In Search Of Excellence : CSR Initiatives By Indian Companies

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INTRODUCTION

"It is true that economic and social objectives have long been seen as distinct and often competing . But this is a false dichotomy; it represents an increasingly obsolete perspective in a world of open, knowledge-based competition. Companies do not function in isolation from the society around them. In fact, their ability to compete depends heavily on the circumstances of locations they operate."

- Michael E. Porter and Mark R. Kramer (2002)

The above quote unequivocally emphasizes the CSR imperative of corporates in the third millennium. Corporate entities have to function within the framework of rules and regulations formulated by the state. While compliance of statutory regulations is an absolute must, companies are expected to do much more than that.

CSR (Corporate Social Responsibility) as defined by European Commission (2001) 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."*

CSR centered organizations are expected to uphold the interest of society at large by actively engaging in community growth and development and avoiding practices that harm the planet earth. Taking advantage of certain loopholes in the prevailing regulatory and control mechanisms, some companies tend to shun away from their social responsibility. While it may help them make some short-term gains, in the long run, such companies pay through their nose for ignoring their social responsibility. Being a part of the socio- political ecosystem, business organizations need to be socially responsible like any other citizen. Therefore, a company discharging its social responsibility is as mandatory as its compliance with the laws of the land. Socially responsible behavior by corporate entities cannot just be confined to occasional acts of philanthropy. Neither is it a favor being done by them to society. While companies are expected to adopt CSR initiatives, lip service is given to this important aspect of corporate governance by many business organizations, some of them, in fact, reduce it to a brand-building exercise that dilutes the spirit of CSR. The Government of India is all set to step in to make it compulsory for the corporate entities to set aside a portion of their earnings for CSR initiatives (Varma, 2011).

Indians as a race believe in the *Karma* theory and as an extension of this philosophy, some of the business houses took upon themselves the responsibility to give back a portion of their earnings to the society. However, such efforts lacked a well-defined strategy and a planned approach and have at best, been confined to a few acts of charity - such as hospitals and educational institutes set up by a few business houses. Modern business management calls for a strategic approach to CSR . It is no more a voluntary behavior, but an imperative for corporate houses to gain the respect and trust of the stakeholders; an absolute must for their survival and growth.

OBJECTIVES OF THE STUDY

This study aims to :

1) Establish the significance of CSR in its modern form and the need for Indian companies to adopt CSR as an important component of their strategy.

2) Take stock of CSR initiatives and commitment of Indian companies over the past 25 years and identify the gaps, if any, vis-à-vis the expectations of stakeholders.

3) Highlight the excellent CSR practices followed by some of the leading organizations in India and how they have

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helped them sustain to their growth and profitability.

METHODOLOGY

This study relies mostly on the information gathered from secondary sources such as research papers, articles, edited books, annual reports and company websites, the only primary source being the interaction the researcher had with Mr. K. Raghavendra Rao, CMD of Orchid Chemicals & Pharmaceuticals at IIMA Golden Jubilee Alumni Meet at Ahmedabad in December, 2010. Information collected in accordance with the objectives has been analyzed, and the findings have been reported along with the conclusions and recommendations in the form of a research paper.

LITERATURE REVIEW

According to Bowen (1953), *"CSR refers to the obligations of businessmen to pursue those policies to make those decisions or to follow those lines of relations, which are desirable in terms of the objectives and values of our society."*

Davies (1973) held the view that social responsibility should reflect *"the firm's consideration of, and response to, issues beyond the narrow economic, technical and legal requirements of the firm."*

The origin of CSR can be traced to *Legitimacy Theory*, according to which, corporate social disclosures are motivated by the corporation's need to legitimize activities (Hogner, 1982). The Legitimacy Theory assumes that companies ensure that their activities and performance are generally acceptable to the society, given the growth in public awareness (Wilmshurst & Frost, 2000).

However, CSR is much more than mere legitimacy of operations. A company should focus on areas such as economic, environmental and social when developing their sustainability strategy (Szekely & Knirsch, 2005).

