

NEW PROVISION OF CORPORATE SOCIAL RESPONSIBILITY IN INDIA

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ABSTRACT

As per new provisions of guidelines by Ministry of Corporate Affairs of India, a new policy for Indian companies has been introduced for CSR in companies act 2013; it is mandatory for every companies which is the under the new limit of C.S.R provision to spend at least 2% of their average net profit in the previous three year on C.S.R activities. My study is also based on CSR. In this study we know about that what the new provision for C.S.R. is in this study we also know about Indians top ten companies which are contributing to welfare of the society. In this article some data is given by which we can know that which type of companies spending, have much amount on C.S.R. In my study I also focus on process and relevance of CSR activities. The study is based on secondary data.

Keywords:- Corporate Social Responsibility, Profit after Tax (P.A.T) Schedule VII, Ministry of Corporate Affairs (M.C.A)

INTRODUCTION:

In India, the concept of CSR is governed by clause 135 of the companies act 2013, which was passed by both house of parliament and had received the assent of the President of India on 29 August 2013. The C.S.R provision within the act is applicable to the companies with on (i) annual turnover of Rs 500 crore INR and more (ii) a net worth 500 crore I.N.R and more (iii) a net profit of Rs 5 crore I.N.R and above. In new rule it is also require companies to set up a C.S.R committee consisting of their Board member including at least one independent direction. More it became mandatory for the companies to spend at least 2 % of their average net profit previous three year. The committee and board will be responsible for all C.S.R program and also disclose all detail about C.S.R program on their official website of the company. It became the social responsibility for the companies for

welfare of society because companies should be return something for society. There are many businesses which are contributing in the development of society like TATA Group, Mahindra and Mahindra, I.T.C Group etc.

CORPORATE SOCIAL RESPONSIBILITY:

CSR is business approach that contributes to sustainable development by delivery economic, social and environment benefit for all stakeholders. Stakeholders include, customer, public, Government, employees, supplier, union, Political group, media.

- C : - means organized Business
 S : - meaning everything dealing with the people.
 R : - means accountability between the two.

DEFINITION OF C.S.R:

The WBCSD defines CRS as “the continuing commitment by business to contribute to economic development while improving the quality of life as well as of the community and society at large”.

COMPANIES BILL, 2012 AND CSR

Within a value to provide a framework for companies to implement need based CSR activities, the government of India has included CSR- in the companies Bill 2012. The clause 135 of the companies bill 2012 aims at motivating companies to spend 2% of the profit after tax (PAT) on CSR. Though spending 2% of the PAT is not mandatory but clause 135 of the proposed companies’ bill casting duty on the Board to specify reason for not spending the specified amount on CSR.

APPLICABILITY OF CSR POLICY:

The clause 135 will be applicable to all companies that have either of the following:

- Net worth of INR 500 Crore or more.
- Turnover of INR 1000 Crore or more.
- Net profit of INR 5 crore or more.

An average of last three financial years PAT will be considered for calculating the 2% for CSR.

CSR COMMITTEE AND POLICY:-

The bill mandate companies to form aboard and level CSR committee comprising three or more directors with at least one independent director. The composition if the CSR committee of the CSR committee has to be disclosed in the annual board of director's report. The CSR committee will be responsible for formulating and recommending a CSR policy and implementation plan. The committee will also be responsible for approving and disclosing CSR policy in the annual Director's report and on company's website. The board will be responsible for ensuring implementation of CSR activities according to the policy. The annual Director's report has to be specify reason in case the specifies amount has not be criticized and adequately.

1 Board level CSR committee

- comprising of 3 or more directors with at least one independent director.
- Composition to be disclosed in the annual board of director report.

2 Responsibility of the CSR committee.

- formulate and recommended a CSR policy and amount of CSR expenditure.
- Regular monitoring of the CSR initiatives.

3 Responsibilities of the company's Board:-

- Approval and disclose CSR policy in the annual Director's report and on company website.
- Ensure implementation of CSR activities as per policy.
- Director's report to specify reason in case the specified amount is not spent.

CSR ACTIVITIES:-

(Schedule VII)Section 135

Activities which may be included big companies in their corporate social responsibilities companies in their corporate social responsibility.

