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Corporate social responsibility in India – policy emphasis and Mandatum

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Abstract: Corporate Social Responsibility (CSR) refers to the belief that businesses have a responsibility to society beyond their obligations to their stockholders or investors. In addition to generating profits, firms are expected to have some responsibility regarding the wellbeing of consumers, employees, the community at large, government, and the natural environment. CSR has emerged as a vital tool for social value creation with Triple Bottom Line Approach - People, Planet and Profit. The approach is to Create a Positive Impact on Society, Shared Value for business and communities and involving maximum Stakeholder Participation. Corporate governance is concerned with holding the balance between economic and social goals and between individual and communal goals.

Key words: Social Responsibility, stakeholders, Sustainability

Introduction and Conceptual Focus

Corporate social responsibility (CSR) is a business approach that contributes to sustainable development by delivering economic, social and environmental benefits for all stakeholders. CSR describes the principle that companies can and should make a positive contribution to society. CSR is dubbed by Sustainability and being responsive to 'stakeholders' and those who are affected by a business operation and behaving according to a set of values which are not codified in law. In practice the term can refer to a wide range of actions that companies may take, from donating to charity to reducing carbon emissions.

The concept of CSR originated in 1953[1] with the publication of Bowen's book *Social Responsibilities of Businessmen*. The term got popularized in the wake of environmental scandals such as the chemical catastrophes in Bhopal and Seveso and corporate malfeasances like Enron. The Union Carbide chemical disaster claimed numerous lives at Bhopal. The subject of ecology became a hot issue in the media pushed by investigative journalists and critical nongovernmental organizations alike. Corporate social responsibility (CSR) expresses a fundamental morality in the way a company behaves toward society. It follows ethical behavior toward stakeholders and recognizes the spirit of the legal and regulatory environment. The idea of CSR gained momentum in the late 1950s and 1960s with the expansion of large conglomerate corporations and became a popular subject in the 1980s with R. Edward Freeman's *Strategic Management: A Stakeholder Approach*[2] and the many key works of Archie B. Carroll[3], Peter F. Drucker[4], and others.

Freeman (1983)[5] defined "A stakeholder in an organization is any group or individual who can affect or is affected by the achievement of the organization's objectives.' Thus, the term stakeholder includes (apart from shareholders), but not limited to, customers, employees, suppliers, community, environment and society at large. CSR is an act of achieving commercial success in ways that honor ethical values and respect people, communities, and the environment. It means addressing the legal, ethical, commercial and other expectations that society has for business and making decisions that fairly balance the claims of all key stakeholders". Corporate houses are expected to live up to the expectations of various stakeholders since they cannot operate in isolation. They have realized the significance of CSR which intends to maximize profits for the shareholders who are the backbone of corporate houses.

Carol (1991)[6] presented the four step model of responsibilities which combines all four distinct responsibilities of a company. The responsibilities include economic responsibility to be profitable, the legal responsibility to abide by the laws of the respective society, the ethical responsibility to do what is right, just and fair, and the philanthropic responsibility to contribute to various kinds of social, educational, recreational or cultural purposes.

Carol (1999)[7] observes: "CSR has gained importance since forward-thinking companies embed sustainability into the core of their business operations to create shared value for business and society. The concept of CSR goes beyond charity and requires the company to act beyond its legal obligations and to integrated social, environmental and ethical concerns into company's business process". The concept of CSR is constantly evolving. The key components of CSR include – corporate governance, business ethics, workplace and labour relations, affirmative action, supply chain, customer relations, environment protection, employee's welfare, community development and sustainable development.

McWilliams and Siegel (2001)[8] define: "CSR include actions that appear to further some social good beyond the interest of the firm and which are required by law." CSR has been perceived as a company's actions that contribute to sustainable development through the company's core business activities, social investment and public policy debate. Kotler and Lee (2005)[9] define CSR as "A commitment to improve community wellbeing through discretionary business practices and contributions of corporate resources".

