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# Economic working model of Corporate Social Responsibility: An Analysis of Shared value approach to Business and Society

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## **Preface**

I am the student of St. Stephens College and pursuing B.Sc Program. I came to know about Rakshak foundation through the campus placement cell of my college. Rakshak Foundation came to the college for the selection of interns.

Rakshak foundation is the non-profit organization works for the policy making. The internship program was knowledgeable and inspiring as well. The project, field visits involved in that, mentor discussions, report making and presentations were really helping. The lectures were inspiring and got to know about many people and their activities towards the welfare of society.

The motive of joining the internship was to learn more about the policy making and to get the practical knowledge regarding the same. The research work was exalting and motivating.

## **Acknowledgements**

I take this opportunity to thank all the people who have helped me in the execution of this project.

Firstly I would like to thank Shri Rajeev Mishra (IPS), Joint Commissioner of Police Calcutta for agreeing to be my mentor. His support, right from the first day, has been astounding. His knowledge about the project topic is immense, and he has continuously helped me in all the aspects of my project – narrowing down the scope, setting the objectives, discussing the research methodology. Despite his busy schedule as an IPS officer, he has always taken care to guide me without any delay.

Program Director (Mr. Rohit Agrawal) and internship coordinators (Ms. Nikita Anand, Ms. Ishika Gupta, Mr. Pritesh Mittal and Mr. Siddhartha Das) at Rakshak Foundation have always been very helpful. Be it the impetus and subject knowledge required in continuing the momentum of the project, or the much needed relaxing moments, or handling of all administrative matters (hostel, mess, library, internet), they have constantly striven to ensure we do not face any difficulties.

Efficient work on the project would not have been possible without the fellow interns in the program. This diverse batch of 60 people, ranging from different academic streams – engineering, law, economics, commerce, science from the elite institutions of the country – IITs, NITs, BITS, Delhi University, Madras School of Economics and National Law Schools have given valuable inputs for my project.

Lastly and most importantly, I would like to thank Rakshak Foundation for providing me an opportunity to undertake such a demanding project and for providing all the support without which this study would have been impossible.

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## **Executive Summary**

In the modern world, the business firms are making good profits, benefiting their owners, their managers, the shareholders and the consumers. These businesses have been using the resources of the community, available in the form of land and other natural resources, affecting the life and the environment of the neighborhood where the business is located. There have been allegations of forcible land acquisition without proper rehabilitation of the land losers, environmental degradation and depletion of natural resources. The Government on the other hand, with its limited financial resources and skills has not been able to meet the desired standards of social development in the field of education, health, employment etc. The gulf between the haves and have nots, the fragile law and order and an unskilled young population has hindered the growth of a conducive business environment with a major segment of population questioning the contribution of the business world to the society.

Therefore there has been demand from various academics and experts that the business with its skills, finances and resources is in a good position to involve itself in social development issues as part of its responsibility towards the society whose resources the business has been using for long.

Many firms have started taking the initiatives of CSR practices for different sections of the society. They are helping the society by preserving the environment, decreasing the wastage of natural resources, conducting awareness programs and educational camps, promoting NGO's and IT education running schools, counseling, recycling products etc.

There are many problems which are associated with CSR and its implementation. Few of the most prominent problems are like lack of awareness in community about CSR, capacity building of non-governmental organizations, CSR term does not have exact definition, absence of clear policy for CSR, absence of clear information about CSR in companies' annual report.

The economically viable model of corporate social responsibility which is proposed is focused on the minimization of the social loss. The companies affect the society and environment in negative manner but they do not do anything directly for minimizing them. For compensating it they use CSR in an entirely different manner. For example if a company is causing water pollution one side and as its CSR initiative it opens a school, then what exactly it is doing for benefiting the society and environment. With one hand it is providing education and with other hand it is continuously creating pollution. Opening a school is a good thing but companies should concentrate on the negative effect of their which cause society and environment to suffer.

Recommendations are given in consideration of CSR in Companies Bill, categorization of companies and awareness in society. The categorization of company should be there. The companies which are causing more have more responsibility as compared to the

companies causing less social loss. The Ministry of Corporate Affairs and Ministry of Education together can do a lot in the implementation of CSR and creating awareness regarding this.

**Key points:** Corporate Social Responsibility, Social loss, Minimization of social loss.

# 1 Introduction

## 1.1 Background Information

In India, industrialization has brought a huge change in the living perspective of the society. Before industrialization, we were more concerned about the society, agriculture, environment etc. after independence when India was fully independent, it needs huge fund for the industrial purpose. There was more focus on mixed economics. At that time agriculture and corporate were running parallel and both were getting same importance.

After some time when technology became popular then there were need of equipments. They were bought and borrowed from the neighboring countries. Budget was decided accordingly. For technology purpose need of engineers and man power were increased. Due to which more engineering and medical colleges were opened.

In 1991 liberalization was done by the government and foreign investors were started coming. For better technology and for more funds the demand of foreign investors and companies were increased. There was the storm of factories and industries. The utilization of land was excess. Pollution was also spread a lot. The native areas and the region where industries were opened were greatly affected in the negative manner. The companies were focused only on the profit earning. The agricultural issues were also arisen. Although 80% of the Indian population were dependent on agriculture yet the area was ignored.

Companies were taking the necessary things from the society and earning profit. They were providing nothing much to the society. A need in the eyes of society was seen. The necessity of the important steps towards environment started becoming an issue. People realized that corporate sector also has responsibility towards society and environment. Then the term Corporate Social Responsibility came into existence.

## 1.2 Main Problems, their scope and impact on the society

As reported in the research paper 'Corporate Social Responsibility- Issues and Challenges in India' by Nilesh R. Berad <sup>[1]</sup>, these problems are seen:

- **Lack of awareness in community about CSR:** Local community avoids participating in the CSR activities of the company. There is lack of communication between the base of the community and company.
- **Capacity building of non-governmental organizations:** There is need of local non-governmental organizations which are trained and efficient for finding the



real need of the local community and meet their need to the CSR activities which are initiated by the companies.

- **Role of media:** Media highlights the CSR initiatives which are successfully working and due to this many non-governmental organizations involve themselves in the programs which are event based. In this process real meaning of the initiative is often miss out.
- **Narrow thinking for CSR initiatives:** Government and non-governmental organizations look towards CSR initiative with narrow perception, i.e., as a donation kind. So their participation decision becomes difficult for them in those activities.
- **Absence of clear policy for CSR:** Due to lack of clear guidelines for the CSR activities of the companies, it is seen that CSR initiation of the company is dependent on the size of the business and its profile.
- **Lack of full agreement on CSR implementation:** Because of the lack of proper consensus between local agencies and companies regarding CSR projects, competitive spirit generates between local agencies instead of cooperative approach.
- **CSR does not have exact definition:** As CSR is not yet defined exactly so everyone is defining it in their own way as per the profit. Informally, private sectors and companies recognized CSR as charity by providing financial support to different organizations. They worship development and infrastructures and donate some of their money for the betterment of the society.
- **Lack of transparency in the work of local agencies:** local agencies do not focus on disclose of the information about their program, funds and other things. Due to this, companies face problem in building the trust with local communities which is very important for the success of CSR initiative.
- **Absence of clear information about CSR in companies' annual report:** An analysis of the annual reports of many companies indicate that most of the companies talk about their CSR initiatives at broad level but only a few of them mention the exact amount spent, either in the form of percentage or in absolute terms. For example in the analysis of the annual report of ITC it was found that the detailed expenditure in CSR initiatives was not mentioned. It is also reported that thirty eight companies of the Nifty companies mentioned CSR initiatives in their annual reports or exclusive sustainability reports, but there was no information on the amount spent. <sup>[2]</sup>

The demand of mandatory spending of a fixed percentage of business earnings on CSR and getting it regulated by the Government is opposed by many people. They suggest voluntary CSR for keeping it sustainable, self-driven and effective and the business competitive.

Corporate Social Responsibility can be seen as a 'bridge' between the corporation and the society. It can integrate and synthesize them. Many times it is seen that the people in the area, where corporation starts some business, accuse them by saying that the business operation violates the human rights. It creates tension between the society and the corporation. A good bottom- up CSR policy is necessary to assist all stakeholders solve their cases comprehensively in term of human rights, environmental damages accusations. Hopefully, CSR may create corporation and society stand and walk together to a particular area where those may live together in harmony.

### **1.3 Goals and Objectives**

Based on the above study of CSR and associated problems the goals and objectives for the present study have been decided as:

- To understand the concept of Corporate Social Responsibility and its utility to the Business and Society by researching few successful CSR initiatives.
- Proposing Economic working model of Corporate Social Responsibility.

