

Did India Benefit from Compulsory CSR?

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Abstract: *With the introduction of the Companies Act, 2013 providing for Corporate Social Responsibility (CSR), under section 135, India became the first country in the world to mandate CSR. Many welcomed the move as given the acute economic disparity in the country, it gave the impression of creating a more inclusive wealthier elite class. In a country where philanthropy played a very crucial role in funding its freedom movement and subsequently in nation building, it would be interesting to analyse whether the move has yielded positive results and whether the India model could serve as a benchmark for other nations.*

Keywords: CSR, Mandatory, voluntary, analysis and accountability

1. Introduction

India became the first country in the world to mandate donations for social welfare by rich corporations. With the passage of the Companies Act, 2013, [1] the government made a conscious effort to include the richer corporations into India's development agenda. It was hoped that by passing this enactment, there would be larger number of companies to contribute to CSR.

India has a rich tradition of philanthropy. It is a well-known fact that the wealthier Indians funded the freedom struggle and Mahatma Gandhi, often made an open appeal to them, and worked closely with several prominent businessmen of that time. Philanthropy is rooted in Indian philosophy. "One who enjoys abundance without sharing with others is indeed a thief", says the Bhagavad Gita, a 700 - verse Hindu scripture. It is given equal importance in all other religious scriptures. The first corporate endeavour can be traced back to the JN Tata Endowment Scheme, founded in 1892. It continues to be the front face of all Tata Group's philanthropic activities. In fact, Jamshedji Tata was often compared to the British, Joseph Rowntree and Scottish American industrialist Andrew Carnegie who emphasised on the concept of using wealth for public good. The term CSR first came up in public discourse in 1953 when it was used in the book "Social Responsibilities of the Businessman" by the American economist Howard Bowen who came to be known as the father of CSR. Over a period, this came to be an integral part of business ethics presumably because the people through that since businesses benefit from society and make huge profits, its but fair that they do something in return.

CSR is used by companies across the world to bolster their image and brand and to let their target audience know that they care for them and to convey what they truly stand for. CSR also helps companies work on their ESG ratings that also helps attract investors who are aligned with their social responsibility priorities. The Indian government's decision to enforce it by law had had mixed reactions, while it has resulted in a larger number of companies being drawn to it as compared to the past and has also resulted in an increase in the CSR commitment in terms of funding, there is still scepticism on whether the move is producing the results that it was set out to achieve. Critics of the law feel that it has given the companies a way of diverting attention from their core businesses some of which are not aligned with the CSR goals, even accusing companies of green washing their

company's misdeeds by superficial commitments that they are genuinely not interested in just to meet the mandatory requirements. While others believe that it is a good mechanism and that the anomalies will get resolved with experience.

2. Methodology

The paper examines all press reports, Government data and existing research on the topic to analyse the topic in depth.

1) What is CSR enactment of the Government of India?

The Ministry of Corporate Affairs (MCA) of the Government of India governs and regulates the corporate sector companies, under the Companies Act of 1956, which was amended in 2013 to include a Corporate Social Responsibility Policy in Section 135 [1]. This amendment makes it mandatory for the companies that meet any of the following three criteria for three consecutive years to spend minimum of 2% of the net profits of the company for Corporate Social Responsibility:

- Companies with an annual net worth equal to or more than Rs 500 crore.
- Companies with an annual turnover equal to or more than Rs 1000 crore
- Companies with an annual net profit of Rs 5 crore or more.

These CSR Rules came into effect in Indian corporate companies from April 1, 2014.

2) What does mandate CSR cover?

Investment towards any of the following list of social and environmental welfare initiatives mentioned in Schedule VII of the Companies Act 2013, will meet the requirements of the Act.

- Eradication of Hunger and Poverty
- Promotion of gender equality and women empowerment
- Combating with deadly diseases like HIV - AIDS
- Environmental Sustainability
- Social Business projects
- Contribution to PM Relief Funds, State, and Central Funds
- Employment enhancing Vocational Skills
- Protection of national heritage, art, culture, etc
- Healthcare facilities for women and children

- Contributions made to improve sanitation, water facility, healthcare, education, etc. for the underprivileged, are included under these responsibilities.

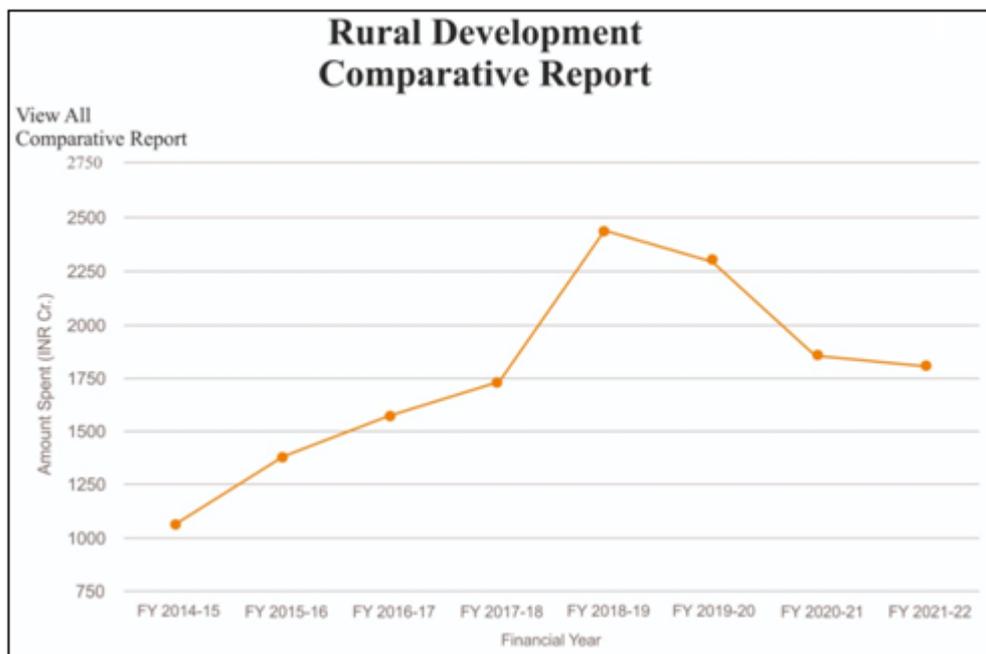
3) The impact of the policy enactment on various CSR areas:

a) Rural development

Despite India reporting sustained high growth over the past three decades or so, barring the recent turn of events due to the COVID 19 pandemic, structural transformation has been characterized by deepening agrarian crisis, high unemployment, and a lack of remunerative and good quality jobs hampering rural development. Rural India's future is intrinsically linked with the health of the agricultural sector as it's the chief employment source [2]. Given this connection, India's agrarian crisis becomes even more worrisome as nearly 70 percent of the population depends on agriculture for income. [3, 4]. These economic hardships are primarily connected to unprofitability of agriculture [5], Climate change, exploitative market relationships, neoliberal restructuring, the hollowing out of the welfare state, political irresponsibility, structural inequality; to name a few [6].