According to Baker (2005)[10] CSR is "A way that companies manage the business processes to produce an overall positive impact on society." Hirschland (2006)[11] provided a classic definition of CSR which is considered by the management experts as relevant. He defined CSR is "The expectations of businesses by non-state stakeholder groups, and the strategic management of these demands by businesses that help to assure profits and enterprise sustainability". CSR practically involves a business identifying its stakeholder groups, and going beyond its legal obligations to incorporate their needs and values into the day-to-day decisions and activities of the organisation. CSR is indeed a business obligations which enables modern corporate houses to conduct the affairs of the enterprise and maintain an equitable and workable balance among the claims of the various directly interested groups, a harmonious balance among stockholders, employees, customers, and the public at large.

In the wake of the financial crisis of 2008–2010, CSR has again become a focus for evaluating corporate behavior..At this time, the emphasis is placed on business people's social conscience, rather than on the company itself. The managerial revolution[12] and the growing hostility of the public-who, after experiencing increasing social problems, demanded changes in business[13] led to a shift in the focus. Corporate Social Responsibility or CSR has no universal definition; however, it generally refers to clear business practices with respect to ethical values, compliance with Legal requirements and respect for economic values. CSR goes beyond making profits, companies and stakeholders are responsible for their impact on people and planet. Increasingly, stake holders should expect that companies should be more responsible both socially and environmentally in their conduct of their business.

Corporate Social Responsibility, or CSR, refers to the belief that businesses have a responsibility to society beyond their obligations to their stockholders or investors. In addition to generating profits, firms are expected to have some responsibility regarding the wellbeing of consumers, employees, the community at large, government, and the natural environment. Corporate Social Responsibility (CSR) has emerged as a vital tool for social value creation with Triple Bottom Line Approach - People, Planet and Profit. The approach is to Create a Positive Impact on Society, Shared Value for business and communities and involving maximum Stakeholder Participation. Corporate governance is concerned with holding the balance between economic and social goals and between individual and communal goals. The corporate governance framework is there to encourage the efficient use of resources and equally to require accountability for the stewardship of those resources. This outlines the relationship between corporate governance and corporate social responsibility (CSR).Thus it is a management concept whereby companies integrate social and environmental concerns in their business operations and interactions with their stakeholders.

Corporate Social Responsibility-A Historical Brief

The history of CSR dates back many years and in one instance can even be traced back to 5000 years in Ancient Mesopotamia around 1700 BC, King Hammurabi introduced a code in which builders, innkeepers or farmers were put to death if their negligence caused the death of others, or major inconvenience to local citizens. In Ancient Rome senators grumbled about the failure of business to contribute sufficient taxes to fund their military campaigns, while in 1622 disgruntled shareholders in the Dutch East India Company started issuing pamphlets complaining about management secrecy and self-enrichment. With industrialization, the impacts of business on society and the environment assumed an entirely new dimension. The corporate paternalists of the late nineteenth and early twentieth century used some of their wealth to support philanthropic ventures. By the 1920s discussions about the social responsibilities of business had evolved into what we can recognize as the beginnings of the "modern" CSR movement. The phrase Corporate Social Responsibility was coined in 1953 with the publication of Bowen's Social Responsibility of Businessmen (Corporate watch report, 2006). The evolution of CSR is as old as trade and business for any of corporation. Industrialization and impact of business on the society led completely to a new vision. By 80's and 90's CSR was taken into discussion, the first company to implement CSR was Shell in 1998.[16] With well informed and educated general people it has become a threat to the corporate and CSR is the solution to it. In 1990 CSR stood as a standard in the industry with companies like Price Waterhouse Copper and KPMG. CSR evolved beyond code of conduct and reporting, eventually it started taking initiative in NGO's, multi stake holder, ethical trading.