## **2 Methodology**

### **2.1 Literature Search**

The research papers were read to find out the exact definition of CSR and the problems associated in its implementation. The literature review comprises of the Companies Bill 2011 and Companies Bill 2012. In these Bills the criteria for the companies is decided for the implementation of CSR. There are several areas which are provided for companies for initiating CSR.

It also consists of the case study of many companies who are implementing CSR and doing appreciable job for the betterment of the society. These are mostly those companies only which fall in the criteria given in Companies Bill. The role stakeholders were also studied. Each stakeholder has its unique and important role in company. They are very much responsible and play keen role in the implementation of CSR.

A company will implement CSR easily if it find some profit or benefit in that. Study of the business aspects of the company is also done. The review of the annual report and balance sheet of company like ITC was done and in considering that some recommendations are given.

### **2.2 Field Visits**

Field visits have been planned to go to some companies for understanding their CSR policies and how they implementing it. There also are plans to meet some people who are working or researching on corporate social responsibility and a few people who have made economically viable models.

An FMCG company was visited and the marketing manager was interviewed. Details of the interview are given in the appendix and some important findings are given here. In that interview it was found that company's turnover is around 3600 crore and it falls under the government's CSR policy. But in reality the company is doing nothing much. They pretend that they are implementing CSR very well but exactly they are performing negligible.

The knowledgeable field visit was with Mr. Debabrata Baral, PhD scholar. He is doing PhD in CSR from Jawaharlal Nehru University. He told about the approach to the economically viable model. The idea of the minimization of social loss is generated due to this field visit only. He gave the overview of the economics and the responsibility of a business firm.

Field visit at Sharda University was also taken place. Prof. Milindo gave the proper idea about the working process of a manufacturing company. The model is focused on the manufacturing company.

## 2.3 Meetings and Interviews

The following table lists down the details of meetings and interviews with the mentor and with other officials. The discussions were knowledgeable and provide immense help in the research. The views and ideas regarding corporate social responsibility were very helping. The details contain name of the person, designation, institution and the topic of discussion.

**Table 1 - Meetings and interview**

<b>Date</b>	<b>Name</b>	<b>Designation</b>	<b>Institution</b>	<b>Topic of Discussion</b>
25 <sup>th</sup> May	Shri Rajeev Mishra (IPS)	Joint Commissioner of Police	Government of West Bengal	Project discussion
28 <sup>th</sup> May	Shri Rajeev Mishra (IPS)	Joint Commissioner of Police	Government of West Bengal	General business terms
31 <sup>st</sup> May	Shri Rajeev Mishra (IPS)	Joint Commissioner of Police	Government of West Bengal	Business terms related to CSR
19 <sup>th</sup> June	Not to be revealed	Marketing Manager	Not to be revealed	Policies of CSR and the way it is implemented
25 <sup>th</sup> June	Shri Debabrata Baral	PhD scholar	Jawaharlal Nehru University	Basics of economically viable model
25 <sup>th</sup> June	Shri Rajeev Mishra (IPS)	Joint Commissioner of Police	Government of West Bengal	Economically viable model for manufacturing companies
29 <sup>th</sup> June	Prof. Milindo	Professor	Sharda University	Economically viable model of CSR
1 <sup>st</sup> July	Shri Rajeev Mishra (IPS)	Joint Commissioner of Police	Government of West Bengal	Discussion on theoretical approach to the model

10 <sup>th</sup> July	Shri Rajeev Mishra (IPS)	Joint Commissioner of Police	Government of West Bengal	Division of companies for the model
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**Please refer Appendix A for details\***

### **3 Current NGO and Government Efforts**

#### **3.1 Efforts by the NGOs**

NGOs are the most demanding area for CSR. Many companies donate money for the better work of NGO so that society could be benefited. Their programs are seen by the company and according to the ease of the company's budget, they choose the NGO which fits in their criteria and then invest in that. Starting something new needs a huge investment and proper model for everything, but it is not possible always. That is the reason why 62% companies prefer NGOs for their CSR initiatives. <sup>[3]</sup>

Goonj and TSRDS (TATA steel development society) are the examples of the NGOs which are taking funds from the company and doing appreciable job for the welfare of society.

#### **3.2 Efforts by the government**

It is mentioned in the literature search that the government has tried to initiate mandatory CSR through provisions mentioned in the "Companies Bill 2011" and "Companies Bill 2012". The ministry of Corporate Affairs initiated through the Bill for more involvement of corporate in the social and environmental welfare.

The Bill mandates that the company having turnover of thousand crore or more, net worth of rupees five hundred crore or more, net profit of rupees 5 crore or more shall constitute corporate social responsibility. Young, the audit and advisory company, estimates the law would cover 3,000 companies in India and about \$2 billion of expenditure on CSR activities. Without adequate CSR long term sustainability of these very firms would be a problem. Since companies are not doing this on their own, the government is being forced to step in. <sup>[4]</sup>

## 4 Results and Discussions

### 4.1 Findings from the literature

**4.1.1 Definition of Corporate Social Responsibility:** As mentioned above only that CSR does not have exact definition and this is the very big problem in its implementation. But by reviewing many literature work the common definition comes-

**CSR** is defined as a process which is aimed to cover responsibility for the company to take some actions for the consumers, environment, stakeholders, communities, employees.

It can also be defined as “actions that appear to further some social good, beyond the interests of the firm and that which is required by law”. [5][6]

Informally, private sectors and companies recognized CSR as charity by providing financial support to different organizations. They worship development and infrastructures and donate some of their money for the betterment of the society.

CSR policy contains five different dimensions such as **environmental, societal, economic, stakeholders** and **voluntariness dimension**.

There are mainly four fundamental reasons why CSR is very important issue in developing countries:

- Economy of developing countries is rapidly expanding. So big market is present for business.
- Social and environmental crises are felt most.
- Here globalization, economic growth, investment and business activity have the most dramatic social and environmental impacts.
- Here CSR agenda is very different.

#### **Approaches of CSR:**

- **Philanthropy-** This includes monetary donations and aid given to the local and non-local non-profit organizations and donations in areas like arts, education, health, housing etc., except political contributions. There is difference between charity and philanthropy. Some organizations do not like philanthropy as they think it might not very much effective for the betterment of the locality.[7]

- Fair trading- It is an organized social movement that aims to help producers in developing countries to make better trading conditions and promote sustainability.  
Companies pay higher price to exporters as well as higher social and environmental standards. KPMG is following the same. [8]
- CSV: Creating Shared Value- It is the link between Competitive Advantage and CSR. It has three ways:
  1. Reconceiving products and markets.
  2. Redefining productivity in the value chain.
  3. Enabling local cluster development.

#### **CSR can be done in two ways:**

- **Voluntary:** This is the way in which corporations do something for society with their own will-whether for advertisement of the brands, attract targeted consumers, to develop a particular corporate culture. It does not have clear guidelines.
- **Mandatory:** This is the way in which government make corporations to do something for the welfare of society. Some people say it will be a burden for the companies and some say it will provide legal certainty and clear guidelines in implementing the CSR programs.

#### **4.1.2 Companies Bill 2011<sup>[9]</sup>**

The Companies Bill of 2009 and the latest Companies Bill 2011 mandates that companies having a net worth of Rs. 500 crore or turnover of Rs. 1000 crores has to constitute a “CSR committee of the board” consisting of at least 3 directors and out of these three directors, one has to be an independent director. This is a fool proof provision ensuring that the committee is not just a quasi committee addressing the whims of the board but is in fact taking up an initiative. These companies allocate at least 2% of their average profits over the previous three years to corporate social responsibility initiatives. The initiatives can include:

- i. Eradicating extreme hunger and poverty.
- ii. Promotion of education.
- iii. Promoting gender equality and empowering women.
- iv. Reducing child mortality and improving maternal health.
- v. Combating the human immunodeficiency virus, acquired immune deficiency syndrome, malaria and other diseases.
- vi. Ensuring environmental sustainability.
- vii. Employment enhancing vocational skills.



- viii. Social business project.
- ix. Contributing to the Prime Minister's National Relief Fund or any other fund set up by the Central Government or the State Governments for socioeconomic development and relief and funds for the welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women.

#### 4.1.3 Companies Bill 2012- Section 135 <sup>[10]</sup>

(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.

**4.1.4** Anupam Sharma and Ravi Kiran, in their paper “Corporate Social Responsibility Initiatives of Major Companies of India with focus on Health, Education and Environment” <sup>[11]</sup> have reported the CSR activities that the following companies have undertaken:

- TCS ( Tata Consultancy Services):

- Education sector- Adult literacy program of TCS works for the literacy of adults by using TCS designed computers.
- Environment- It is working on the policy which is focused on the development of the environment friendly products.
- Health sector- It is supporting children's hospital in Mumbai.
- IBM (International Business Machine):
  - It has different departments for operating CSR initiatives. Its Indian Women Council provides technical, professional and personal development to the women. This is to attract and retain women employees at IBM.
  - Environment sector- Its environment policy is working efficiently since 1971. It is working on natural resource preservation.
  - Health- it has integrated in providing health services like providing medicines, hygienic industrial work area and safety.