The crisis is so deep that leaving the resolution to the government alone is fraught with risk. Corporates in India have made small initiatives that could be game changers if they are given more consistent support and backing. The Mahindra & Mahindra initiative to crowd source funds for 'Seed The Rise', campaign to support distressed Indian farmers is one of the examples of a step in the right direction. The campaign aims to raise funds for farmers, from urban crowds, match the amount from the company and use this money for farmer welfare through carefully selected projects. It also aims to ensure that the nation comes to respect the farmers and their hard work with the intent to drive more donations [7]. Launched with great fanfare with the support of celebrity actors, the project raised approximately 2 Cr (270, 000 USD) in the year 2105. But one did not see much progress post that, which shows that although CSR can make a difference, persistent and accountable efforts are still elusive.

The graph below clearly shows that there has been a gradual decline in CSR investment in Agriculture. Coming at a time when the agricultural crisis is at its peak is worrisome.



Source: <https://www.csr.gov.in>

b) Gender Equality, Women Empowerment, Old Age Homes, Reducing Inequalities

This is a crucial area for improvement for India. Recently, the World Economic Forum (WEF) ranked India at 135 out of 146 countries in its Global Gender Gap (GGG) Index for 2022 is testimony to the poor performance of India in terms of gender parity. Despite being constituting 48.4 percent of India's total population women constitute just 29.4 percent of the labour force.

Another major concern for India is the growing economic inequality despite sustained economic growth. According to an Oxfam report – “The top 10% of the Indian population holds 77% of the total national wealth. 73% of the wealth generated in 2017 went to the richest 1%, while *670 million Indians who comprise the poorest half of the

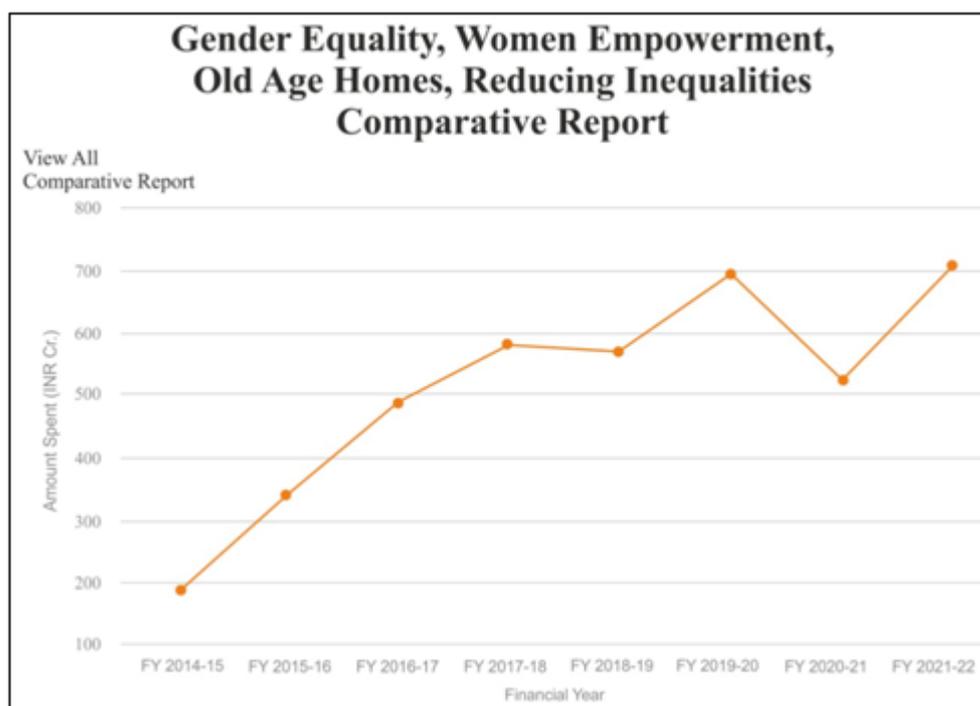
population saw only a 1% increase in their wealth”. While India is one of the fastest growing economies in the world, it is also one of the most unequal countries. The rich are getting wealthier whereas the proportion of population struggling to earn a minimum wage and access quality education and healthcare services is on the rise.

According to UNDESA data on projected age structure of the population (2008), India had more than 91.6 million elderlies in 2010 with an annual addition of 2.5 million elderly between 2005 and 2010. The number of elderly in India is projected to reach 158.7 million in 2025 (United Nations Department of Economic and Social Affairs, 2008), and is expected, by 2050, to surpass the population of children below 14 years [8]. The growing disintegration of the joint family system within which the older

population of India found support; lack of universal pension schemes has made the care of elderly an important issue in India. CSR can play a crucial role in all the above areas of concern. The Tata Trusts Elderly Care for senior citizens partnered with HelpAge India to provide healthcare and support services to the elderly and build nursing homes and healthcare centers for senior citizens close to its plants is setting a good example of putting CSR to good use in this direction.