India and CSR

CSR is not new to India. Development of CSR can be traced back in different phases which are as follows:

The first phase of CSR was predominantly determined by culture, religion, family tradition and industrialisation. Business operations and CSR engagement were based mainly on corporate self-regulation. Being the oldest form of CSR, charity and philanthropy still influence CSR practices, especially in community development. In the pre-industrial period up to the 1850s, merchants committed themselves for the religious reasons, sharing their wealth, for instance, by building temples. Moreover, "the business community occupied a significant place in ancient India and the merchants provided relief in times of crisis such as famine or epidemics by opening go-downs of food and treasure chests" (Arora, 2004)[17]. Under colonial rule, Western type of industrialization reached India and changed CSR from the 1850s onwards. The pioneers of industrialization in the 19th century in India were a few families such as the Tata, Birla, Bajaj, Lalbhai, Sarabhai, Godrej, Shriram, Singhania, Modi, Mahindra and Annamali, who were strongly devoted to philanthropically motivated .

The second phase of Indian CSR (1914-1960) was dominated by country‟s struggle for independence and influenced fundamentally by Gandhi‟s theory of trusteeship, which aimed to consolidate and amplify social development. During this period, Indian businesses actively engaged in the reform process. Not only the companies saw the country‟s economic development as a protest against colonial rule; but also they participated in its institutional and social development (India Partnership Forum 2002).

The paradigm of the "mixed economy", with the emergence of PSUs and ample legislation on labour and environment standards, affected **the third phase of Indian CSR** (1960-1980). This phase was also characterized by shift from corporate selfregulation to strict legal and public regulation of business activities. In this scenario, the public sector was seen as the prime mover of development. The 1960s was described as an "era of command and control", because strict legal regulations determined the activities of the private sector. The introduction of a regime of high taxes, quota and license system imposed tight restrictions on the private sector and indirectly triggered corporate malpractices. As a result, corporate governance, labour and environmental issues rose on the political agenda and quickly became the subject of legislation. Furthermore, state authorities established PSUs with the intention of guaranteeing the appropriate distribution of wealth to the needy.

In the fourth phase (1980 until the present) Indian companies and stakeholders began abandoning traditional philanthropic engagement and to some extent integrated CSR into a coherent and sustainable business strategy, partly adopting the multi-stakeholder approach. In the 1990s, the Indian government initiated reforms to liberalize and deregulate the Indian economy by tackling the shortcomings of the "mixed economy" and tried to integrate India into the global market. Consequently, controls and licence system were partly abolished, and the Indian economy experienced a pronounced boom, which has persisted until today (Arora & Puranik, 2004).

At present, Indian companies are now expected to discharge their stakeholders‟ responsibilities and societal obligations, along with their shareholders‟ wealth maximization goal. In India as in the rest of the world there is a growing realization that business cannot succeed which fails in a society. An ideal CSR has both ethical and philosophical dimensions, particularly in India where there exists a wide gap between sections of people in terms of income and standards as well as socio-economic status. Nowadays, India has been named among the top ten Asian countries paying increasing importance towards Corporate Social Responsibility (CSR) disclosure norms. Besides the public sector companies, it is the private sector companies that played dominant role in CSR activities.

The importance of inclusive growth is widely recognized as an essential part of India's quest for development. It reiterates our firm commitment to include those sections of the society in the growth process, which had hitherto remained excluded from the mainstream of development. In line with this national endeavor, Corporate Social Responsibility (CSR) was conceived as an instrument for integrating social, environmental and human development concerns in the entire value chain of corporate business. Ministry of Corporate Affairs had issued 'Voluntary Guidelines on Corporate Social Responsibility, 2009' as a first step towards mainstreaming the concept of Business Responsibilities. This was further refined subsequently, as 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business, 2011'.

The National Voluntary Guidelines (NVGs)

The National voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business released by the Ministry of Corporate Affairs (MCA) in July 2011, is essentially a set of nine principles that offer Indian businesses an understanding and approach to inculcate responsible business conduct.

These nine principles are :

- conduct and govern themselves with ethics, transparency and accountability.
- provide goods and services that are safe and that contribute to sustainability throughout their life cycle.
- promote the well-being of all employees.
- respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.
- respect and promote human rights.
- protect and make efforts to restore the environment.
- when engaged in influencing public and regulatory policy, they should do so in a responsible manner
- support inclusive growth and equitable development
- engage with and provide value to their customers and consumers in a responsible manner.