CSR and Corporate Ethics are closely interlinked. The concept of CSR emerged from the sense of responsibility and can be defined as the ethical behavior of a company towards society (Pednekar, 2011).

Management scientists also explain CSR through economic theory, which hinges on the correlation between CSR and financial performance of organizations by way of resultant cost-effectiveness and favorable market perception (Chamhuri & Wan Noramelia, 2004).

Environmental aspects of CSR emphasize conservation of natural resources that include recycling, reduction of wastage and compliance with statutory regulations and requirements (Chamhuri & Siti , 2007).

Having realized the need to be socially responsible corporate citizens, post 1970s, organizations had gradually shifted from *"sharing profits with the community as a soft approach of philanthropy to the hard approach by using philanthropy for the purpose of profit-making."* Post 1990s, CSR is increasingly being embedded into the corporate mission, strategy and actions of organizations (Chamhuri& Siti, 2007).

The need to have cordial relations with the community, maintain good image and sustain profits are the major factors for organizations to accord strategic importance to CSR practices. Further, there is a strong correlation between the organization's commitment to CSR and the commitment of employees to the organization (Brammer et al., 2007) resulting in enhanced performance, which makes it all the more important for organizations to be socially responsible.

Benchmarking, a strategic tool to identify the best practices adopted by competitors, has led to some progressive global organizations embracing excellent CSR practices. This involves review and evaluation of the impact of competitors' CSR practices on the society and environment, and how customers perceive their strategies pertaining to CSR.[1]

Rekha Sachdeva (2010) opines that *"While benchmarking will help corporates evaluate their (CSR) initiatives and rank them, it will also provide an impetus to others to develop similar kind of practices."*

Another important dimension of CSR is social accounting, the practice of communicating the social and environmental effects of a company's economic actions to various interest groups in the society and to society at large (Crowther, 2000) .

Some organizations like Tube Products India[2] , where the researcher held a senior position, espouses SHE (Safety,

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[1] Wikipedia's article on Corporate Social Responsibility, available at http://en.wikipedia.org/wiki/Corporate_social_responsibility accessed on February 13, 2011.

[2] Tube Products of India is a division of Tube Investments Ltd., Chennai (a company owned by Murugappa group) engaged in the manufacture of ERW&CEW precision steel tubes and CRCA strips.

Health and Environment) movement, which is very much a subset of the CSR strategy.

CONTRARIAN VIEWS

Milton Friedman (1970) and few others held the view that a corporation's primary purpose is to maximize returns to its shareholders. It is only people who can have social responsibilities, and not corporations, who are only responsible to their shareholders and not to the society as a whole. Certain others opine that CSR conflicts with the very nature and purpose of business, and therefore, is a hindrance to capitalism.

Some critics (Mckibben, 2006) are very skeptical of CSR programs undertaken by companies. They dismiss such initiatives as cleverly camouflaged tactics to distract the public from ethical issues arising out of their business operations.

Scholars like Moharana (2010) lament that *"....even the traditional activities like providing developed living conditions, concern for health and concern for education and other minimum requirements are also being celebrated (by corporates). It is really hard to differentiate the activities of CSR and publicity stunts."*

Critics disillusioned with the hypocrisy and lack of transparency of corporations strongly advocate that tighter governmental regulations and enforcement measures, rather than voluntary behavior, are needed to ensure socially responsible behavior by business organizations.

Notwithstanding the criticism it has attracted, and divergent views expressed by management experts, social scientists and politicians, CSR has become a part and parcel of the organizations conducting their business, with clear links to the bottom line.

CSR IN INDIA

India has had a long tradition of corporate philanthropy, and industrial welfare has been put into practice since the late 19th century.