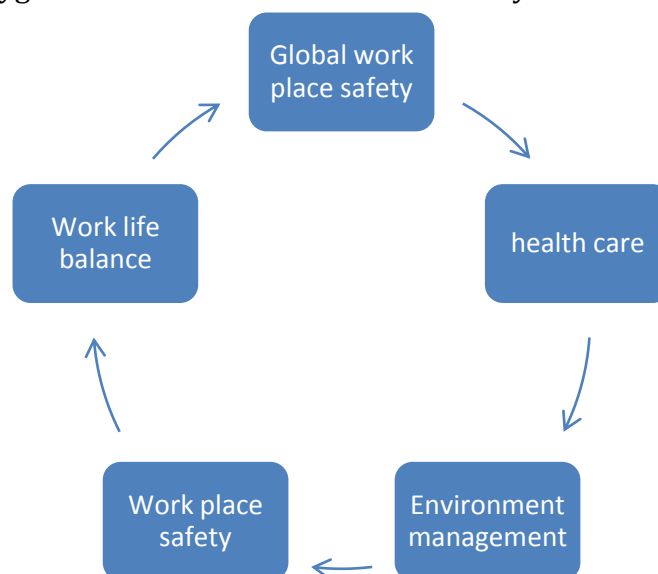


Figure 1- CSR policy of IBM

- **Infosys:**
  - Social- skill teaching to the unprivileged children and changing their outlook. It also works with Kaliyuva mane which is an informal school for dropouts.
  - Environment- its manufacturing of products and services is focused on environment. So they adopt such ways which decreases the harmful impact on environment.
  - Health- organizing blood donation and eye donation camps.
- **WIPRO:**
  - Social-WOW, women of WIPRO, is working on the empowerment of women. Basic motive of company is "we live in the community and the community lives in us".

- WIPRO cares- it is focused on educating and giving health cares to the migrated communities and issues related to environment and disaster rehabilitation.
- **Nestle Multinational:**
  - In 1921 when company started they helped farmers so that production of raw material would be more. It improved the standards of living of the farmers in the area and their families. Its milk district was also increased.
  - Nestle takes the idea the idea of 'creating shared value'.
  - In 1962 Nestle came to India and built a dairy in Moga, Northeast. The conditions of the local farmers were very bad. At that time only 180 farmers of the local area were supplying milk to its dairy but now 75000 farmers are supplying in the region. It is able to pay higher prices to the farmers. The farmers and other citizen of Moga are in very much better condition than the others in the vicinity.

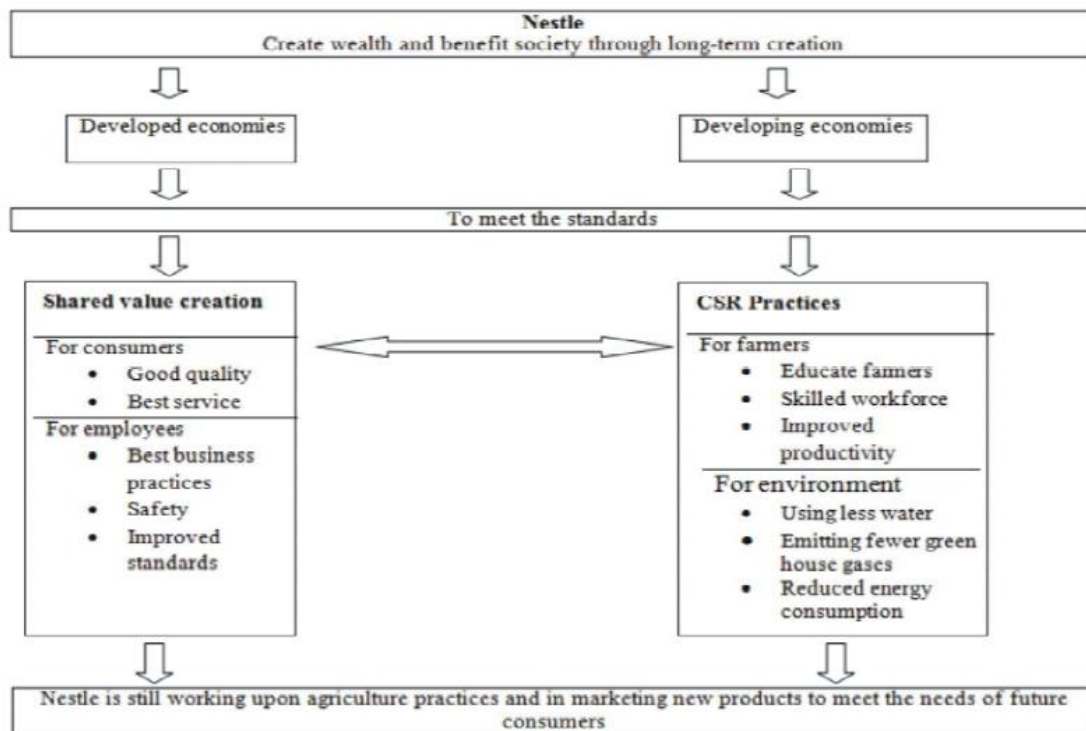
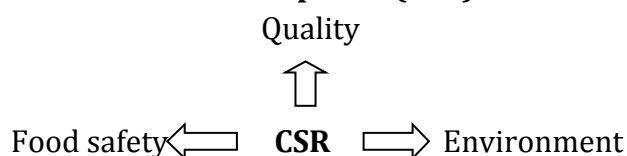


Figure 2 - Nestle's Creating Shareholder Policy

- **Coca Cola Enterprises (CCE):**



## Occupational Survey

### Theory

### Practices

Reduced carbon footprints	⇒	Reduced by 35.600 tones
Reduced water wastage	⇒	Reduced by 1.42 lakh
Implement CSR practice	⇒	Invested \$4.3 million for social causes.

- **ITC:**

- Providing information technology (IT) computer education across the different villages.
- Major focus of the company is on creating and continuous women empowerment.
- It works on 'Triple bottom line' i.e., Economy, Environment and social development.
- It works for social developments in collaboration with communities and government to exchange productivity and helping in overall development.
- It is working towards managing water soil and forest resources to maintain the balance and ecological security.
- E-choupal
  - This project is helping the farmers in knowing about market demand, relative important information will provide customized knowledge and secure quality and productivity.
  - E-choupal eliminates waste information and multiple handling of crops by virtually looking to the 'Mandy' system for price discovery.
  - It has been launched in year 2000 and been successfully executed in over 40,000 villages.
  - They are going to channelize other services along with, related to health and education sector through the same e-choupal infrastructure.

- **Oil and Natural gas Corporation limited (ONGC):**

- Water management and project Saraswati has been launched in North-west Rajasthan in 2005. Locate fresh water unexploited deep ground water resources and in progress to bring water to the people in drought areas.

- Health- 20 mobile Medicare units to almost over two lakhs elderly persons across country.
- Education- Talking initiatives in Dehradun, Andhra Pradesh and north eastern states. Including financial support for Bal bhavan, Tamana school for computer education for disabled children, given Braille machine for blind children provides scholarship to unprivileged girl students affected by tsunami and have undertaken many more such initiatives.
- Social- Foremost step towards providing urban amenities in rural areas named as PURA and envisioned by APJ Abdul Kalam. It produces oil and gas and with this PURA it will provide availability of isolated gas in each state:
  - Tripura- launched
  - Assam
  - Andhra Pradesh
  - Tamil Nadu
  - Gujarat

The above study has reported a few areas where companies have focused and few areas where they have not focused:

#### HEALTH:

- **Focused issues**
  - Directed consumers by offering good service and quality products.
  - Focusing upon healthcare initiatives
  - Counseling sessions
  - Awareness program- alcohol/drugs
  - Medical camps in rural areas
- **Neglected issues**
  - HIV/AIDS awareness program.
  - Supplementary nutrition program.
  - Minimizing water wastage and planting trees.
  - Weekly clinics
  - Treat some minor ailments and casualties.

#### EDUCATION:

- **Focused issues**
  - Organizing training program.
  - Educational camps in rural areas.
  - Working with educators or schools.
  - Run firms school.
- **Neglected issues**
  - Give computers to promote IT education in the neighboring area.

- Opening school for free education of children and old people in nearby rural areas.
- Helping NGO's
- Inspiring the lives of underprivileged.

## ENVIRONMENT:

- **Focused issues**
  - Recycling of products.
  - Control over water wastage
  - Waste minimization and recycling
  - Pollution prevention.
- **Neglected issues**
  - Protection of natural environment
  - Tree plantation
  - Helping any NGO for this
  - Energy conservation
  - Proper disposal of chemicals.

