Oil Corporation, to name a few, have been involved in serving the community. Through donations and charity events, many other organizations have been doing their part for the society. Earlier efforts at corporate social responsibility were more centred on the internal aspects of corporate responsibility like the customer, ethical behaviour, staff welfare, corporate governance and transparency. External aspects like philanthropic giving and ethical investments on communities were low in priority. It is encouraging to note that many corporate houses are now partnering with communities in the areas of health, family welfare, education, environmental protection, potable water, sanitation and the empowerment of women and other marginal groups. Triple Bottom Line accounting practices now include social and environmental dimensions also. Performance may be assessed in terms of being “water positive”, “carbon positive”, “solid waste recycling positive” etc.

Along with innovation, corporations have worked hard at integrating corporate social responsibility into their core practices. There is now greater evaluation and stricter accountability and transparency norms for social initiatives along the lines of norm set for mainstream projects and ventures.

i). Corporate companies like ITC have made farmer development a vital part of its business strategy, and made major efforts to improve the livelihood standards of the rural communities. Unilever is using micro enterprises to strategically augment the penetration of consumer products in rural markets. ITC Ltd. has set up of the CII-ITC Centre of Excellence for Sustainable Development released its Sustainability report in 2005. Its various sustainability initiatives in areas of economic, social and environmental development are:

- e-Choupal initiative web enables nearly 3.5 million Indian farmers in 36000 villages. An example of the bottom of the pyramid targeting at work is e-Choupals in rural India. IT manages an agricultural trading company. To eliminate the inefficiencies in its supply chain caused by corrupt middle men at local rural markets, it created a network of “e-Choupals” (Internet-connected computers) in rural communities. Through these e-Choupals, individual farmers have been able to check the market-trading price of their produce and sell it directly to ITC. Both the individual farmers and ITC have increased their revenues, because the layers of inefficiency no longer have a role in the transaction between seller and buyer.

- Choupal Fresh and Choupal Sagar are two recent initiatives that leverage its extensive backward linkage with farmers and supply chain efficiencies. ITC has opened 10 Choupal Sagar outlets in rural areas of Maharashtra, Madhya Pradesh and Uttar Pradesh where these rural malls have warehousing and cold storage facility and operate as a hub for wholesale and retail activity. These malls also provide services of insurance, banking, medical facilities

and farmer related soil testing. ITC International Business will help export fresh and processed fruits and vegetables and is targeting to double its exports these initiatives.

The company has a target to open a network of 700 such Choupal Sagar outlets and 20,000 echoupals across 1,00,000 villages within the next decade at an outlay of Rs.5000 crores. The vision is to eventually convert these villages into vibrant economic entities.

- Natural resource management involves wasteland, watershed, rain water harvesting, and agriculture development.
- Sustainable livelihood creation through women's economic empowerment and genetic improvement of livestock.
- Community development with focus on primary education and health and sanitation.
- Total recycling of solid wastes and treatment of water effluents.

Thereby ITC has taken strong steps in social entrepreneurship and is moving towards becoming a corporate citizen.

IT companies like TCS and WIPRO have developed software to help teachers and children in schools across India to further the cause of education. The adult literacy software has been a significant factor in reducing illiteracy in remote communities. Banks and insurance companies are targeting migrant labourers and street vendors to help them through micro credits and related schemes.

As in the West, Indian companies are also waking up to the realisation that Corporate Social Responsibility is not just an external philanthropic activity, but an internal responsibility as well. In fact, as Paul Abhram, COO, IndusInd Bank, puts it, "If you don't start from within, the entire Corporate Social Responsibility programme would turn out to be meaningless." The concept of solar ATMs and encouraging customers to choose e-statements over traditional paper statements has been a part of IndusInd Bank's broader Corporate Social Responsibility initiatives.

ii). The Bank has a well developed code of conduct for its employees and addresses all the concerns like conflict of interest, insider trading prohibition. ICICI Bank has also embarked on the journey of providing micro credit to the rural and marginal society poor. Towards this ICICI Bank has started the 'No white Space' rural business architecture, which rests heavily on partnerships with micro-finance Institutions, NGO's and even individual franchisees. The NGO's who work closely with the communities and with considerable grassroots knowledge, therefore play a pivotal role in engaging with the people and cementing a partnership. They share the risk and participate in profit sharing. NABARD proposes to refinance Micro Finance Institutions (MFI) up to Rs. 2,00,000 crore this year. The self Help groups control 70% of the micro finance segments and as much as 90% of the SHG are women groups. The present coverage of all the MFI together is no more than 2%

of the 60 million poor families in the country and there is room for further efforts to promote micro financing. ICICI bank has taken major initiatives to focus on micro credit and has become a social entrepreneur with a blend of Business and Social responsibility and striving to be corporate citizen.