CSR is not alien to India. Mahatma Gandhi wanted the rich to be the trustees of the poor. His advice to the rich was :

"....I must know that all that wealth does not belong to me; what belongs to me is the right to an honorable livelihood, no better than that enjoyed by millions of others. The rest of my wealth belongs to the community and must be used for the welfare of the community."[3]

While social responsibility as a principle might not be new to India, its implementation was confined to the individual ideologies and outlook of those in power, be it governmental agencies or corporate entities. What was missing was the involvement of all concerned agencies in the decision making and implementation process (Ghosh & Chakraborti, 2010).

CSR is particularly relevant in the Indian context. India after two centuries of suppression gained independence more than 60 years ago, and has since been on the path of development. Aspirations of all cross sections of its pluralistic society have been ever growing, making the sustainable development on one hand and social justice on the other, a real challenging task (Rahul, 2010).

While the importance of growth and development cannot be ignored in a developing economy like India, business houses should be sensitive about the fact that the growth comes at a cost which is borne by the society in terms of displacement of people, depletion of natural resources, and large-scale deforestation. Corporations are very much a part of the society which provides them with the human and natural resources for carrying out their business, and it is, therefore, the responsibility of the industrial organizations to ensure that the ecosystem in which they operate does not bleed and remains hale and healthy through their CSR initiatives. As insisted by Galbriath (1996), growth led by large corporations must be accompanied by a safety net for the poor, who continue to be a majority in our country.

Views expressed by contemporary Indian scholars endorse Galbriath's philosophy. Kaur & Kaur (2010) stated:

"Success, after all, is not only measured in monetary terms, but also (sic) the corporation's (sic) impact on the community ,on its customers and on the environment."

Inspite of the sturdy growth of the economy with per capita income climbing up to USD 1400 , India still continues to be bogged down by socio-economic problems like poverty, illiteracy, lack of access to basic education, safe drinking water and primary health care – particularly in rural areas. The Government alone cannot tackle these gargantuan

[3] Mahatma Gandhi in Harizan, circa 1939.

challenges and the people of India look up to business organizations to contribute their might and plough back a part of their earnings for social development (Rahul, 2010).

CSR at one end of the continuum can be viewed as the social good done by various organizations. At the other end, it is the way of doing business itself, which has a major impact on the society . However, for the latter view to become a reality, it will be necessary to organize CSR as a movement, undertaken jointly by public and private organizations. Collective efforts by all the stakeholders can only ensure that CSR is engraved into the business strategy of organizations (Leo Burke, 2008). As aptly put by Gour (2010) , *"It is high time the Indian companies start (sic) reflecting upon their corporate practices and look beyond traditional community development and a simple focus on compliance."*

While business groups like Tatas and Birlas have been demonstrating their commitment to the society and environment for over a century, the fact remains that CSR in India has still not taken firm roots. Apart from few organizations in the public sector, one of their prime objectives being social development and a few private companies embracing this, the situation according to a survey undertaken by TNS and Times Foundation (2008), is far from satisfactory. The economic dimension of CSR, however, is gaining ground, and corporate houses are realizing that what is good for their employees in terms of safety, health and environment is also good for the business. Notwithstanding the exemplary display of social responsibility by few corporations, in reality, large gaps continue to exist between the business priorities of corporate houses and the basic needs of the society at large. Disputes over acquisition of land for setting up new ventures lead to many lives being lost, apart from thousands of families being displaced (Kalinga Nagar, Singur, Nandigram and Kakarapalli are just some of the recent blots on the corporate portraits). Blatant violation of pollution norms (leather units in Ranipet-Ambur belt in Tamil Nadu); contamination of water bodies (Vazirpura Industrial Estate, Delhi); lack of concern for the general public while transporting hazardous materials like iron ore, coals, etc. are rampant in our country. Bhopal Gas tragedy still continues to haunt the nation, with thousands of victims not being properly compensated even after 27 years since the disaster. It is indeed disappointing that out of 133 countries ranked by a study group of Yale University in terms of environmental performance[4], India stood at a dismal 118th position with Pakistan and Bangladesh being the only South Asian countries behind it. Another concern that needs to be addressed is the measurement of impact of CSR initiatives on the target groups. Dutta & Chaterjee (2010) highlight this issue as under :

"Though the number of CSR projects and programs are many in India, there is a lack of clear metrics for evaluating their actual impact on improving social conditions."