These guidelines not being prescriptive in nature, nevertheless seek to guide Indian businesses to take into account Indian social and business realities and the global trends, while promoting their businesses.

Principle (viii) of the NVGs on 'inclusive growth and equitable development' focuses on encouraging business action on national development priorities, including community development initiatives and strategic CSR based on the shared value concept. This principle of NVG was subsequently translated into a mandatory provision of Corporate Social Responsibility (CSR) in Section 135 of the Companies Act 2013.

The 21st Report of the Parliamentary Standing Committee on Finance is one of the prime movers for bringing the CSR provisions within the statute. It was observed by the Standing Committee, that annual statutory disclosures on CSR required to be made by the companies under the Act would be a sufficient check on non-compliance. Section 135(4) of the Companies Act 2013 mandates every company qualifying under Section 135(1) to make a statutory disclosure of CSR in its Annual Report of the Board.[11]

Corporate Social Responsibility - Indian Companies Act 2013

India is the first country in the world to make corporate social responsibility (CSR) mandatory, following an amendment to The Company Act, 2013 in April 2014. Businesses can invest their profits in areas such as education, poverty, gender equality, and hunger[2].

After years of debate, the Indian Parliament passed its first update of the country's corporate law in more than 50 years, which includes several important provisions that modernize India's corporate governance rules. The Companies Act 2013 requires that one-third of a company's board comprise independent directors, and that at least one board member be a woman. It also requires companies to disclose executive salaries as a ratio to the average employee's salary, and it allows shareholders to file class-action law suits.

The provision that has gotten the most attention is the so-called "2 percent" requirement, which made India the first country to mandate CSR. Complete details are available in the 294-page act; what follows are the five key points that all companies must know if they have business interests in India.

Ministry of Corporate Affairs, Government of India, has recently notified Section 135 and Schedule VII of the Companies Act as well as the provisions of the Companies (Corporate Social Responsibility Policy) Rules, 2014 (CRS Rules) which has come into effect from 1 April 2014.

Section -135. Corporate Social Responsibility-A focus

(*1*) Every company having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during any financial year shall constitute a Corporate Social Responsibility Committee of the Board consisting of three or more directors, out of which at least one director shall be an independent director.

(*2*) The Board's report under sub-section (*3*) of section 134 shall disclose the composition of the Corporate Social Responsibility Committee.

(*3*) The Corporate Social Responsibility Committee shall,—

(*a*) formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII;

(*b*) recommend the amount of expenditure to be incurred on the activities referred to in clause (*a*); and

(*c*) monitor the Corporate Social Responsibility Policy of the company from time to time.

(*4*) The Board of every company referred to in sub-section (*1*) shall,—

(*a*) after taking into account the recommendations made by the Corporate Social Responsibility Committee, approve the Corporate Social Responsibility Policy for the company and disclose contents of such Policy in its report and also place it on the company's website, if any, in such manner as may be prescribed; and

(*b*) ensure that the activities as are included in Corporate Social Responsibility Policy of the company are undertaken by the company.

(*5*) The Board of every company referred to in sub-section (*1*), shall ensure that the company spends, in every financial year, at least two per cent. of the average net profits of the company made during the three immediately preceding financial years, in pursuance of its Corporate Social Responsibility Policy:

Provided that the company shall give preference to the local area and areas around it where it operates, for spending the amount earmarked for Corporate Social Responsibility activities:

Provided further that if the company fails to spend such amount, the Board shall, in its report made under clause (*o*) of sub-section (*3*) of section 134, specify the reasons for not spending the amount.

Explanation.—For the purposes of this section "average net profit" shall be calculated in accordance with the provisions of section 198.

Applicability: Section 135 of the Companies Act provides the threshold limit for applicability of the CSR to a Company i.e. (a) net worth of the company to be Rs 500 crore or more; (b) turnover of the company to be Rs 1000 crore or more; (c) net profit of the company to be Rs 5 crore or more. Further as per the CSR Rules, the provisions of CSR are not only applicable to Indian companies, but also applicable to branch and project offices of a foreign company in India.