A lot of corporates in India like the Tata group, Hindustan lever have also taken up special skill development

initiatives to encourage the women participation in the labour force. However, a lot more needs to be done. The same goes for economic inequality. The corporates need to look at the minimum wage more seriously and look to provide financial security in terms of insurance etc. There have been encouraging initiatives, but not game changing ones. The silver lining is that the CSR allocation for this vertical has seen healthy growth with few downward spirals, which unfortunately came during the pandemic, a time when the corporates could have made a larger difference, as is clear from the figure below:



Source: <https://www.csr.gov.in>

e) Education, Differently Abled, livelihood

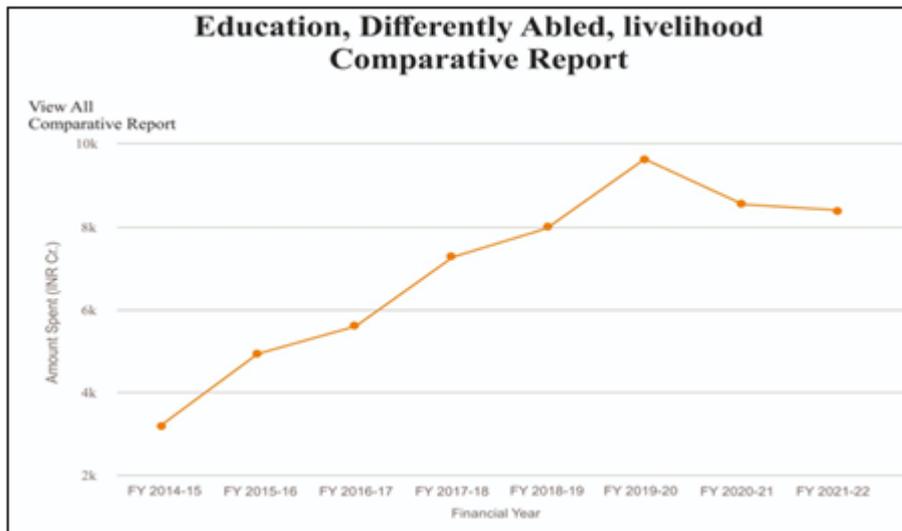
Given the growing intervention of technology in the global job market and business environment, lack of sufficient emphasis on providing industry relevant education to its every growing young population could become a nemesis for India. Livelihoods are intrinsically connected to skills and education is the vehicle to ensure the development of those skill sets. The Indian education system has been plagued by paucity of funds, poor industrial relevance in curriculum, poor emphasis on developing practical skills and lack of infrastructure to ensure equitable education.

According to a report published in March, 2021, by the National Statistical Office (NSO), Ministry of Statistics and Programme Implementation, government of India, "There are 14.9 million males and 11.9 million females with disabilities in India – accounting for 56 and 44 per cent of the total population of disabled persons. About 2.41 per cent of India's male population and 2.01 per cent of its female population reports having a disability. As many as 18 million persons with disabilities (69 per cent of the disabled

population) live in rural India, and about eight million (31 per cent) live in urban areas" [9], a number which is nearly equivalent to the population of Australia - a continent [10]. Given the extent of the problem, something needs to be done to integrate them in the mainstream and prevent them from being a burden on their family's resources.

The private sector has played a crucial role in building the educational infrastructure in India since independence. The TATAS and the BIRLA group have been instrumental in giving India some of its finest educational institutes and the trend continues with education receiving a huge chunk of India's CSR funding which unfortunately dipped post the pandemic; a time which should have seen greater support. The effort has also not been devoid of criticism as the greater emphasis has been on building infra structure and providing books and supplies with very little done to improve the quality of education.

The following graph shows the CSR allotments since 2014:



Source: <https://www.csr.gov.in>

d) Swachh Bharat Kosh

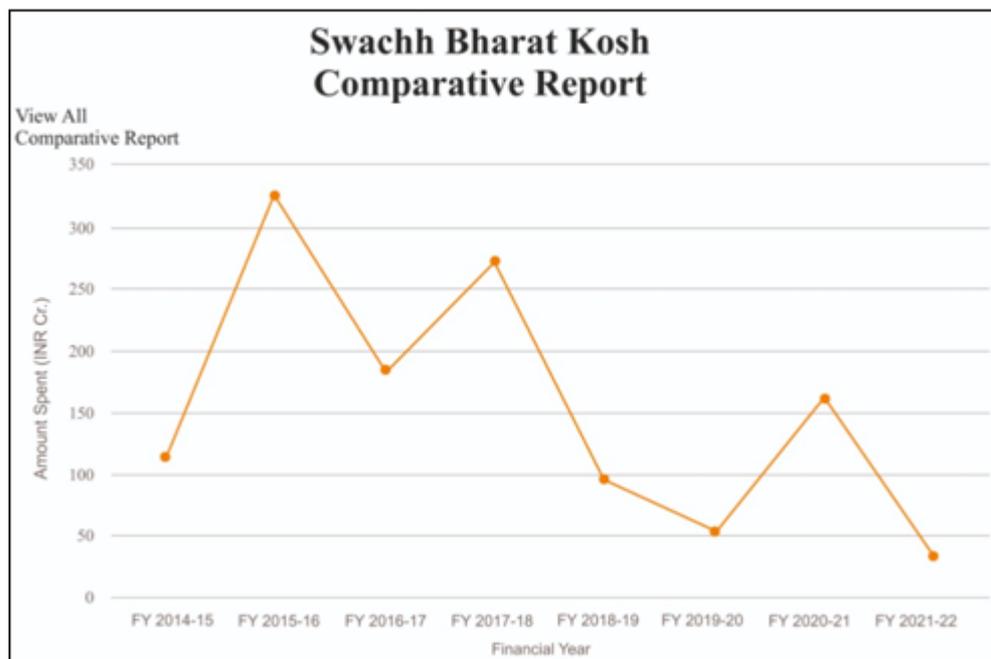
Inadequate sanitation cost India almost \$54 billion or 6.4% of the country's GDP in 2006. Over 70% of this economic impact or about \$38.5 billion was health - related, with diarrhoea followed by acute lower respiratory infections accounting for 12% of the health - related impacts [11]. Not much changed in the subsequent years as the population grew putting greater stress on the limited resources.

In 2015, nearly half of India's population of around 568 million people suffered the indignity of defecating in fields, forests, bodies of water, or other public spaces due to a lack of access to toilets. India alone accounted for 90 per cent of the people in South Asia and half of the 1.2 billion people in the world that defecated in the open [12].

The new government under the leadership of PM Modi launched the ambitious Swachh Bharat Abhiyaan committed to ending open defecation, cleanliness and unsafe sanitation

methods by 2019, the 150th anniversary of Mahatma Gandhi's birth [13]. "SBM helped 100 million rural households and 500 million residents gain access to toilets, across 630, 000 villages. Households in open defecation free villages (i. e., a toilet in every household) saved up to INR 50, 000 every year and total benefits exceeded costs by 4.7 times for them" (UNICEF, 2018). Although the government declared India open - defecation - free (ODF) in October 2019, the reports indicate a different ground reality.

A 2021, joint monitoring programme (JMP) on water, sanitation and hygiene by the World Health Organization and UNICEF stated that at least 15 per cent of the total population in India still practices open defecation. It is also important to note that while the CSR contribution, saw a huge surge when the project was launched, it has come down to a near negligible level since 2019, whereas a lot more could have been achieved if there had been sustained focus in investment.