However, in the sea of mediocrity, there are few islands of excellence which one hopes will galvanize others to a more socially responsible behavior.

Let us now look at some of the excellent CSR initiatives by few Indian corporations and MNCs operating in India.

TATA STEEL LIMITED[5]

According to the study carried out by TNS and Times Foundation (2008), the Tata group was ranked the first among 82 organizations in terms of CSR initiatives.

Tata Steel, the flagship company of the Tata group has been leading from the front . Major areas of focus of Tata Steel are :

- Education
- Health Care
- Environmental Protection
- Community Development

EDUCATION : TSL focuses on local education, tribal education and early childhood education apart from other educational initiatives.

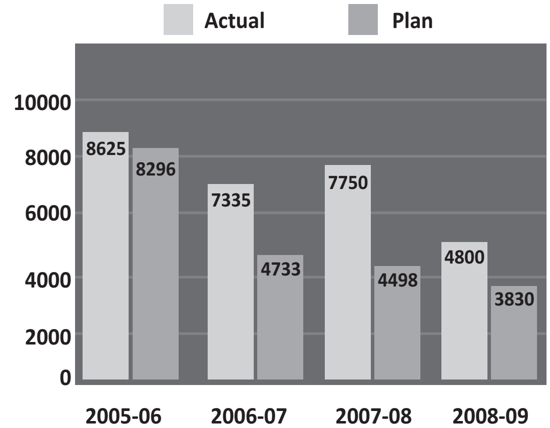
The main objective of tribal education is to integrate the tribals into the mainstream by facilitating education of tribal

[4] "*The Pilot 2006 Environmental Performance Index* ", Center for Environment Law and Policy, Yale University available at www.yale.edu/epi accessed on February 19, 2011.

[5] Information pertaining to CSR initiatives of Tata Steel was sourced from their official website www.tatasteel.com , accessed on February 19, 2011.

children and youth. Some of the initiatives are:
☸ Informally run *Balwadis* (crèches/nurseries) for infants and toddlers.
☸ Sponsorship of two tribal students every year by TCS (Tribal Cultural Society) at the Tata Institute of Social Sciences.
☸ Assistance and support for The Xavier Institute For Tribal Education near Jamshedpur.
☸ Financial support worth ₹ 25 lakhs to more than 493 meritorious tribal students each year since 2004.
"Had it not been for this fellowship from Tribal Cultural Society, I was bound to be like many others, recycled into the family's earning process at an age when I needed to be at school," said Sunita Murmu, a beneficiary.

Figure 1: Adult Literacy Progress Chart of Tata Steel - 2005-06 To 2008-09



Source: Annual Report of Tata Steel, 2008-09

Other initiatives are:
☸ **Adult Literacy :** Through adult literacy programs, over 3800 people were made functionally literate.
☸ **Grow Smart With Tata Steel:** This project is aimed at encouraging learning and self-development in students from remote areas of India. It also focuses on spreading knowledge through vocational training for adults.

☸ **HEALTH CARE :** Tata Steel has received global accolades for its work on HIV / AIDS awareness and interventions. Some of the important initiatives taken by TSL in the area of health care are:
☸ **Preventive Interventions :** Primary healthcare for prevention of illness.
☸ **Clinical Outreach Programs :** Mobile medical facilities and medicine distribution.
☸ Tuberculosis control program
☸ Eye Cure Services
☸ Malaria Control Programs
☸ HIV/AIDS awareness programs and interventions
☸ Disability Management Programs
At Jamshedpur, TSL set up a 890 bed hospital to provide health care not only to their employees, but also to the general public.