From the research paper “Corporate Social Responsibility Initiatives of Major Companies of India with focus on Health, Education and Environment” <sup>[11]</sup> it is found that many companies are taking proper actions for the initiation of CSR. They have proper mechanism for the implementation, evaluation and observation. The companies which were taken for the research work are all lie in the ‘Companies Bill 2011’ as their turnover is more than 1000 crore.

Sector wise CSR initiatives by Indian Firm:

- Health sector- Nestle and TCS
- Education sector- TCS, IBM and ITC
- Environment sector- IBM

Best CSR initiatives which are seen in the research are providing free education, counseling sessions and recycling products.

In this scenario corporate firms could not ignore CSR. Now business firm has to change their work culture as the market demand is changing. Firms and their workers are working together with full cooperation for achieving the same goal. Sharing profit is now the scheme.

**4.1.5** Dr P Katsoulakos(INLECOM), d zEVGOLIS (K-NET), M Koutsodimou (Athens University of Economics and Business) and L Williams (INLECOM) <sup>[12]</sup> have reported the following:

Stakeholders are those who affect the company or affected by the company. Stakeholders normally include investors, customers, employees, business partners, local communities, the environment and society.

The philosophy of the stakeholders approach creates a win-win situation for the company and its stakeholders also. In this if stakeholders demand for the investment in CSR then company has to invest and it is profitable for both. The stakeholder approach should be aimed at increasing the long-run shareholder value beyond the levels normally achievable with the agency approach.

Mostly the big companies focus on the customer relations, making products better and on making business network. The key stakeholder for any company is the customer, at the second number the employees and at the third the suppliers and business partners.

Firstly the company's key stakeholders are identified then their roles are defined with the relative aspects of the corporation so that the CSR requirements are to be filled and monitoring of the implementation should be done properly. A transparent enabled infrastructure is necessary.

Stakeholder engagement gives clear and broad perspective for the understanding of:

- Concerns and priorities of CSR
- Perception of company
- Satisfactory level

Understanding of stakeholders helps in analyzing the relation between the goals and sustainability issues:

- Provides opportunities and menace
- Helps in identifying the conflicts of interest.

Role of stakeholders are defined as follows:

- **Government-**

For any organization the most important and the base level responsibility is fulfilling the legal compliance. Government plays a very important role to standards in the areas having corporate governance, health and safety, environmental protection and employment rights and most importantly supervising their implementation.

Government can play an important role in promoting CSR practices. they can provide intelligent regulation and financial incentives for stimulating companies for raising their performance beyond the minimum legal standards. Government can organize the programs that encourage the adoption of CSR and development in sustainable manner.

- **Investors-**

Investors have broad group and they are very influential also. Their range is from private investors to international financial institutions including local financial community.

Financial performance of the company which is doing sustainability activities is positively influenced. So the investor communities are willing to favor sustainable companies.

- **Shareholders-**

The primary interest of shareholders is in the good corporate governance and its transparency. Also the capital risk should be minimal. Now the investors are also concerned about company's environmental and social performance.

- **Consumers-**

Consumers play an important role for the company. In these days consumers have genuine concern about the environment and the society. They are moving towards 'green' buying decisions.

- **Customers-**

Customers' prior issue is about the quality and safety of the product. They are willing to know about the actions taken regarding their complaints.

- **Media-**

A business case can be driven forward with the help of media. Media is a good source in providing information regarding sustainability, and in highlighting the practices.

- **Employees-**

One of the key groups in the implementation of CSR practices are employees. Their personal convictions and experiences can enhance the sustainability and provide support for the development of CSR culture. Motivated employees who are ready to contribute in change and innovation are required for sustainability.

- **Managers-**

Manager has the responsibility of making sure that the costs of CSR do not cross the benefits that company produces. By observing the worker effort, manager has to balance a series of elusive tradeoffs between original costs, monitor expenses, visibility, safety and market share.

### **Economics of CSR <sup>[13]</sup>**

- When CSR premium is well managed then consumers will pay extra without any problem. With the knowledge about the product that it is not produced by slave labour, environment has given full respect, involved technology had been adopted without any corruption, and there is full protection of human rights of the employees and local community. CSR does not mean sacrificing high levels of product or service quality.
- Sound human resource policies of employees and managers can help in earning CSR premium. When employees are treated as the part of the company then the



product quality is also supposed to be increased. It is also a kind of CSR approach.

- Government can also help in promoting CSR. If two companies in market produce the same product, one is doing CSR and other is not. Government can provide subsidy to the socially responsible firm which would be large enough to cover a greater share. How much subsidy is to provide is the topic of further study.
- There is need of study for designing and operating the CSR at minimum cost to taxpayers and well managed banks in countries whose informational and contracting environments differ in stylized way.

#### 4.1.6 General idea about business and financial transactions:

##### **Business-**

A business (also known as enterprise or firm) is an organization involved in the trade of goods, services or both to consumers.

##### **Basic forms of ownership:**

- **Sole proprietorship:** Business which is owned by one person. Liability is high. CSR in this type of business is mainly like donations because for single person it is not possible to go and work on field.
- **Partnership:** Business which is owned by two or more people. Liability is limited. In this also CSR is mainly focused on donation but other ways are also be used.
- **Corporation:** It can be government owned or privately owned. It can be organized for profit or not for profit. It has its proper CSR strategies and implementation is done in many ways.
- **Cooperative:** social model of business. It can be profit or non-profit business. A cooperative differs from a for-profit cooperation in that it has members who share decision-making authority.<sup>[14]</sup>

##### **Balance Sheet:**

- **Definition:** A financial statement that summarizes a company's assets, liabilities and shareholders' equity at a specific point in time. These three balance sheet segments give investors an idea as to what the company owns and owes, as well as the amount invested by the shareholders.

The balance sheet must follow the following formula:

Assets = Liabilities + Shareholders' Equity

It's called a balance sheet because the two sides balance out. This makes sense: a company has to pay for all the things it has (assets) by either borrowing money (liabilities) or getting it from shareholders (shareholders' equity).

Each of the three segments of the balance sheet will have many accounts within it that document the value of each. Accounts such as cash, inventory and property are on the asset side of the balance sheet, while on the liability side there are accounts such as accounts payable or long-term debt. The exact accounts on a balance sheet will differ by company and by industry, as there is no one set template that accurately accommodates for the differences between different types of businesses.

- **Income Statement:** A financial statement that measures a company's financial performance over a specific accounting period. Financial performance is assessed by giving a summary of how the business incurs its revenues and expenses through both operating and non-operating activities. It also shows the net profit or loss incurred over a specific accounting period, typically over a fiscal quarter or year. Also known as the "profit and loss statement" or "statement of revenue and expense."<sup>[15][16]</sup>

#### 4.2 Finding from the fields and impact on the theoretical focus of the project

Theoretical approach of the project is quite easy. Reading about the policies of the companies, their CSR initiatives, government's role in provoking CSR, role of the stakeholders in business firms and in CSR implementation. Learning the terms related to business, costs, revenues, balance sheet, annual report and economic aspects of CSR. Reading and applying on paper is not very much difficult but when it comes to the field which is practical work then real difficulty arise.

The field visit gave the idea that many companies are willing to do good for the society but many are there which are only interested in earning profit. Upon interacting with some people it was found that the company which was visited had much high turnover yet it does not implement CSR. They did not provide any fruitful information regarding CSR and told that they give money in some NGO. They did not mention the name of the NGO also.

Field visit gave the practical idea about the problems related to CSR. And it shows there is lack of concern about corporate social responsibility.

#### 4.3 Gap analysis

**Government** - The 'Companies Bill 2011' and 'Companies Bill 2012' initiated by the Ministry of Corporate Affairs has the provision for corporate social responsibility. The bill has decided the criteria of compulsory CSR and is applicable only for those companies which fall into the criteria (mentioned in an earlier section). Given the controversy surrounding the concept of CSR, it is not surprising that the proposed law does not define CSR for the purposes of expenditures. The proposal lists only a few genres of CSR activities: "eradiating extreme hunger and poverty," "promotion of

education," and "ensuring environmental sustainability." This is much too vague to work as a legal definition. <sup>[17]</sup>

However, the bill does not mention any strict action for the companies which do not follow the policy. There are no rules or policy for 2 types of companies – (i) which are starting their businesses and (ii) the companies which do not fall in the criteria. There is a need for the bill to fill in this gap as well.