Deductibility for CSR Expenses under Corporate Social Responsibility

With the enactment of the Companies Act, 2013, India has become the forerunner to mandate spend on Corporate Social Responsibility (CSR) activities. While many corporate houses have been traditionally engaged in doing CSR activities voluntarily, the new CSR provisions put formal and greater responsibility on companies in India to set out clear framework and processes to ensure strict compliance. However, what the Companies Act does is bring more companies into the fold and increase the total CSR spend. In this Articles we discusses CSR Provisions and CSR Applicability for Corporates.

Corporate Social Responsibility Applicability

CSR is Applicable from 1st April 2014

Section 135(1) of Company Act 2013 mandates the CSR expenditure / CSR Applicability for the following companies– Every company having

a) net worth of Rs.500 crore,

b) turnover of Rs.1000 crore

c) or net profit of Rs.5.00 crore

Mandatory Expenditure :

Section 135(5) mandates 2 percent of the Average net profit during the three immediately preceding financial years.

For Financial Year 2014-15 Calculation: Average net profit of financial years 2011-12,2012-13 & 2013-14 needed to be considered.

Average Net Profit is calculated as per section 198 i.e. Calculation done for managerial calculation.

Activities for CSR Expenditure:

Schedule VII mandates expenditure for the following activity-

1) Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation and making available safe drinking water,

2) Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects,

3) Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, daycare centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward ,

4) ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro forestry, conservation of natural resources and maintaining quality of soil, air and water;

5) Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional art and handicrafts,

6) Measures for the benefit of armed forces veterans, war widows and their dependents;

7) training to promote rural sports, nationally recognised sports, paraolympic sports and Olympic sports;

8) Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;

9) contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government,

10) Rural development projects,

11) Slum Area Development

Where net profit excludes income from overseas branch & divided distributed by company on which this section apply.

– If any company on which CSR provisions were applicable cease to come in above criteria for consecutive three years , they are not required to follow the provision of CSR

Guidelines on Corporate Social Responsibility (CSR) in Indian Public Sector: As per the guidelines of the Ministry of Corporate Affairas, Governement of India, on Corporate

Social Responsibility (CSR) issued by the Department of Public Enterprises (DPE) in April, 2010, all profit making Central Public Sector Enterprises (CPSEs), including Maharatna CPSEs are required to select CSR activities which are aligned with their Business strategy and to undertake them in a project mode. CPSEs are mandated to spend their funds on CSR projects selected by them with the approval of their respective Boards. All profit making CPSEs are required to allocate budget mandatorily through a Board Resolution as percentage of net profit (previous year) in the following manner:

Type of CPSEs

Net Profit in a Financial year (Previous Year) Expenditure range for CSR(% of Profit)
(i) Less than Rs. 100 crore 3% – 5%
(ii) Rs.100 crore to Rs. 500 crore 2% – 3%(subject to a minimum of Rs. 3 Cr.)
(iii) Rs.500 crore and above 0.5% – 2%

The loss making CPSEs are not mandated to earmark specific funding for CSR activities. CSR Budget is fixed for each financial year and this fund does not lapse. It is transferred to a CSR funds in which it accumulates. Implementation of CSR activities of CPSEs is monitored by the administrative Ministries/ Departments of concerned CPSEs. CPSEs are free to take up CSR Projects for upliftment of weaker sections, and backward districts, the Minister said in his reply.

Guidelines for central PSEs for undertaking CSR

Public Sector Undertakings are created by the Government of India to undertake commercial activities on behalf of Government of India. In March, 2010 the Department of Public Enterprises (DPE) has prepared detailed guidelines for central PSEs to take up important corporate responsibility project.

Central Public Sector Enterprises (CPSEs) in the three financial years, 2014-15, 2015-16 and 2016-17 have spent Rs. 2450.31 crore, Rs. 4028.04 crore and Rs. 3336.50 crore respectively on Corporate Social Responsibility (CSR).