☸ **ENVIRONMENTAL CONSERVATION :** Tata Steel has over the years focused on five principal areas of environment management :
☸ Optimization of natural resources
☸ Water conservation
☸ Waste utilization
☸ Pollution control
☸ Land reclamation and afforestation

All Tata Steel Companies are committed to reducing greenhouse gas emissions and help and educate customers to do the same. The Jamshedpur Works is the first in the world to be conferred the SA 8000 for work conditions and improvements in workplace. All its operations have achieved the ISO-14001 certification for environment management. During the year 2009-10, specific water consumption including power and steam generation in the Indian operations of Tata Steel reduced by 18.3% to the level of 5.57 m^3/tcs mainly due to the recovery of wastewater from the drains of the Steel Works. Likewise, solid waste utilization increased by 1.55% to the level of 91.1%.

☸ **COMMUNITY DEVELOPMENT :** Tata Steel's philosophy ever since its inception has been that the fruits of its success reach all constituents and stakeholders leading to inclusive growth. Tata Steel Corporate Sustainability Services (CSS) was set up to facilitate sustainable development and inclusive growth of the community .The following arms of CSS addresses the needs of the community :

☸ Tata Steel Rural Development Society (TSRDS)
☸ Community Development & Social Welfare Department (CD&SW)
☸ Tribal Cultural Society (TCS)
☸ Tata Steel Family Initiatives Foundation (TSFIF)
☸ Urban Services

Rehabilitation and resettlement of all families affected by green field projects are addressed by a program named *'Tata Parivar'* whose activities include :

☸ Fair and just compensation packages for land given up.
☸ Rehabilitation colonies developed in collaboration with villagers - with basic civic amenities, drinking water, power, street lights, sewerage, schools, dispensaries, access to education, community areas and places of religious worship.
☸ Psychological and emotional impact management.
☸ Employment opportunities for one nominee of each displaced family in the company plant or associate companies.
☸ Micro-credit and micro-enterprise projects, especially for women.
☸ Culture preservation schemes and educational scholarships.

MICROSOFT INDIA[6]

Microsoft Corporation India Private Ltd. is a subsidiary of Microsoft Corporation, USA. It has had a presence in India

Table 1 : Few Initiatives Launched By Microsoft India

EDUCATION INITIATIVES
•**Partners in Learning :** To integrate technology into daily teaching, learning, and research by building partnerships with local government and schools.
•**Innovative Education Forum- The Global Platform For Teachers :** To give due recognition to teachers using IT in their teaching techniques, Microsoft introduced the Innovative Teachers Leadership Awards in India, instituted in 2004 under its India education program Project Shiksha.
•**Dream Spark :** A software giveaway for an estimated 10 million plus qualified students in the country, Dream Spark aims to provide students access to the latest Microsoft developer and designer tools at no charge to unlock their creative potential and set them on the path of academic and career success.
EXTERNAL RESEARCH AND PROGRAMS •Microsoft Research India , research wing of Microsoft India through the External Research and Programs (ER&P) group collaborates extensively with academics and institutions to strengthen the research ecosystem in India. Some of the projects launched recently by Microsoft India are :

[6] Information pertaining to Microsoft India was sourced from their website www.microsoft.com/india accessed on March 13, 2011.

•**Project Jyothi:** Under this program, three prominent NGOs received a total amount of ₹7.63 crores as a grant in cash and kind so as to bring the benefits of technology to women, youth and underprivileged communities by offering them a package of IT skills, life skills and other useful technical skills. According to Dr. Vikas Goswami, Lead CSR, Microsoft India :

"A large section of the population in our country lives below the poverty line and the need of the hour is to generate more opportunities for employment for these people. We, at Microsoft, believe that technology can be a catalyst for this change as it holds the potential to create economic opportunities and enable equitable development."

•**Project Kshamta:** Is an effort by Microsoft in partnership with the Indian Army, to enhance the employability of the retired soldiers. *"Kshamta"* meaning *"Capability"* - is a 110-hour training program aimed to help soldiers improve their spoken English, IT Skills and interview handling skills, which are essential for them to get better jobs post retirement.