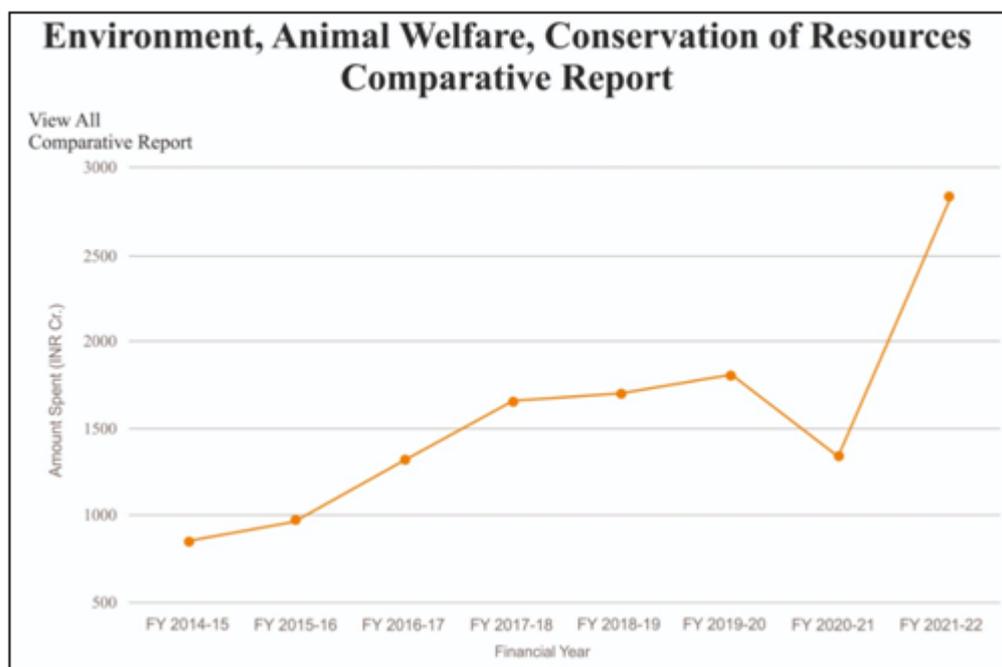
e) Environment, Animal Welfare, Conservation of Resources

India is facing several environmental challenges. The Intergovernmental Panel on Climate Change (IPCC) made it very clear that the climate crisis is accelerating at a pace like never before and warned that it is “now or never” to limit global warming to 1.5C. This should be treated like a red alert by India given its dismal environmental statistics in the last decade. According to the 2021 World Air Quality Report, India is home to 63 of the 100 most polluted cities, with New Delhi named the capital with the worst air quality in the world [14]. According to a World Economic Forum report of 2019, validated by the Niti Aayog in 2021, it’s estimated that around 70% of surface water in India is unfit for consumption. Every day, almost 40 million litres of wastewater enters rivers and other water bodies with only a tiny fraction adequately treated [15]. Given the population explosion and increased demand, this is a crisis that just cannot be ignored.

According to the Intergovernmental Panel on Climate Change (IPCC), India is the country expected to pay the highest price for the impacts of the climate crisis, which could impact its agricultural production adversely creating a

food crisis [16]. Unprecedented long heatwaves and droughts have been frequenting in the recent years serving as a warning for the impending crisis. Food insecurity has been identified as a “pressing public health concern” in India [17].

India’s waste management problem is a pressing environmental concern, with 277 million tons of municipal solid waste (MSW) produced annually, set to double by 2050; creating an unprecedented health crisis by polluting the underground resources including the soil [18]. The situation is no better in terms of biodiversity. India has lost close to 90 per cent of the area of its crucial top four biodiversity hotspots with over 25 species going extinct. The International Union for Conservation of Nature’s (IUCN) Red List that monitors 1, 212 animal species in India claims that 12 per cent of them are endangered. These statistics require urgent attention and hence CSR in this space is crucial. As observed from the graph below, this has not been the case till very recently when most states were ravaged by floods and extreme heat pushing corporates to do their bit to reverse the situation in alignment with the SDG goals that India is formally committed to.



Top corporates like HCL Technologies spent on the adoption of energy - efficient technologies, green data centres, and renewable energy sources and organised tree plantation drives claiming to have planted over 8 lakh trees till the last financial year. ITC Limited adopted a low carbon emission growth which focuses on using renewable energy for its consumption. Infosys Limited claims that half of the organisation’s electricity requirements come from renewable sources. Wipro Limited and NTPC has also focused on renewable energy. NTPC won “Gold Award in Environment Impact Initiative” for its work in solid waste management and for setting up RO water plants for providing safe drinking water. The company also aids many environmental policy initiatives of the government in many pockets of the country.

While these are steps in the right direction, the resources allocated are not making a huge difference at the national level and require a more concerted effort from all corporates.