Selection of activities/ projects and selection of area for undertaking CSR activities along with activity/ project-wise allocation of funds is done by the CPSEs on the recommendations of CSR Committee constituted in CPSEs, with the approval of respective Boards of CPSEs. Department of Public Enterprises (DPE) has been regularly holding workshops/conclaves with CPSEs for sensitizing the concerned executives for ensuring proper selection of CSR activities/ projects and utilization of CSR funds as per the CSR provisions of Companies Act, 2013, CSR Rules and Schedule-VII of the Act.

DPE had also organised a 3-day CSR Fair from 4th to 6th May, 2017 at Pragati Maidan, New Delhi to showcase the CSR initiatives of CPSEs during the last three years after coming into force of CSR provisions in the Companies Act, 2013. DPE has been organizing regional workshops/ conclaves to sensitize CPSE executives concerned with implementation of CSR Policy of the company for proper utilization of CSR funds as per extant guidelines and sustainability of assets created under CSR.(www.Business Standard.com March,2018.)

The CSR spend in India –an analysis: The emphasis and orientation of the corporate world and also of the Government towards CSR can bre understood through a bird's eye view of the CSR spend after the mqandatum of CSR in the country. This also evinces the conviction and commitment of the Indian corporate entities in the social engagement.

Table- 1: an overview of CSR spend in India

Year	No. of Cos covered	Amt. spent Rs.crores	States/Union Territories covered NOs	CSR projects NOs
2014-15	16785	10066	36	9391
2015-16	21498	14366	36	18044
2016-17	19933	13465	36	21171
CARG	5.90	10.18		31.12

Source: National CSR Portal-Different Issues

CSR Spend in India

Table 1 presents the CSR spend in India and the Number of CSR projects covered in the country during the three years ending with 2016-17 in the total 36 states and the Union Territories.As can be seen from the table in the year 2014-15 in India , 16785 companies spent an amount of Rs.10066 crores covering 9391 CSR projects. During the year 2015-16 21498 corporate entities spent an amount of Rs.14366 crores covering 18044 projects. And during the year 2016-17, 19933 companies spent an amount of Rs.13465 crores covering 21171 CSR projectsThus during the three years ending with 2016-17, the number of companies complied with the CSR provisions increased at an annual compound growth rate of 5.90 per cent whreas the the total amount spent by the corporate entities on CSR went up by 10.18 per cent and the Number of CSR projects covered increased by 31.12 per cent.

TABLE-2: CSR Spent top Ten States In India (Rs.crores)

State	Amount Spent
1. Maharashtra	897.0
2. Karnataka	843.0
3. Gujarat	779.0
4. Andhra Pradesh	729.0
5. Delhi	478.0
6. Tamilnadu	470.0
7. Haryana	346.0
8. Rajasthan	318.0
9.Uttara Pradesh	312.0
10. Odisha	311.0

SOURCE: National CSR Portal

State order in CSR spend: As presented and evident from table 2, with respect to the states, Maharashtra assumes the biggest chunk of the total CSR fund spent in the country, followed by Karnataka, Gujarat, Andhra Pradesh and Delhi. These five states together accounting for one third of the country's total CSR spends, the report said. The north-eastern states of Nagaland, Meghalaya, Mizoram and Tripura have received lowest CSR funding so far.

Table-3 : Frequency of no. of companies by the level of amount spent on CSR in 2015-16

Amount Spent(Rs.crores)	No of companies
Below Rs.50 lakhs	6049 (73.17)
Rs.50lakh-1 crore	965 (11.67)
Rs.1crore-10 crore	1100 (13.31)
Rs.10 crore-100c rore	136 (1.64)
Rs.100 crore-500 crore	15 (1.81)
Above Rs. 500 crore	2 (0.02)
TOTAL	8267 (100.00)

SOURCE: National CSR Portal

Frequency of the companies by the level of amount spent

Table 3 presents the frequency of the NO. of companies in different levels of the amount spent on CSR during 2015-16. As evident from the table, out of the total NO. of companies reported by the National CSR portal in this regard, 73.17 per cent (6049 Cos) spent below Rs. 50 lakhs, followed by 13.31 per cent (1100 Cos) between Rs.1 crore to 10 crore,11.67 per cent (965 Cos) between Rs. 50 lakh to 1 crore. Thoe companies that spent above Rs. 500 crore on CSR constitute only 0.0 2 per cent (only

2 Cos) followed by 1.64 per cent(136 Cos) between Rs.10 crore to 100 crore and 1.81 per cent (15 Cos) between Rs.100 crore to 500 crore.