EMPLOYEE VOLUNTEERISM

Through the Employee Giving Program, employees make personal financial contributions, volunteer their time, and donate other resources such as their knowledge and expertise towards the betterment of communities around them. For instance, Microsoft employees work with a large group of NGOs such as *Parikrama*, Sankalp, *Salaam Baalak Trust* and *Vidya Poshak*, targeting children from the deprived sections of the society.

since 1990 and currently has offices in 16 cities - Ahmedabad, Bengaluru, Chandigarh, Chennai, Coimbatore, Hyderabad, Indore, Jaipur, Jamshedpur, Kochi, Kolkata, Lucknow, Mumbai, Nagpur, New Delhi and Pune.

Corporate citizenship is at the core of Microsoft's business strategy and the way it interacts with customers, partners, governments, and employees. Microsoft recognizes the effect that it has on society, and the effect that society has on its business.

HINDUSTAN PETROLEUM CORPORATION LTD.[7]

To create a positive impact on the society and to contribute to India's socio- economic development through focused measures aimed at improving the quality of life of underprivileged classes of the society, HPCL launched a host of initiatives. HPCL has categorized different projects of social relevance according to national and regional significance, and has partnered with several private organizations including NGOs, for their implementation. Some of the programs are:

☸**Swavalamban :** The objective of this program is to provide free Vocational Training to beneficiaries from low income group households. HPCL and CII have joined hands along with M/s City & Guilds to impart training to youths and change them into able professionals.

☸ **Unnati :** The objective of this initiative is to provide computer training to 3000 students at Visakhapatnam through NIIT Limited.

☸ **Nanhi Kali :** The project is an initiative towards supporting the girl child. HPCL sponsors the school education of *Nanhi Kalis* (Little Flowers) from various Govt. Schools from Mehboobnagar district and Paderu region in Andhra Pradesh in collaboration with M/s KC Mahindra Education Trust.

☸ **Suraksha :** This is an initiative towards prevention of HIV/AIDS through training/lectures and distribution of condoms to truckers at Highway Retail Outlets. The project operating partner is Organization for Socially Economic and Rural Development (OSERD).

☸ **Global Warming :** Under this project, approximately 20000 school children are educated on causes of Global Warming at Delhi, Goa and Mumbai through our operating partner CSRL (Centre for Social Responsibility & Leadership.

ORCHID CHEMICALS &PHARMACEUTICALS[8]

Mr. K. Raghavendra Rao, Chairman and MD of Chennai based Orchid Chemicals Pharmaceuticals was conferred with the prestigious Padmashree award in January , 2011 for the exemplary work done by his organization in the

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[7] Information pertaining to CSR initiatives of Hindustan Petroleum was sourced from their official website www.hindustanpetroleum.com accessed on March 13, 2011.

[8] Information pertaining to CSR initiatives of Orchid Chemicals was sourced from their website www.orchidpharma.com accessed on March 13, 2011.

fields of community development and social welfare. A trust named Orchid Trust was set up to pursue and monitor the CSR initiatives of Orchid Chemicals. The key thrust areas of this trust are:

- Education
- Health
- Self Employment
- Capacity Building
- Community Asset Development

The Trust has adopted 24 villages and six Panchayats in Tamil Nadu and works continuously in implementing several welfare schemes in the above thrust areas.

Education : Orchid Trust has initiated several activities that aim at improving the educational inputs in the neighborhood communities, especially those from poor households. Mr. Raghavendra Rao believes in the philosophy that *"One tree can make a million matches and one match can destroy a million trees."*

Empowerment Of Women And Youth : Women who invest all their time and resources on their kith and kin are the primary agents of community development. Understanding this, Orchid Trust organizes regular interactive meetings to motivate the Self Help Groups (SHGs) function optimally. It has adopted 140 women SHGs having more than 1800 members in 25 villages to improve their economic condition through income generation programs. Realizing that problems such as unemployment, drug addiction, alcoholism, frustration and anger that plague the present generation need to be addressed in a timely manner, Orchid Trust has evolved strategies to prepare the unemployed rural youth to succeed in realizing their dreams and contribute to nation building.