Activities relating to:

- Eradicating extreme hunger and poverty.
- Promoting education.

- Promoting gender equality and empowering women.
- Reducing child mortality and improving maternal health.
- Ensuring environmental sustainability.
- Employment enhancing vocational skill .
- Social business projects.
- Contribution the P.M relief fund or any other fund set up the Central Government of the State Government for socio –economic development and relief and funds for welfare of the scheduled caste , the schedule tribes, other backward class , minorities and women.

CSR EXPENDITURE BY PUBLIC AND PRIVATE COMPANIES

CSR expenditure of 460 listed companies, which have placed their annual report on their website indicates that 51 public sector undertaking (PSUs) and 409 private sector companies together spent about Rs. 6337 crore on CSR during 2014-15 as summarized below.

Sr.No.	Company Type	No. of Companies	Actual C.S.R expenditure (In Crore)
1	PSU’s	51	2386.60
2	Private Sector	409	3950.76
	Total	460	6337.36

Out of these 460 companies wire CSR expenditure of top 20 companies may be seen at Table1.

- Information on CSR expenditure on various development work by companies is at Table 2

Table 1:- Top 20 companies by Actual CSR spent During F.Y (2014-15) (In Rs Crore.)

Sr. No.	Name of the company	Actual CSR Expenditure.
1	Reliance Ind. Ltd.	760.58
2	O.N.G.C Ltd.	495.23
3	Infosys Ltd.	239.54
4	Tata Consultancy Service Ltd.	219.00
5	I.T.C Ltd.	214.06
6	N.T.P.C Ltd.	205.18
7	N.M.D.C Ltd.	188.65
8	Tata Steel Ltd.	171.46

9	Oil India Ltd.	133.31
10	Wipro Ltd.	132.70
11	India Oil. Corp. Ltd	113.79
12	B.H.E.L Ltd.	102.06
13	Mahindra & Mahindra Ltd.	83.24
14	Hindustan Liver Ltd	82.35
15	Larsen & Turbo Ltd.	76.54
16	G.A.I.L Ltd.	71.69
17	C.A.I.R.N Ltd.	70.36
18	Northern Coal Fields Ltd.	61.77
19	Mahanadi Coal Fields Ltd.	61.30
20	Hindustan Zinc Ltd.	59.28
	Grand Total	3542.09

Source: Secondary data

Table 2:- Development Sector wise CSR Expenditure (FY 2014-15)

Sr.no	Subjects in Schedule VII	CSR Expenditure in Crore
1	Eradicating Hunger, Poverty & Health	1421.66
2	Education /Vocationalskills /live hood Enhancement	1462.6
3	Woman/Old age /Children	219.27
4	Environment sustainability	1188.69
5	Art & Culture	539.83
6	Sports promotion	454.91
7	P.M.N.R.F etc.	125.32
7	Rural Development	724.32
8	Slum Development	114.14
10	Swatch Bharat	42.64
11	Clean Ganga Fund	15.49
12	Others	28.50
	Grand Total	6337.36