This is a game changer legislation. In India contribution of Corporate houses for Society is so critical. But the policy can be made meaningful only if all the stakeholders viz. corporate world, NGOs and Government join hands to convert intent into action. It needs mind of corporate and heart of NGO. This is bound to change ecosystem of development sector and make NGO more professional. Following is essential to get better return for the country:

- Accreditation of NGOs
- Professionalization of NGOs
- Moving from Charity paradigm to strategy paradigm for corporates
- Innovative projects for CSR
- Evolution of CSR Consulting and Evaluation agencies

**Companies** - Many companies are not much concerned about the CSR initiatives. Some of the large firms are doing it voluntarily like TATA, ITC etc. and in a good way, but many are just making a positive image of themselves in the market by saying that they implement CSR but in reality, all this is faked. Small and medium enterprises (with lesser turnovers) do not have much enthusiasm for the investment in corporate social responsibility. They are fully focused on gaining more and more profit. But the problem is that they are also causing the society and environment negatively. They also have responsibility for the society. Responsibility does not depend upon the profit that a company gains.

**Public** – The general public too is not much aware of the concept of CSR. Although companies at times try to sensitize them by awareness campaigns about how buying a particular company's products would channelize some of their money into rural education or health, but the enthusiasm of the public has been low. They still prefer low cost products from companies not investing in CSR rather than little expensive products from companies doing CSR. Also, in terms of investment in stock markets, the public generally invests in companies which yield higher profits by saving investment in CSR.

#### 4.4 Economically viable model:

The manner in which a manufacturing company works is shown in the diagram:

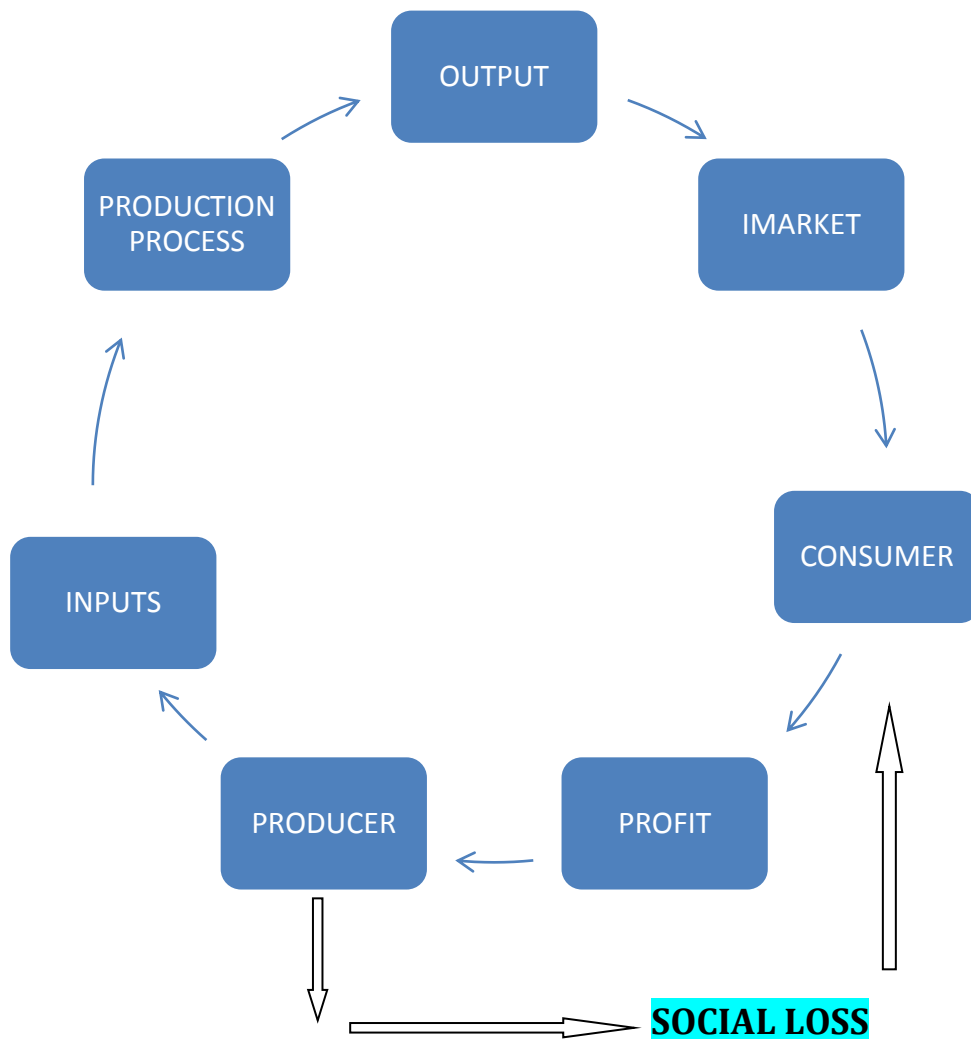


Figure 3 The process of manufacturing company

The above cycle shows the way in which manufacturing companies work. All steps are interrelated. In the cycle producer is related to the consumers in one more manner. The social loss which they produce affects the consumers. In the process there are many steps due to which society and environment get affected in a negative manner. It is not just that CSR is to be made mandatory. It is also important to know the overall economic and social aspects of the corporate sector. For example, a Tobacco company can easily allot 2% of its profits to 'education' while continuing to produce cigarettes. Many top companies in India, such as TATAs have a bad social record, recall the farmers agitation in West Bengal against the Nano project. But TATAs has the largest allotment to CSR! Fertiliser companies take up tree plantations while continuing to ruin the environment,

pesticide companies provide 'child care'. The government authorities themselves run amok when villagers and social activities fight for environmental protection

Here comes the term "social loss". Social loss includes the negative impact of the companies work to the society as well as to the environment. The ways in which a manufacturing company can cause social loss is given in a flow chart.

**SOCIAL LOSS to the society and environment is shown through the flow chart.**

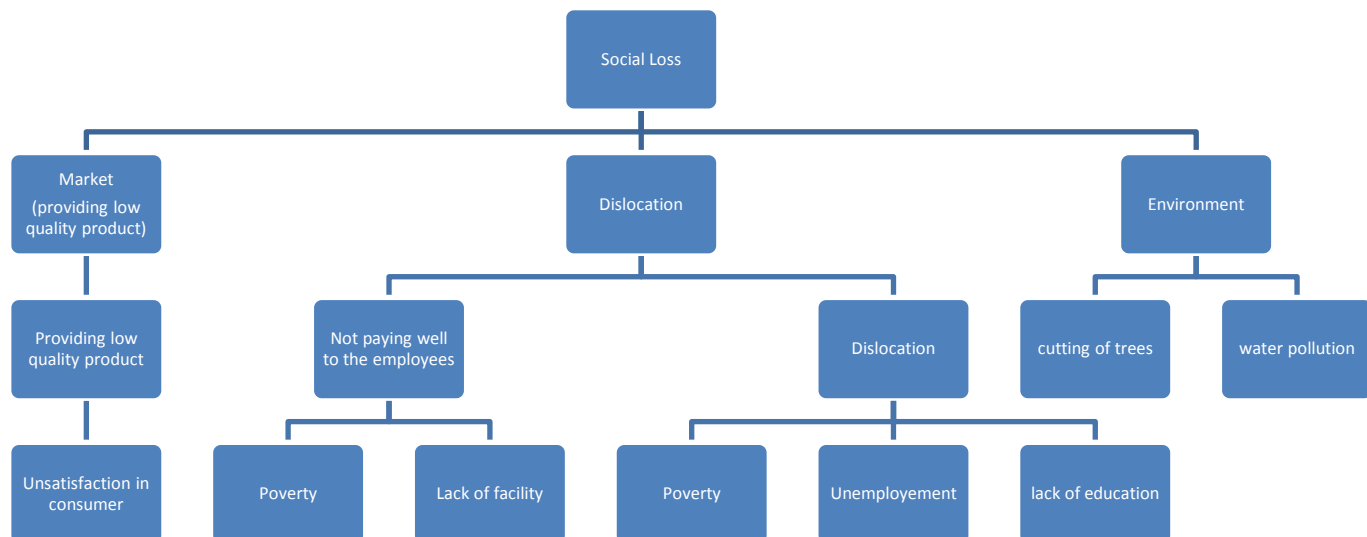


Figure 4 Social loss caused by manufacturing company

A manufacturing company causes social loss in three aspects- environment, man power and market which can further be categorised according to the affect to the society and environment.

Environment:

- Cutting of trees: For setting a plant trees are cut in a huge amount. This cause the negative effect to the environment and the livelihood of the people in the area. If the need of cutting trees is high then their plantation is also can not be neglected. Reforestation term can be used for the fulfilment of the loss which can be colaborated with the other things to provide employment.

- Pollution: the major loss is to the environment by the companies is pollution. Manufacturing company mainly causes water pollution and air pollution. The minimization of these pollution is necessary.