Community Asset Creation - Enhancing The Quality Of Life : Orchid Trust has come up with a number of initiatives to supplement the existing village infrastructure with additional assets. Significant investments have been made in school buildings, community halls, tuition centers, primary health centers, streetlights, drinking water wells, water coolers etc. Some of the CSR initiatives implemented by Orchid Trust, as shared by Mr. Raghavendra Rao with his IIMA batchmates are :[9]

"Our CSR activities include - conducting mobile health camps using Orchid's vans, medicines and personnel so that 5,000 villagers around our factory get free medical aid all through the year; screening about 10,500 villagers for eye problems and restoring eyesight to 2,750 poor people by conducting free cataract surgeries; educating over 2,700 students by conducting free coaching classes in addition to providing them food; empowering about 3,000 women by way of training them in embroidery, making them entrepreneurs in their own way – running canteens, selling vegetables, stitching skirts, etc. – and creating Self-Help Groups (SHGs); undertaking rural electrification projects benefitting 1,150 villagers; de-silting of canals to get water for irrigation for 2,500 farmers; training more than 3,000 youths in various skills such as sports, micro enterprises, driving, communication etc., which resulted in getting 810 people either self-employed or employed in various companies; working with the local Government and other like-minded independent agencies, through financial participation to the tune of over ₹ 10 crores over a period of time, by way of Tsunami relief, to employing teachers, to upgrading schools, to building homes, to donations to orphanages and mid-day meal centers; and equally importantly, conducting Science Awareness Programs for school children that has so far reached out to more than 50,000 students. The idea has always been to contribute to making people better than what they would otherwise be."

INITIATIVES BY THE GOVERNMENT OF INDIA

In spite of the liberalization of the economy and gradual removal of controls, the Government of India, realizing the importance of having effective statutory controls and checks in place on the twin aspects of Corporate Governance in general, and Corporate Social Responsibility in particular, has been taking various measures from time to time, in the interests of all the stakeholders.

There has been a long-drawn debate on whether CSR should be voluntary or mandatory. Government of India took some very positive steps to put this debate to rest. For starters, they made it mandatory for all Central Public Sector

[9] E-mail dated 31/1/2011 from Mr.Raghavendra Rao,CMD of Orchid Chemicals to his IIMA 1977-79 batch mates.

Enterprises (CPSEs) to spend a part of their earnings on CSR. As per the guidelines issued by the Department of Public Enterprises in March 2011, expenditure range for CSR in a financial year is 3-5% of the net profit of the previous year in case of CPSEs having profit less than ₹ 100 crores ; 2-3% (subject to a minimum of ₹ 3 crores) in case the profit ranges from ₹ 100 crores to ₹ 500 crores and 0.5-2% in case of CPSEs having a net profit of more than ₹ 500 crores in the previous year. The CSR budget has to be fixed for each financial year, and the funds would be non-lapsable.[10] Further, Mr.Praful Patel, Minister for Heavy Industries and Public Sector Enterprises made it clear that those PSEs that fail to spend the minimum amount stipulated above on CSR run the risk of losing their Ratna status.[11]
While supporting Mr. Praful Patel's view, Mr. U. D. Choubey (2011), Director General of SCOPE (Standing Conference Of Public Enterprises) emphasized the need for a level playing ground with regard to CSR spending by making it mandatory for private-sector companies also to spend a part of their earnings on CSR.
The following observation of Ramakrishnan and Reshma (2010) should be an eye-opener for the corporations in the private sector, who need to pick up a leaf or two from their public sector counterparts, *".....public sector undertakings focus both on people in the vicinity and society at large……the focus on this segment is marginally lesser in the private sector."*
While the reaction of industry captains to this suggestion has been mixed, all the speculation on this subject was set to rest by Mr. Veerappa Moily, Minister for Corporate Affairs . In a press statement issued in July 2011,[12] Mr. Moily made it clear that 2% mandatory provision for CSR spend in the Companies Bill, 2009, would stay. It is a matter of time before the bill is approved by both the houses of the parliament and goes on to become a legislation. The message from Government of India is loud and clear. Corporates would do well to gear up themselves to set aside 2% of their earnings for CSR, instead of searching for ways and means to circumvent this requirement.