Table-2.4: Frequency of companies in degree of CSR compliance during 2016-17

Degree of compliance	No. of companies	per cent to total
Exactly as prescribed	54	(0.28)
Less than prescribed	5954	(30.67)
More than presribed	3937	(20.28)
Zero Spent	9468	(48.77)
TOTAL	19413	(100.0)

Source: compiled and calculated from National CSR Portal

Degree of CSR compliance

Table 4 presents the frequency of the companies with degree of CSR compliance as reported by the CSR portal during the year 2016-17. It is evident from the table that out of the total companies reported to have complied with CSR during 2016-`17, only 54 companies (0.28 per cent) reported to have complied exactly as prescribed,5954 COMPANIES (30.67 per cent) complied less than prescribed,3937 companies (20.28 per cent) complied more than prescribed and a majority of 9468 companies (48.77 per cent) have been reported as non-compliant with zero spent on CSR.

Table- 5: CSR spent government and non-government companies during 2015-16

Co-Category	Amount	Per cent
Government companies	Rs.3241 crores	24 per cent
Non. Government companies	Rs.10222 crores	76 per cent
T o t a l	Rs.13463 crores	100 per cent

Source: National CSR Portal

Table 5 presents the CSR spent by the Government companies (Public sector) and the Non-Government companies in India during the year 2015-16. It can be seen from the table that out of the total amount of Rs.13463 crores spent on the CSR, by the companies reported both from the Government and the Non- Government sector during the year 2015-16, the public sector Government companies accounted or Rs.3241 crores (24 per cent) , whereas the Non-Government companies accounted for Rs.10222 crores (76 per cent). Thus, in terms of the amount of CSR spent in India , the Non- Government private companies assumed the major chunk of the spend that is 76 per cent of the total spend of Rs.13463 crores followed by the Government companies with 24 per cent .

The emerging scenario in India

As the Paris agreement had been signed by India in 2016 it is anticipated to bring in much needed acceleration to India's sustainability journey in future.[12]. Additionally, frameworks such as the Sustainable Development Goals (SDGs) will put increasing pressure around very specific targets. These include the push for a cleaner environment. The Future will see companies launching customer facing initiatives, as well as products and services that fulfil the promise of cleanliness and environmental friendliness. CSR will emerge as strategy and not charity. Even today Companies are now looking at methods to add strategic brand value through these investments even if these are not directly related to the business they are in, as required by law. Zero impact moves to net positive. It is in the sense that there is a growing realization that growth without adversely impacting the environment is now an expected goal. Forward looking companies like Ambuja Cement, ITC, Dalmia Bharat , etc., are talking of being water positive several times over. Water begins to take centre stage. This infers that Water is now one of the highest global risks. Corporate sustainability reports, are now speaking of water at two levels-as part of CSR initiatives for communities and as part of company operations. Droughts and water shortages in one area and extreme floods in other parts were part of the ongoing discourse around Indian cities and villages. Companies have had to increasingly gear up to the challenges this has posed. With the Paris accord in play, companies will need to pitch in, in a significant manner for India to achieve the NDC (nationally determined commitment) of emission cuts by 33-35%. Hence it is expected that companies would focus more and more on renewables with a strong focus on solar, biofuels and wind. A shift from disaster recovery to climate resilience will be observed. Along these lines, with the influx of natural disasters we saw in 2017, companies will invest more resources into prevention, mitigation and climate resilience rather than just recovery.

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