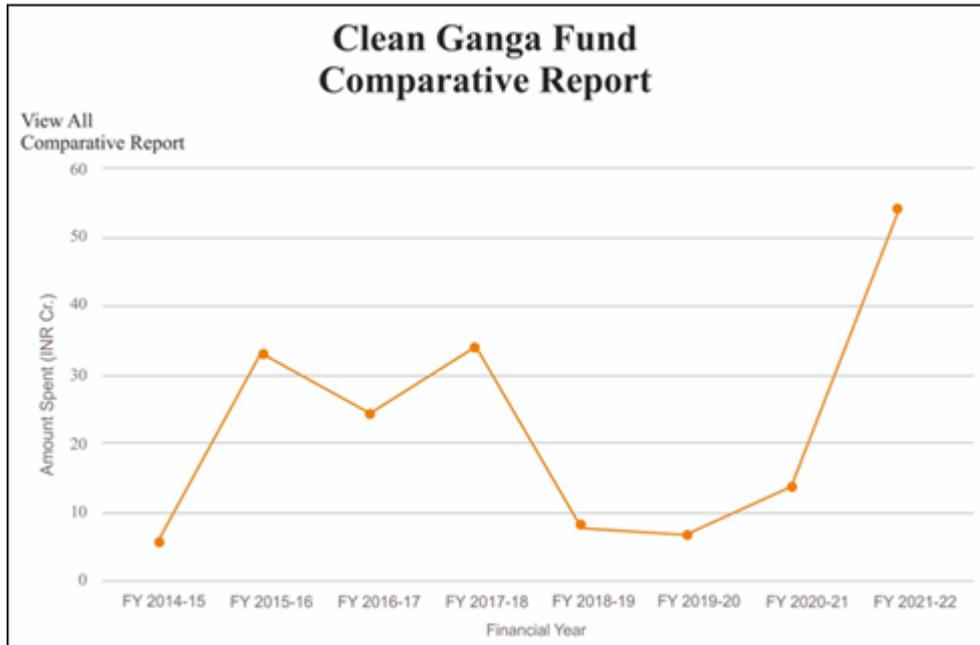
f) Clean Ganga Fund

This fund separated the clean Ganga initiative from the Swachh Bharat umbrella through a separate trust that invited contributions from domestic and international sources, offering tax Domestic donors tax benefits as in the case of "Swachh Bharat Kosh". The project activities for cleaning of river Ganga included controlling pollutants and waste by setting up waste treatment and disposal plants along the riverbank’s inhabited areas, control of industrial effluence, investment in Research and Development projects and

innovative projects for bringing in new technology for cleaning the river etc.

government has claimed considerable success, studies have shown that “all is not well, and the quality of Ganga is getting worse day by day” [19].

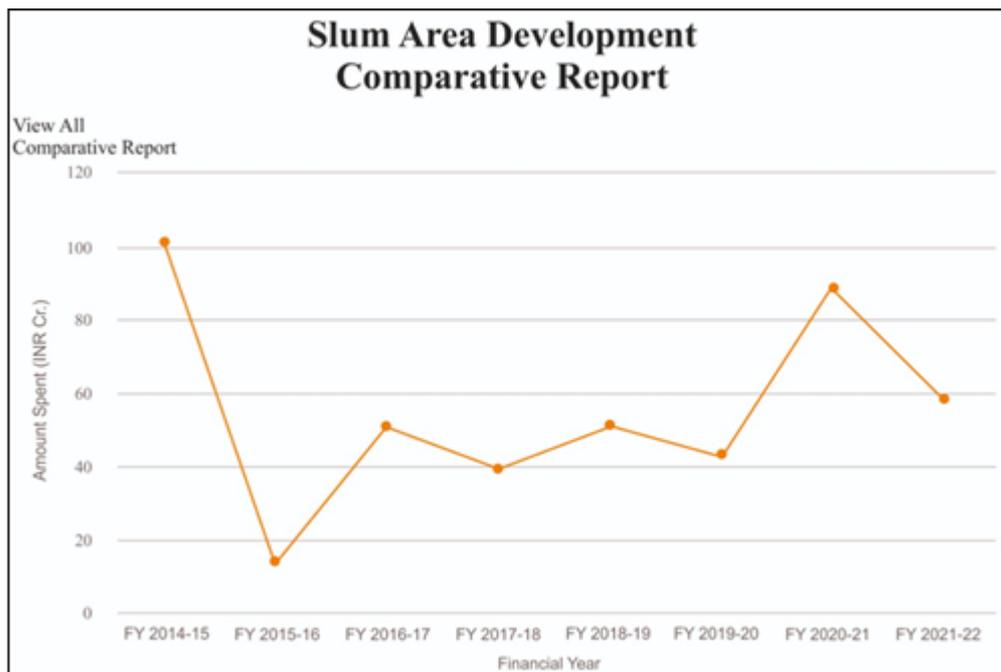
The CSR investment as is evident from the figure below has been fluctuating and so have the results. While the



g) Slum Development

A slum is building; a group of buildings or area characterized by overcrowding, deterioration, and lack of facilities or amenities endanger the health, safety of its inhabitants. (Source: UNESCO). Rapid urbanisation and lack of urban planning has exacerbated the problem of slums across India forcing people to live in urban clusters of dilapidated houses amid unhygienic conditions devoid of most basic facilities. As of 2020, 49 percent of the Indian

urban population is known to live in clusters designated as slums [20]. Corporate contribution in this segment unfortunately has fluctuated to a great extent and the total outlay is not inspiring given the magnitude of the problem. The hesitation could be on account of the illegal landholdings on which these clusters are built making corporates wary of investment. This CSR vertical needs clearances from the government to be effective.



h) Health, Eradicating Hunger, Poverty and Malnutrition, Safe Drinking water and Sanitation

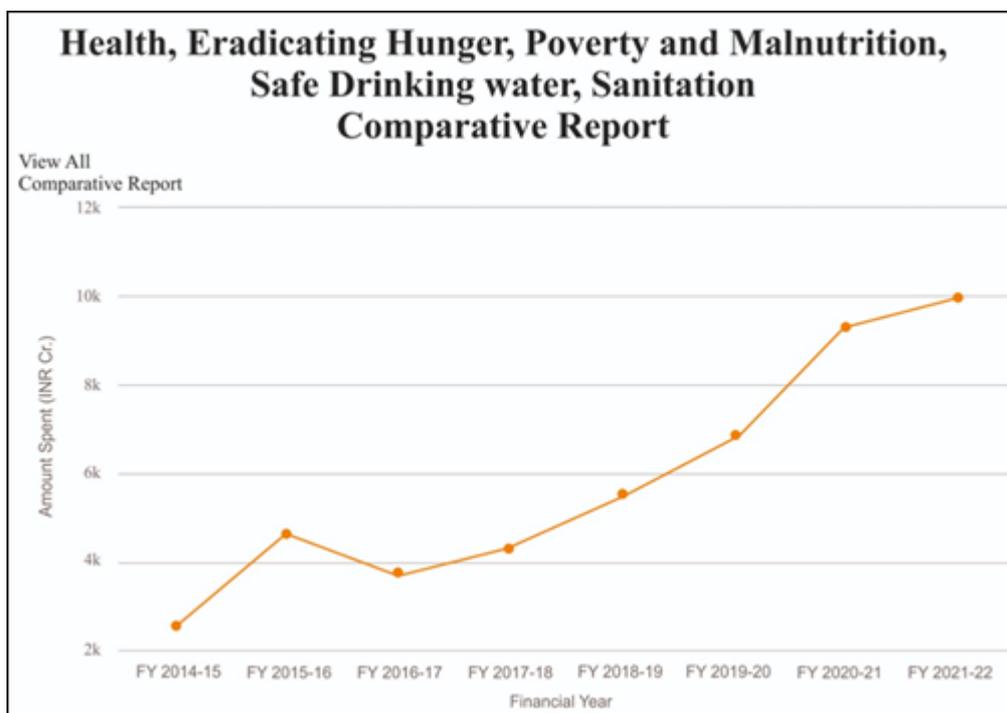
Health care is a basic human need and has been the priority of governments across the world. Healthy people make healthy nations and ill health, and disease can be a huge drain on a country's economic resources. The average expenditure of the government over the last decade or so has been between 1.3% and 2.1% of the gross domestic product (GDP), which is far less than the global average of 6% [21]. Even out of this limited allotment, only approximately 30 percent (is contributed by public health expenditure, which is highly inadequate given the income disparities in the country and the volume of populations that cannot afford healthcare. The pandemic exposed the glaring anomalies and insufficiency in our healthcare system, making the CSR in this zone extremely important in case we are to make a difference in equitable health care.