Source: Secondary data

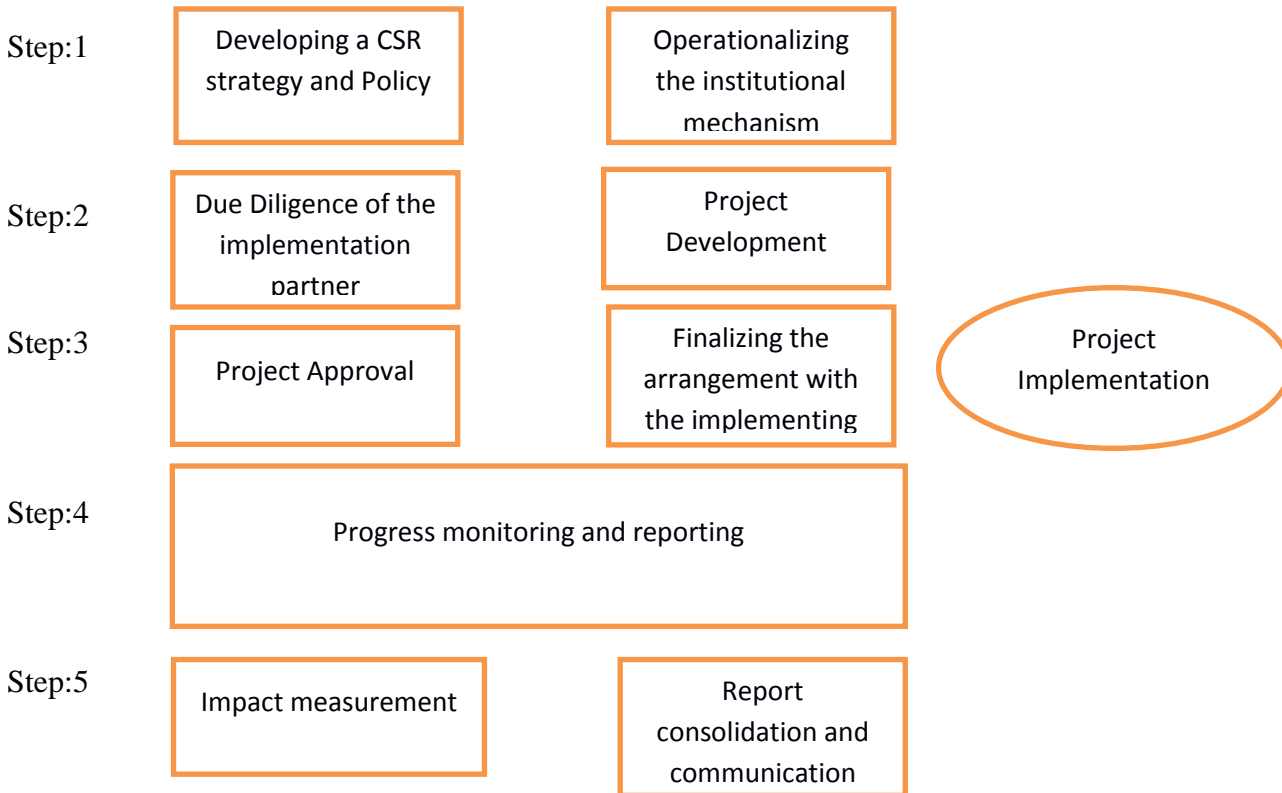
RANKING OF COMPANIES IN CSR

Top 10 companies of India.

2013		2014		2015	
Rank	Company	Rank	Company	Rank	Company
1	Tata Steel	1	M &M	1	Tata Steel Ltd.
2	Tata Chemical	2	Tata Power Co.	2	TataPower Co.
3	M &M	3	Tata Steel	3	Ultra Teen Ltd.
4	Maruti Suzuki India	4	Larsen & Turbo	4	M &M
5	Tata Motors	5	Tata Chemical	5	Tata Motors Ltd.
6	Siemen	6	Tata Motors	6	Tata Chemicals Ltd.
7	Larsen & Turbo	7	GAIL (India)	7	ITC Ltd.
8	Coco Cola India	8	BPCL	8	Shree Cement Ltd.
9	S.A.I.L	9	Infosys	9	Bharat Petroleum Ltd.
10	Infosys	10	Jubilant life	10	Larsen & Turbo Ltd.

Source: - Secondary Data

PROCESS OF CSR POLICY:



THE RELEVANCE OF CSR WITHIN AN ORGANIZATION:

- Strengthening the relationship with stakeholders.
- Enabling continuous improvement and encouraging innovation.
- Attracting the best industry talent as a socially responsible company.
- Additional motivation to employees.
- Risk mitigation because of an effective corporate governance framework.
- Enhanced ability to manage stakeholder expectations.

CONCLUSION:

We can conclude that this new provision is beneficial to all stakeholders and its duty / responsibilities of companies for the welfare of the society .Because every company used the resources of the society like land, labour, capital , raw material etc. In the above study some data was given by these data we can understand that now companies are aware for the welfare of society. They are contributing for the social welfare and economic development of society. Ministry of corporate will be awarded those companies which are contributing in the development of society, that's why National CSR award will be given outstanding companies.

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