iii). In view of Coca-Cola's corporate social responsibility (CSR) initiatives in India, it details the activities taken up by Coca-Cola India's management and employees to contribute to the society and community in which the company operates. Coca-Cola India being one of the largest beverage companies in India, realized that CSR had to be an integral part of its corporate agenda. According to the company, it was aware of the environmental, social, and economic impact caused by a business of its scale and therefore it had decided to implement a wide range of initiatives to improve the quality of life of its customers, the workforce, and society at large.

However, the company came in for severe criticism from activists and environmental experts who charged it with depleting groundwater resources in the areas in which its bottling plants were located, thereby affecting the livelihood of poor farmers, dumping toxic and hazardous waste materials near its bottling facilities, and discharging waste water into the agricultural lands of farmers.

Despite the criticisms, the company continued to champion various initiatives such as rainwater harvesting, restoring groundwater resources, going in for sustainable packaging and recycling, and serving the communities where it operated. Coca-Cola planned to become water neutral in India by 2009 as part of its global strategy of achieving water neutrality. However, criticism against the company refused to die down. Critics felt that Coca-Cola was spending millions of dollars to project a 'green' and 'environment-friendly' image of itself, while failing to make any change in its operations. They said this was an attempt at green washing as Coca-Cola's business practices in India had tarnished its brand image not only in India but also globally. The case discusses the likely challenges for Coca-Cola India as it prepares to implement its new CSR strategy in the country.

iv). Lupin India Ltd, India's third largest manufacturer of pharmaceuticals has started a project for providing sustainable development in 154 villages across Rajasthan. The scheme instead of providing for piece-meal assistance that does not lead to effective alleviation of poverty or adequate development is designed as a holistic action plan that includes an Agricultural Income Generation Scheme, land cultivation and fruit plantation programs, fodder preservation schemes, sericulture and water-recycling programs, establishment of medical and educational centers, adult literacy programs and credit schemes.

v). Cipla, another Indian pharma major has found a novel approach to fulfill its corporate social responsibility obligations by offering to sell a cocktail of three anti-HIV drugs, Stavudine, Lamivudine and Nevirapine, to the Nobel Prize-winning voluntary agency Medicine Sans Frontieres

(MSF) at a rate of \$350, and at \$600 per patient per year to other NGOs over the world. This

vi). Organizations like Bharath Petroleum Corporation Limited, Maruti Suzuki India Limited, and Hindustan Unilever Limited, adopt villages where they focus on holistic development. They provide better medical and sanitation facilities, build schools and houses, and help the villagers become self-reliant by teaching them vocational and business skills.

vii). On the other hand GlaxoSmithKline Pharmaceuticals' CSR programs primarily focus on health and healthy living. They work in tribal villages where they provide medical check-up and treatment, health camps and health awareness programs. They also provide money, medicines and equipment to non-profit organizations that work towards improving health and education in under-served communities. This offer has led to a significant decrease in the prices of these drugs worldwide increasing the accessibility of these drugs especially in the developing countries.

viii). Ranbaxy, one of India's major pharmaceutical firms operates seven mobile healthcare vans and two urban welfare centers that reach over a lakh people in various parts of northern and central India as part of its corporate social responsibility initiative.

ix). Tata Consultancy Services (TCS) has set up a fully-equipped computer training laboratory for children from the Society for the Welfare of the Physically Handicapped and Research Centre, in Pune for imparting basic computer knowledge. NIIT has launched a highly popular 'hole-in-the-wall' scheme where it places a computer on a public wall in urban and rural areas so that neighborhood children can learn computer basics using the play-way method.

x). Bharat Electronics Ltd built cyclone proof houses for the victims of the super cyclone in with the help of the victims themselves so that the houses are built according to their needs.

xi). Ion Exchange has founded a profitable venture for environmental protection through water treatment, afforestation and organic farming

xii). Reliance Industries Ltd. launched a countrywide initiative known as "*Project Drishti*", to restore the eye-sights of visually challenged Indians from the economically weaker sections of the society. This project, started by one of India's corporate giants has brightened up the lives of over 5000 people so far.

8. Core Elements underlying behind CSR

The Ministry of Corporate Affairs, Govt. Of India has come up with The National Voluntary Guidelines on Social, Environmental and Economic responsibilities of Business. These prescribe the basic principles, define self assessment indicators and provide a reporting framework for making disclosures to stakeholders. They also emphasize on the need of a well thought "Corporate Social Responsibility" policy.