In the 2022 Global Hunger Index, India ranks 107th out of the 121 countries. With a score of 29.1, India has a level of hunger that is serious [22]. The pandemic worsened the situation and the fact that the "Central government claims to provide free foodgrains to about 81.35 crore beneficiaries" under the National Food Security Act (NFSA) of 2013 for a

year from January 1, 2023, implies that the problem has only got worse.

Safe drinking water is not a luxury but a necessity for a healthy life. It is estimated that waterborne diseases have an economic burden of approximately USD 600 million a year in India. (Source: JMP 2017) [23]. It is important to note that India has only 4 percent of the global water resources against 18 percent of the global population. Depleting ground water resources can worsen the problem as Over 80% of the rural and urban domestic water supplies in India are served by groundwater [24]. Moreover, with no more than 31% of industrial and domestic sewage being treated, the rest is left untreated further worsening ground water pollution.

These huge inadequacies make it imperative for the corporates to also contribute. From the graph below it is evident that the corporates have gradually expanded their contribution post the CSR enactment, however the volume of contribution given their own net worth leaves much scope for improvement.



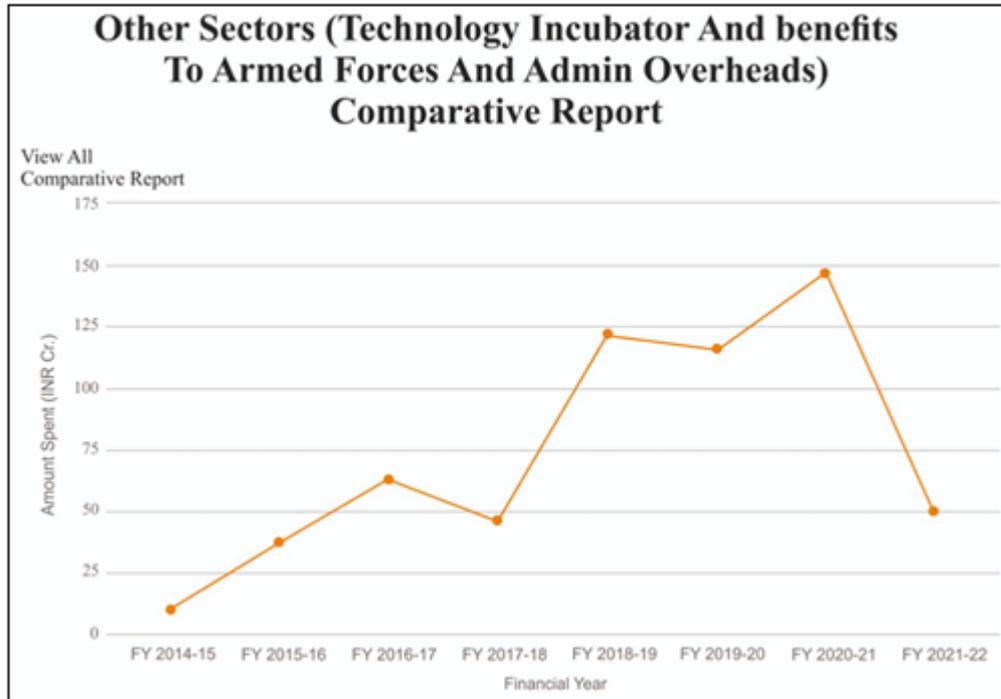
i) Other Sectors (Technology Incubator and Benefits to Armed Forces And Admin Overheads)

Innovation and technology are driving the global economy and hence emphasis on this sector is important. To give greater focus to this investment, the Government recently announced permission to allow 2% CSR fund on incubators funded by the Central or State Government or any agency or Public Sector Undertaking of State or Central Government and making contributions to Indian Institute of Technology (IITs), National Laboratories and various Autonomous Bodies {supported by the Indian Council of Agricultural Research (ICAR), public funded Universities, Council of Scientific and Industrial Research (CSIR), Indian Council of Medical Research (ICMR), DAE, Department of Science and Technology (DST), Defence Research and Development

Organisation (DRDO), Department of Biotechnology (DBT), Ministry of Electronics and Information Technology (MeitY) } engaged in conducting research in science, engineering, technology and medicine aimed at promoting Sustainable Development Goals (SDGs) [25]. This does not mean an automatic funding diversion to the incubates who benefit from these incubators. It is important to note that most of the above listed agencies have led India's innovation and hence ensuring adequate funding to them is a step many see as one in the right direction. This also gives corporates a platform to engage with startups and look at common ground for larger collaborations and supply chain integration.

India’s defence forces are responsible for keeping our borders secure and CSR for them is not only to be measured in terms of monetary contribution but can also be in terms of employment opportunities and investment to ensure their wellbeing.

Post the initial rise driven by the Startup India euphoria, this sector regrettably has not shown significant improvement which could be attributed to the vagueness around the deliverables and the confusion of mixing such divergent goals into one category.