Man power:

- Not paying well to the employees: generally companies do not pay well to the people from whom they buy raw materials, the labours involve in the loading and unloading and workers who work at the initial level. This is in other words can be said as harassment of these people. Due to this they face poverty and they have to face lack of facilities. In reality company is not getting any benefit by doing this because these are the base of their production and business. If the base is not strong then how the company can expect that the whole house will stand.
- Dislocation: when a company or an industry is to settle then many times number of people have to dislocate. Due to this many times protests take place and then violence. The loss of life and money takes place. Due to this the surrounding people become unsatisfied with the company. This causes huge harm to the image of the firm. In terms of social loss, poverty and unemployment increases. Lack of education is also there. People have to leave their house and way of earning. They have to start a new life in a totally different surrounding.

Market:

- Providing low quality product: the main goal of a firm is to earn profit. For a company a good image is very much important. The consumers will attract towards that company's product which has positive in the society. Long term profit can not be earned by minimizing the quality of work. Many times company produce low quality product in the market. Due to this unsatisfaction in the society takes place. This causes loss to the firm in a huge manner.

The model is focused on minimizing the social loss. A company knows better that in which manner it is affecting the society and in which amount. It betterly knows that which work give negative impact to the society and environment. So a company can implement CSR in such a manner that it can minimize the loss produced by it.

The manufacturing company affects the environment mainly in two manners by producing pollution and cutting trees. These can be minimized and also the process of minimization can produce employment. There are different ways in which the loss to environment can be decreased.

- Cutting trees: for stabilizing a company or an industry trees are cut in a huge number. This causes negative effect to the environment. The livelihood of the people living in the area is also affected. Many species and wild life are also affected very badly.

The easiest and the most effective way of compensating the loss is reforestation. It can be done in such a manner that it can generate employment also.

- Trees that are planted can be chosen according to the benefit and necessity. For example timber is the tree which is preferred because its wood is in demand. Since the company is manufacturing and the demand of paper packaging is very high. So trees which are used for making paper can be used for plantation purpose.
- People have to dislocate due to the establishment of the company or industry. Many of them are unemployed. Some people can get the employment in the tree plantation and its maintenance work.
- One day salary donation is also a method which can generate funds. Employees of the company are requested to donate one day salary for the purpose of CSR. The money can be used for providing salary to the people who are involved in the tree plantation program.
- Water pollution: the polluted water is generated in the manufacturing of the products. The water is directly transferred to the river water which causes water pollution in a very big amount. Due to this marine life is affected very badly. The livelihood of the people who are dependent on the fishing etc. are also affected negatively.

There are some important ways, the company can minimize the pollution.

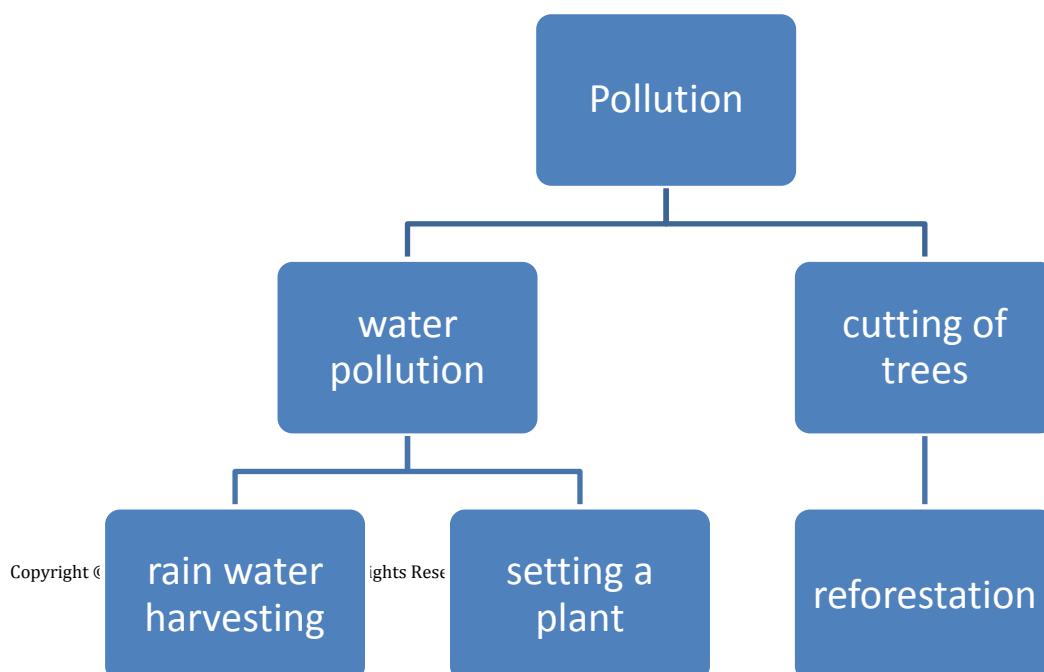


Figure 5 Steps for minimizing pollution caused by the company



- Putting a purification plant: making a water purification plant is a costly idea. But it is a one time investment. If the plant is made once then the poisonous chemicals, non-biodegradable substances etc. can be stopped from going into the river and the pollution can be minimized effectively.
- Reuse of water: many times or mostly everytime the water which can be used again in the industry is wasted. There are the ways in which the water can be separated and be reused.
- Rain water harvesting: For the manufacturing purpose the ground water is taken out in a huge amount. Even at some places the ground water level decreased heavily that there are negligible ground water left. Since industries are usually located in the periphery of the city they are not usually connected to the piped network of the city and depend on ground water for their needs. If they are indeed connected, they pay one of the highest tariff for water in India at an effective Rs. 72 a kilo-litre. Many industries buy water from water tankers too. Some buy bottled water for drinking purpose and if soft water is required as part of the process required, water softeners or reverse osmosis systems are opted for. It therefore makes eminent sense for industries to harvest rainwater because it saves money, it replenishes the ground water and it brings to productive use soft rain water.

The social loss that a manufacturing company generate includes loss of man power. The loss of man power is further divided into two types the workers are not paid well and the dislocation of the people due to the establishment of the company or industry.

The flow charts are divided again into two parts. The flow chart given below is focused on the poor payment to the workers and its impact. The second flow chart contains the problems generated at the social level due to the dislocation of the people. In both the flow charts, the solution is also given at the last level which can cure the social loss and improve the efficiency of the company. Nestle is a good example for this purpose. It provides good wages to its employees and due to this their efficiency and quality of their product is increased.

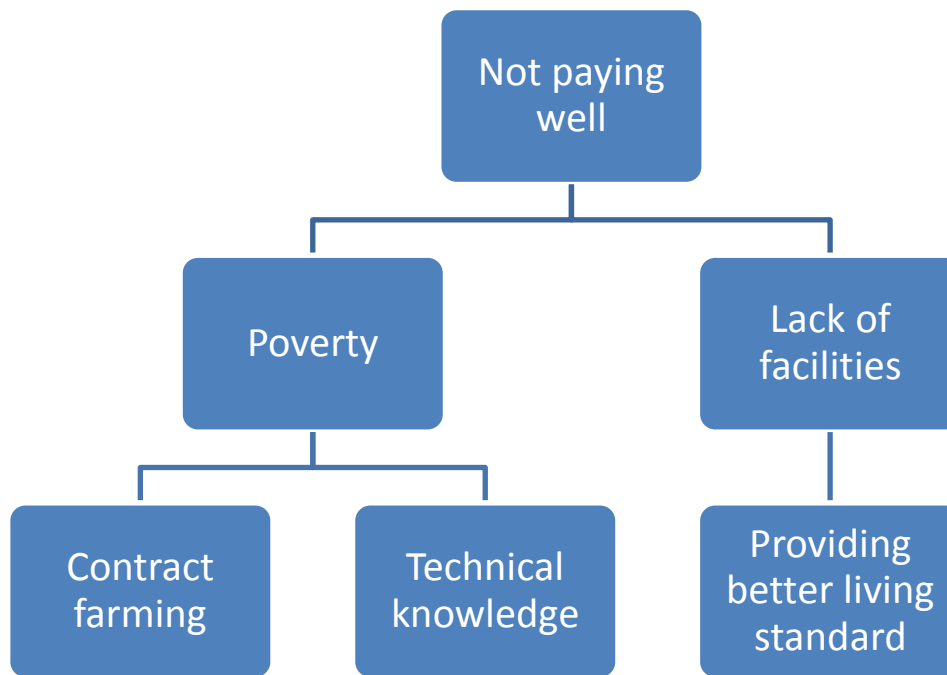


Figure 6 Steps for minimizing problems caused by the less payment



Figure 7 Benefit of the company

The company generally does not pay well to the labours, workers and the people from whom they buy the raw materials. But exactly they are the base of the company and without them the achievements are not possible. Due to this many problems come into existence and the solution is necessary for them. A company can implement the CSR in this field. This not only helps the workers, labours etc. but also to the company.