DISCUSSION

While some of the CSR initiatives by Indian companies and MNCs operating in India discussed in this paper give a snapshot of the orientation and current level of commitment of some of the corporations to CSR, there are few concerns that need to be further researched and answers need to be found ,which is beyond the scope of this paper.

1) To what extent are the CSR initiatives voluntary or are a result of pressure from competitors and enforcement agencies?

2) Once the Companies Bill, 2009 is approved, how would GOI enforce compulsory spending by corporates on CSR in letter and spirit? What will be the rewards and punishments mechanism?

3) How transparent are corporations in making the CSR initiatives public?

4) How can the impact of CSR initiatives on the target groups be measured effectively?

5) Should CSR be confined only to large corporations, or should the SMEs also embrace this philosophy?

6) To what extent CSR has become a part and parcel of the strategy of companies for driving their growth and sustainability?

7) Apart from collaborating with corporations, can NGOs also be the watch dogs to ensure socially responsible behavior by companies in true letter and spirit?

8) Is there a well defined framework and effective mechanism for internal and external social audits of corporations empowered by necessary legislation?

9) Are corporates open to setting up separate cells/departments for implementing and monitoring CSR initiatives?

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[10] Akhila Vijayaraghavan, *"Making CSR mandatory in India"*,available at http://www.triplepundit.com/2011/07/making-csr-mandatory-india accessed on November 1, 2011.
[11] Move to make CSR Mandatory,The Telegraph,10th September, 2011 available at http://www.telegraphindia.com/1100911/jsp/business/story_12923055.jsp, accessed on November 1, 2011.
[12] CSR in India: Government For Mandatory Spends, Corporate India Not Sure CB Bureau, New Delhi, February 11, 2011 available at http://causebecause.com/news-detail.php?NewsID=287 accessed on November 1, 2011.

CONCLUSION

"*……Cutting- edge and competitive advantage can result from weaving social and environmental considerations into business strategy from the beginning…..*"

- Carly Florina, Former CEO, Hewlett-Packard [13]

Companies across the globe are fast realizing this and are ingraining CSR as an important component of their business strategy. Indian corporations cannot anymore be oblivious to this global phenomenon and the sooner they adapt themselves to the societal and environmental demands of the business, the better it would be for them and the society.

Once the need for imbibing CSR as a part and parcel of one's strategy is realized, companies should shed the inherited mediocrity in approaching this strategic issue and adopt a more professional approach. MNCs operating in India, quick to understand the CSR imperative are undoubtedly ahead of their Indian counterparts. As observed by Singh & Nerwal (2010), *"….managers (of MNCs) support voluntary participation of MNCs in CSR activities, and their self-regulative behavior, even in the absence of enforcement to do so."*

Best practices cannot anymore be confined to manufacturing and delivery, but should also encompass soft and sensitive issues like CSR.

Corporate leaders need to shoulder the responsibility of *"Integrating a complete 'social perspective' into all aspects of operations"* so as to maximize the value for the corporations and at the same time, ensuring that the huge investments made are protected (Dutta, 2010).

Apart from giving a bird's - eye view of the status of CSR orientation of Indian corporations, excellent practices of some of the Indian organizations and MNCs operating in India have been captured in this paper, within the limitations of its scope and objectives . Areas for further research have also been highlighted so that the existing gaps between theory and practice can be bridged. Finally, as aptly stated by Indra Nooyi, CEO of Pepsico,

"If you are not sensitive and responsible to the society you operate in, you'd soon be out of business."

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