A policy that would include care for all stakeholders; be ethical, transparent and accountable; respect workers rights and welfare; have a respect for human rights and environment and provide for activities for social and inclusive development. Business houses, industry, civil society organisations, government bodies and research organisations have to be brought together in formulating the policy.

Each business entity should formulate a CSR policy to guide its strategic planning and provide a roadmap for its CSR initiatives, which should be an integral part of overall business policy and aligned with its business goals. The policy should be framed with the participation of various level executives and should be approved by the Board. The CSR Policy should normally cover following core elements:

i). Care for all Stakeholders:

The companies should respect the interests of, and be responsive towards all stakeholders, including shareholders, employees, customers, suppliers, project affected people, society at large etc. and create value for all of them. They should develop mechanism to actively engage with all stakeholders, inform them of inherent risks and mitigate them where they occur.

ii). Ethical functioning:

Their governance systems should be underpinned by Ethics, Transparency and Accountability. They should not engage in business practices that are abusive, unfair, corrupt or anti-competitive.

iii). Respect for Workers' Rights and Welfare:

Companies should provide a workplace environment that is safe, hygienic and humane and which upholds the dignity of employees. They should provide all employees with access to training and development of necessary skills for career advancement, on an equal and non-discriminatory basis. They should uphold the freedom of association and the effective recognition of the right to collective bargaining of labour, have an effective grievance redressal system, should not employ child or forced labour and provide and maintain equality of opportunities without any discrimination on any grounds in recruitment and during employment.

iv). Respect for Human Rights:

Companies should respect human rights for all and avoid complicity with human rights abuses by them or by third party.

v). Respect for Environment:

Companies should take measures to check and prevent pollution; recycle, manage and reduce waste, should manage natural resources in a sustainable manner and ensure optimal use of resources like land and water, should proactively respond to the challenges of climate change by adopting cleaner production methods, promoting efficient use of energy and environment friendly technologies.

vi). Activities for Social and Inclusive Development:

Depending upon their core competency and business interest, companies should undertake activities for economic and social development of communities and geographical areas, particularly in the vicinity of their operations. These could include: education, skill building for livelihood of people, health, cultural and social welfare etc., particularly targeting at disadvantaged sections of society. The CSR policy of the business entity should provide for an implementation strategy which should include identification of projects/activities, setting measurable physical targets with timeframe, organizational mechanism and responsibilities, time schedules and monitoring. Companies may partner with local authorities, business associations and civil society/non-government organizations. They may influence the supply chain for CSR initiative and motivate employees for voluntary effort for social development. They may evolve a system of need assessment and impact assessment while undertaking CSR activities in a particular area. Independent evaluation may also be undertaken for selected projects/activities from time to time.

9. Conclusion

CSR is being considered as crucial for carrying on business in the society rather than as a charity. While CSR is relevant for business in all societies, it is particularly important for developing countries like India, where resources are scarce for fulfilling the ever increasing aspirations and diversity of a pluralistic society which make the process of sustainable development more challenging as well as difficult. From responsive activities to sustainable initiatives, corporates have clearly exhibited their ability to make a significant difference in the society and improve the overall quality of life. Recently, priority of business is getting widened from 1P to 3P's by inclusion of People and Planet with Profit. Short-term, charity-based welfare interventions are being replaced by long-term, empowerment-based Corporate Social Responsibility (CSR). Increasingly, corporations are motivated to become more socially responsible because their most important stakeholders expect them to understand and address the social and community issues that are relevant to them. Understanding what causes are important to employees is usually the first priority because of the many interrelated business benefits that can be derived from increased employee engagement like more loyalty, improved recruitment, increased retention, higher productivity, and so on. One major lag is environmental concerns by the firms and systematic formulation of Environmental Management System needs to be developed.

In conclusion, it can be said that the corporate sectors are generating wealth and value for the shareholders since independence of India in 1947, but the problems of poverty, unemployment, illiteracy, malnutrition etc. prevail concurrently adversely affecting the nation. In the existing social situation in India, it is not easy for one single entity to bring about change, as the scale is enormous.

Corporates have the expertise, strategic thinking, manpower and money to facilitate extensive social change. Effective partnerships between corporates, NGOs and the government will place India's social development on a faster track. While the Government undertakes extensive developmental initiatives through a series of sectoral programmes, the business sector also needs to take the responsibility of exhibiting socially responsible business practices that ensures the distribution of wealth and well-being of the communities in which the business operates.

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