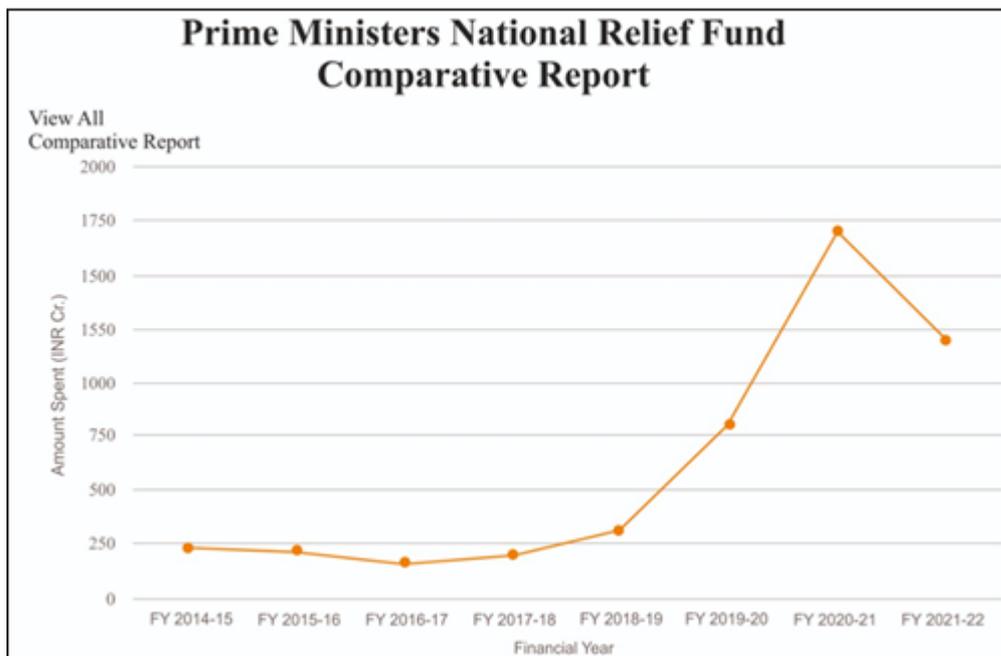


j) Prime Minister's National Relief Fund (PMNRF)

Run entirely with public contributions, with no budgetary allocation, this fund is utilized to “render immediate relief to families of those killed in natural calamities like floods, cyclones and earthquakes, etc” [26]. All contributions towards PMNRF are exempt from Income Tax under section

80 (G). Since this fund depends on contributions, the CSR in this vertical assumes greater significance.

The steep rise of CSR contributions followed by a sudden dip can also be attributed to the establishment of the parallel PM Cares Fund.



k) Heritage Art and Culture

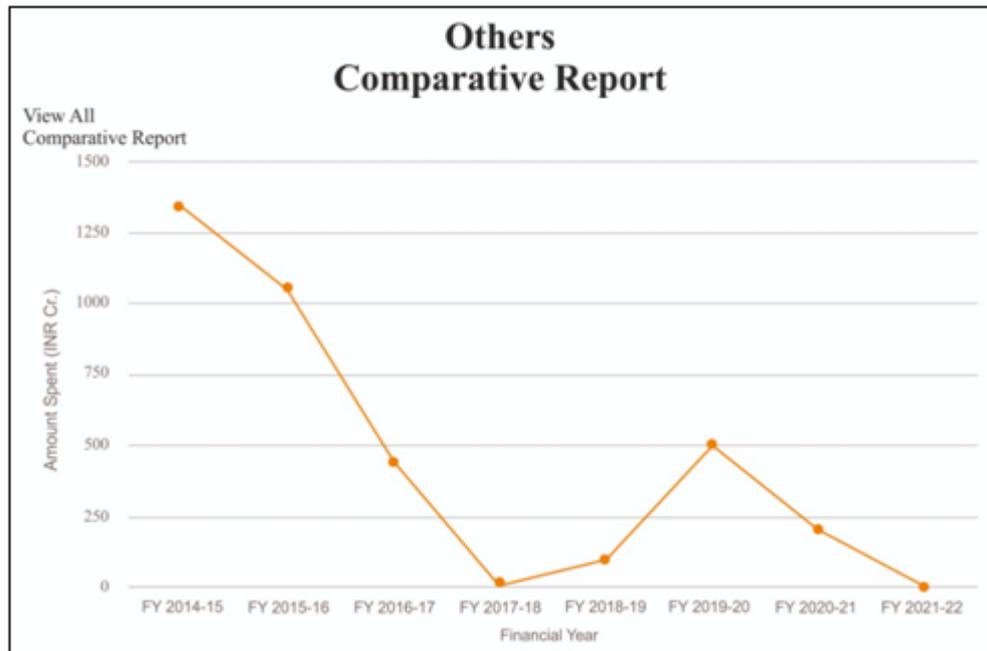
Culture and heritage represent a nations unique identity and should be preserved for future generations. Unfortunately, this continues to be the most neglected vertical of the CSR

areas recommended by the government. While there are instances of the public sector companies like the ONGC, Indian Oil, NTPC and GAIL undertaking renovation and maintenance activities for temples and monuments in their

areas, the Tata Group's initiative to maintain museums that showcase this art and legacy and assisting the Archaeological Survey of India (ASI) through grants in the past [27], not many corporates have come forth to make a huge difference. This is a missed opportunity as India's cultural legacy and art could have been used very effectively to make it the world's premier tourism destination.

1) Others

The ambiguity around this vertical has produced dismal results as is evident from the graph below as corporates prefer to invest in areas where there are more defined investment opportunities.



3. How companies benefit through CSR initiatives

Increasing awareness towards many contemporary issues affecting the society and environment have made companies do their part for the society and contribute towards nation-building (Grant Thornton IBR, 2014) [28]. The CSR platform is a two-way street. It not only helps the society, but also brings in tangible and intangible benefits for the donating corporates. The general benefits of contributing to CSR are:

3.1 Streamlining operations and making them Cost Efficient

There are instances when companies that set out to contribute to the environment eventually landed up gaining the most themselves. This includes examples of companies that have focussed on making their operations more energy efficient and in the process understood the environmental cost of their operations. All of them have shown tangible benefits from adoption of more environmentally friendly renewable energy sources that bring down their operational costs.

3.2 Tax Relief

Governments across the world give generous tax exemptions to corporations for their CSR activities. In a study on multiple Taiwanese companies, Lin, Yang & Liou 2009 [29] found that socially responsible activities can "have a strong economic rationale in certain conditions of earning profit

and serving society" (Lin, Yang, & Liou, 2009, p.62) [30]. Improved financial performance can result from the positive effect that CSR has on efficiency within the company, which leads to decreased operating costs (Nurn & Tan, 2010). This is crucial in the Indian context with a mandated CSR which makes companies really stay on top of their revenue facts to be able to take decisions to divert funds. These keep the finance personnel on their toes and the top management more aware of their company's financial status.