- **Poverty:** because of the insufficient pay the labours, workers and the raw material providers have to face the poverty. For their livelihood they have to focus on other things also. Their interest for their work decreases and which decreases their efficiency also. This can cause a company to suffer. Paying them well is one solution. But besides that there are many other ways in which the problem can be tackled and the efficiency can be increased.
  - **Contract farming:** if the company's raw material is based on the agriculture then it can focus on the contract farming. In contract farming, the company make a contract with the farmers and tells them to grow the required crop for them and the company will buy all the crops from them at the better wages.

Since the raw material providers know that there is demand of their things and they will definitely be purchased, then they will do their work with more confidence and provide good quality raw materials. The example of Nestle can be considered here.

- Providing technical knowledge: farmers of the very backward area do not know much about the techniques of farming which can provide more benefit to them. The workshops can be organized for them on the regular basis so that they can get the information regarding the new technologies of farming, the policies for them, the intercropping system, computer learning programs, banking facilities etc.

Workers can be trained well so that they can do their job more perfectly and professionally. The skill development training, technology based training, basic level education, awareness about the companies work and policies can be provided to them. By these things they will be more confident and reliable for their work.

- Lack of facilities: the workers have to face lack of basic facilities due to the less payment for their work. The problems like fooding, lodging, medical problems, schooling for their children are faced by them. The proper payment helps them to access these facilities.

The firm can provide them medical facilities and the compensation for the health related loss to the workers. For example in Faridabad, there is bangle factories. People work for them in dim lights and sit in front of the flames for hours and hours. Due to this many of them lose their eyesight. They do not have proper living area, well light sources, other better source of livelihood. There is no proper school for their children and basic facilities which are necessary for everyone. Even children are also working there for earning little more money.

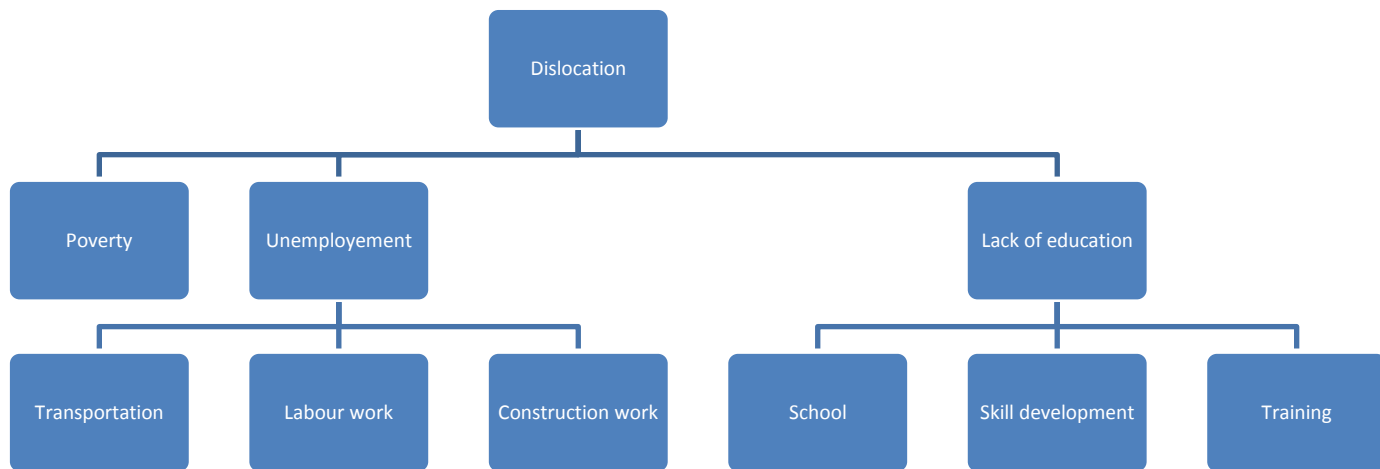


Figure 8 Steps for minimizing problem caused by dislocation

Dislocation is one of the major issues which can cause huge harm to the companies image as well as to the society. In establishing a company or a factory, people have to dislocate from their places. They have to start everything again. Giving them compensation is not enough. They face lots of problem because of dislocation. They lose their source of income, poverty generates, the stability of their life is affected. The firm has to help them in starting their life again. Firstly they need to focus on the resettlement and then on the dislocation.

- **Unemployment:** when the people have to shift in a new place, they have to face the unemployment. The source of income is very much necessary for maintaining the stability of life. The company has to generate job resources for them. They need workers for transportation, labour, construction etc. Instead of hiring people from outside they can give them some training to them and provide employment in these activities. Those who are willing to go to the cities and able to do some work like domestic helpers, then the company can provide them those type of jobs with proper followings.
- **Education problem:** the areas which generally company prefers already has the problem related to education. Due to dislocation it increases. In this case company can open skill development schools. In these schools with the basic education they can give trainings related to the works which take place in their company. They can include personality development and those skills which can really help them in getting job for running their livelihood. The chain of CSR should be completed. Providing skills and education is not sufficient. Companies

should provide employment after this step. Providing job to everyone is not possible but they can fix a criteria. Society can be really benefited by the completion of the **CSR chain** only.



Figure 9 CSR chain

A company can implement corporate social responsibility by considering the social loss due to the company. CSR is to reduce the extent of social loss and not to increase it. By considering the problems given above, if the firm implement its CSR policy then the positive impact can be seen easily.

The social loss has many issues. If a company can not work for all issues then it should concentrate on some issues and work hard for that according to the feasibility of the firm as well. Monitoring of each step taken by the firm and program is necessary. Each program needs the alignment of principles, process and outcomes.

### Conclusion:

The model can not be generalised because there are variety of companies. The Companies Bill covers only those companies which have high potential level in terms of profit. But there are companies which are although do not have much profit yet creating social loss immensely. The above model is made taking into consideration of the social loss. But it can also be divided according to the companies. So the companies are categorised in five ways like having high level potential(in terms of profit), middle level potential, low level potential, startups causing less social loss and startups affecting the society and environment directly.

- High level potential(turnover greater than thousand crore): companies fall under this category are financially stable and have skills. They should be focused on CSR activities. They can participate effectively whether they are causing high social loss or not. As they fall under the criteria decided by the government for mandatory CSR so they have to implement CSR policies. In their policy they can focus on the minimization of social loss also. They can focus on environment, market as well as man power.
- Middle level potential(turnover less than thousand crore but have middle level profit): the companies come under this category can also implement CSR effectively and can integrate with government for some financial support. They can focus on the man power. They can provide skills related to the company itself and also give them employment. The **CSR chain** can be completed by them.

They can also work in solving the environment related problems in consideration with their finances.

- Low level potential(less profit): these companies can focus on few of the CSR initiatives which do not affect their financial status. Skill development is the part in which almost each and every company can give their part. With this category the benefit of the company is also there. They will provide the training and take proper tests, so they can easily select the best. The better employees increase the efficiency of the company. So the companies in this category can also work in availing man power.
- Startups(causing low social loss): they can also work as the companies having low level potential. But they have to generate positive image in the society, so they can work in the area of environment also by balancing both man power and environment. They should not be compulsion for these companies for the implementation of CSR. But if they implement it will be beneficial for them only.
- Startups(causing more social loss): the companies fall into this criteria should work in consideration with CSR. They are directly affecting the society and environment so their responsibility towards them is much more. But as they are startups so they can focus some of the issues and work honestly for them and produce effective results to minimize their social loss.

The market is not mentioned for any of the category because providing good quality product is the main responsibility of each and every company. They are getting profit due to the consumers and because of the consumers only they are in existence. This is the right of a consumer to get good quality product. Consumers pay for it and it is the role of the companies to satisfy their consumers. They will be satisfied only if they get the good quality product.

## **5 Recommendations, Scope and Strategy for Implementation**

Based on the literature review done and the results of field visit the following recommendation would be provided for enabling better regulation of CSR:

### **5.1 Recommendation & Scope**

- **Categorization of company**
  - There should be categorization of companies on the basis of their profit potential, age in business, damage contribution to the society and the environment etc.
  - There should be some incentives mechanism in the form of tax exemption, etc. to start ups and other low profit businesses.
- **Companies Bill**
  - The Companies Bill should incorporate strict actions to be taken against companies which fall under the criteria as mentioned in the act but are not implementing CSR.
  - There should be incentives in the form of CSR exemption for attracting large scale investments in less developed area.
  - The Bill should propose regulations which are economically viable and do not discourage business growth and force the business firms to pass on the added costs to the consumers in order to achieve pre CSR era profits.
  - There should be provision of voluntary CSR for firms not falling within the ambit of mandatory CSR.
  - The bill should also incorporate the necessity and compulsion for companies to include the financial details of CSR in their annual report.
  - The companies should also necessarily publish a different report which lists down in details every CSR activity undertaken and the finances involved in the same. This report should be audited by government or public accountant and doing this would ensure more transparency in the implementation of CSR.
- **Awareness**
  - Awareness programs are necessary for the creating awareness among general public about CSR initiatives taken by the companies. Media can play an important role in the same.
  - Appropriate steps should be taken for building up better partnership amongst the company and stakeholders for the successful implementation of CSR.
  - More awareness programs are required for SMEs (small and medium enterprises) so that their participation in the in the CSR initiatives should increase. This will help in reaching CSR to the other locations and it will cover a larger population for the development of communities.