3.3 Customer loyalty and retention

However, more recent studies show that the charitable contributions and community development activities undertaken by organisations are positively associated with customer satisfaction leading to high revenue growth, customer satisfaction and retention. It also helps build a good relationship with customers and helps in customer retention. (Lev et al, 2010) [31]. Given the increasing awareness of the customer in terms of what is good and what is harmful for the environment and the community, they prefer associating themselves with Brands that are more committed in their CSR and are seen to be making a positive impact in their communities.

3.4 Brand Building

Participation in CSR gives the company a positive image which also impacts their brand equity and value. Companies spend billions in social responsibility initiatives such as cause-related marketing (CRM), philanthropic minority aid initiatives, in a move to build good corporate reputation. [32]. This happens because consumer purchase intention is

influenced 60% by perception of the company as against 40% perception about products [33]. A positive image of the brand furthers its cause as nothing else does. It gives the company an opportunity to showcase its moral uprightness and brand integrity making them come across as more trustworthy and reliable.

3.5 Government partnership

CSR gives an opportunity for the corporates to work in proximity with the government on projects that are mutually symbiotic and beneficial for the society at the same time.

3.6 Environmental consciousness

CSR makes companies more sensitive to the needs of the environment and more responsible towards it in their operations.

3.7 Talent Attraction and Employee Retention

Corporate responsibility also helps attract talent and employee retention as the employees too feel they can trust the brand to do what is morally and ethically upright and feel that their interests will be better secured in a responsible environment. CSR also humanizes the company in ways that other facets of the job cannot; it depicts the company as a contributor to society rather than as an entity concerned solely with maximizing profits. As other researchers explain it, “a paycheck may keep a person on the job physically, but it alone will not keep a person on the job emotionally.” [34, 35].

4. Conclusion

Despite all the benefits, the number of corporations fully committed to CSR across the world continue to be limited. The above statistics in an Indian context clearly show the significant increase in the CSR contribution of corporations across various investment verticals designated by the government since the enactment of the Companies Act, 2013 mandating CSR. This could serve as a role model for other countries to follow given that economic disparity is becoming a troubling issue across the world and skewed very much in favour of the wealthy. Inequality has risen steadily in many parts of the world, and certain advanced democratic countries have proven particularly susceptible to this affliction (Milanovic 2016) [36]. It is widely accepted that the two key measures of economic inequality are income and wealth. When we use these indicators, it is found that economic inequality is on the rise across the globe. According to a 2020 UN report – “Inequality is growing for more than 70 per cent of the global population, exacerbating the risks of divisions and hampering economic and social development”.

The World Social Report 2020, published by the UN Department of Economic and Social Affairs (DESA), shows that income inequality has increased in most developed countries, and some middle - income countries - including China, which has the world’s fastest growing economy. The challenges are underscored by UN chief António Guterres in the foreword, in which he states that the world is confronting

“the harsh realities of a deeply unequal global landscape”, in which economic woes, inequalities and job insecurity have led to mass protests in both developed and developing countries. “Income disparities and a lack of opportunities”, he writes, “are creating a vicious cycle of inequality, frustration and discontent across generations.” The study shows that the richest one per cent of the population are the big winners in the changing global economy, while at the other end of the scale, the bottom 40 per cent earned less than a quarter of income in all countries surveyed. [37]. The wealthier economies have not been spared either. According to Balestra and Tonkin (2018), who examined both indicators across 28 OECD countries, wealth concentration is approximately twice the level of income inequality [38]. Rising inequality is fuelling social angst and discontentment and CSR helps the wealthy protect their own interests while making a difference in their communities. Moreover, given the challenge and unequal distribution of resources, most governments are unable to fulfil their commitment to social and economic equality making them rely on the wealthier corporations for help.

India could serve as a good example of a scenario where an enactment has compelled corporations to be more responsive to the community and operate in a more responsible and accountable manner than they did in the past. It is a fact that that the Corporates have the skill, manpower and finance to facilitate extensive social change and only lacked the will to make a larger contribution. An enactment has forced them to think in terms of making a difference and even though the change is gradual, it is a step in the right direction. The magnitude of social, economic, and environmental problems across the globe can only be resolved through effective collaboration between the rich corporations, NGOs, and the governments.

India on its part can serve its interests better by analysing the CSR investment more closely and by not focusing on the contribution amount only but on the efficacy of the investment. For example, studies of all government data have shown that education is the most preferred area of CSR for Indian companies, followed by health and rural development and livelihoods. However, closer scrutiny reveals that funds classified as being spent on education are not exclusively going to education. For instance, some companies used the funds to construct toilets at schools under the Swachh Bharat mission, or to provide books and supplies. [39] While these activities are not futile either, but they don’t allow measurement of performance indices accurately and thus corporations cannot be subjected to pre - determined accountability. Niraj Seth, a senior partner at Ernst and Young LLP put it correctly when she said - “Education is favoured because it touches on various aspects of many social problems,” he said, citing the impact education has on standards of living and the job opportunities that it opens. But if the CSR funds are not being used to improve the quality of education, then the purpose is lost”. These facilities may be useful but do not improve learning outcomes which should be the actual goal of “promoting education”. Moreover, setting up of parallel funds like the PM Cares Fund with the same tax benefits also led to diversion of a large proportion of funds. Since the corporations did not have any say once the funds were

contributed, they failed to build a complete mechanism for CSR within their own organisations and fulfilled the criteria by a mere donation. Moreover, the government could in its part set up more defined projects for investment so that the contribution of the corporations and its effectiveness can be measured more accurately without which the change will be uncoordinated and less effective and visible.

Another noteworthy observation is that Companies who invest in CSR just to comply with a mandated requirements rarely ever make a noteworthy impact. Michael Porter and Mark Kramer summarised it accurately “a hodgepodge of uncoordinated CSR and philanthropic activities disconnected from the company’s strategy that neither make any meaningful social impact nor strengthen the firm’s long - term competitiveness”. [40] Their proposal is based on the idea that the social and economic objectives of companies do not have to be conflicting. And that if a company chooses a CSR strategy that is more aligned to their business goals, the likelihood of it being more impactful is higher as the returns from the CSR will be interlinked to the company’s brand equity and value. In other words, it is important to create shared value. In this way, they will benefit from an increased ability to maintain a long - term commitment to solving the problem adopted, given their knowledge of the area in question and the effectiveness and adequacy of their resources (Cochran, 2007; Dawkins and Lewis, 2003) [41, 42]. Without this long - term commitment, CSR will continue to be a tool for tax savings and short - term favourable gains with no real impact on the ground. India has set an example of an enactment, but it needs to be refined before it can become a role model for other nations to follow.

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