- In schools and universities CSR should be included as a subject for sensitizing the youth towards it and also for motivating them to take good steps for the welfare of society.

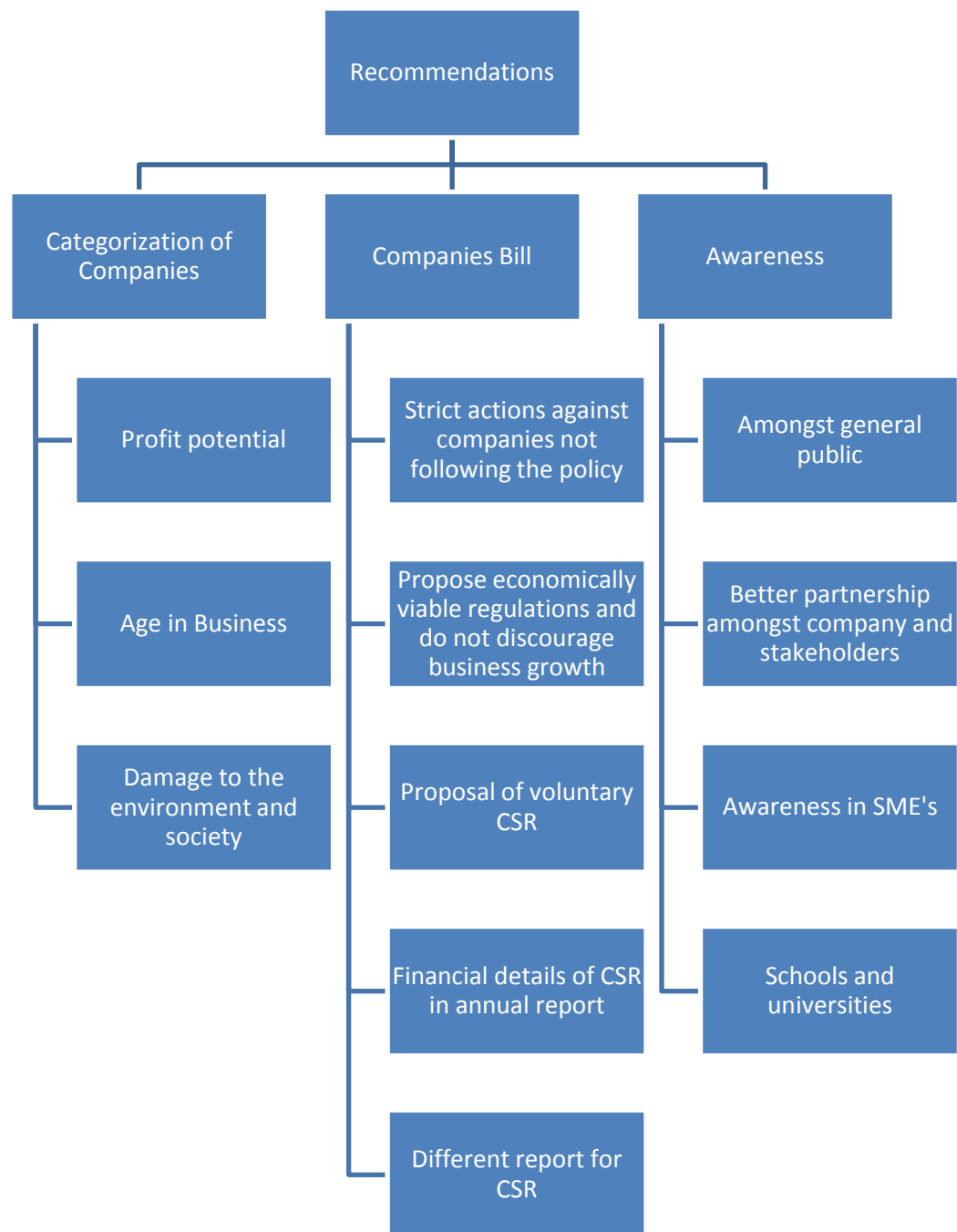


Figure 10 Recommendations



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- [17] [http://www.ssireview.org/blog/entry/mandatory\\_csr\\_in\\_india\\_a\\_bad\\_proposal](http://www.ssireview.org/blog/entry/mandatory_csr_in_india_a_bad_proposal)

## **Appendix A**

### **Meetings and Interviews**

**Date:** May 28<sup>th</sup>, 2013

**Time:** 7:00 PM

**Duration of Discussion:** 20 minutes

#### **Discussion:**

- Discussed on the report that was submitted by me on what I have read.
- Told about the business terms related to CSR and a few problems in implementation.
- Discussed on some ways in which government and private sectors can be combined for the CSR activities. Example- ITC e Choupal and farmer call centers are doing almost the same thing.
- Modified my way of research and gave new ideas of improving that.

#### **Action Items before next discussion:**

- Business terms related to CSR and accounting process.(2 days)
- Government's role in support of CSR.(1 day)
- Provision in India for the mandatory CSR.(1 day)
- CSR initiative in India and their work.(1 day)

**Date:** May 31<sup>st</sup>, 2013

**Time:** 9:30 PM

**Duration of Discussion:** 45 minutes

#### **Discussion:**

- Discussed about the task list and the questions given in the task list.
- Gave the proper schedule for the two months of research work in which per week topics were given to study.
- Told about the field visit relate to the project and when to perform.

**Date:** June 19<sup>th</sup>, 2013

**Discussion:**

- Discussed about the companies CSR policies and CSR initiatives.
- Came to know that companies turnover is about 3600 crore and it comes under the criteria decided by the government for the mandatory CSR.
- But the company does not do anything regarding its CSR policies. They just show that they are doing.

**Date:** June 25<sup>th</sup>, 2013

**Name:** Shri Debabrata Baral

**Discussion:**

- Told about the basic terms related to the economically viable model.
- The idea of minimizing social loss arose in this discussion only.
- Gave the example of Faridabad and Okhla to give the overview of the effect of industries on the society and environment.
- Told that the focus should be on the degree in which the sector is affecting the society and environment and by this the firm should take the CSR initiatives accordingly.
- His idea regarding government regulatory mandatory CSR was quite impressive. He told that 2% criteria is very less, it should be increased according to the loss caused by the company to the society and environment.

**Date:** June 29<sup>th</sup>, 2013

**Name:** Prof Milindo

**Discussion:**

- Gave the idea about how a manufacturing company works and in what manner it affects the society and environment negatively.
- He gave the overview of the social loss that can be caused by a manufacturing company.
- Because of his guidance the base of the economically viable model was made and after that the idea of minimizing social loss was properly converted into the model.

## Appendix B

Basic format of balance sheet:

<b>ASSETS</b>	<b>LIABILITIES</b>
<ul style="list-style-type: none"> <li>• Current (Short term)</li> <li>• Fixed (long term)</li> <li>• Other</li> </ul>	<ul style="list-style-type: none"> <li>• Current</li> <li>• Long term</li> <li>Stakeholder's equity</li> </ul>

<b>ASSETS</b>	<b>LIABILITIES</b>
Cash Accounts receivable Inventory Other current assets	Short-term debt Customer advances Accounts payable Accrued liabilities Interest payable Taxes payable Dividends payable
= Current assets	=Current liabilities
Investments Goodwill Plant, Property and equipment Other long term assets = Long term assets	Bonds payable (I.T. Debt) Common stock Add paid- in capital Retained earnings = Stockholder's equity

## About Rakshak Foundation

“The highest measure of democracy is neither the ‘extent of freedom’ nor the ‘extent of equality’ but rather the highest measure of participation.”

- A.D. Benoist

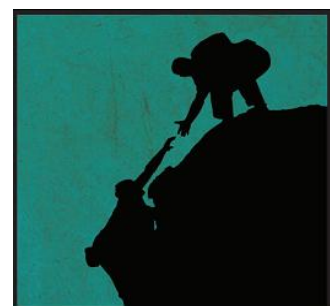
Rakshak Foundation creates awareness domestically and internationally about the rights and responsibilities of citizens towards the society and state. Rakshak engages in and supports social and scientific research on public policy and social issues.



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