Chapter 1

Introduction

Corporate Social Responsibility has emerged as a vital tool for achieving success in a cut-throat competition prevailing in current market scenario. At present, business is treated as a vital part of the society where it operates and has a direct link with the public affairs, mainly related to environmental sustainability. Therefore, it is foremost responsibility of an organization to maintain a healthy environment not only for their employees but also for the society. In Indian Vedic texts, business is considered as a "legitimate and an integral part of the society", so it has a primary responsibility for the well-being of not only its shareholders but the whole society, through right means of actions which in turn shall prove beneficial for the long term success of the business. In Vedic literature, the well-being of stakeholders is referred as "*Sarva Loka Hitam*" (Muniapan & Dass, 2008). Freeman has defined stakeholders as an individual or a group, who can affect or affected by the corporation and are essential for the survival and long-term success of the business. He encouraged the new external stakeholder concept beyond the traditional group of shareholders as suppliers, local community, customers, investors, employees and environment. The stakeholder theory given by Freeman, et al. (2010) redefines the motive of the firm as to maximize the welfare and interest of its stockholders. The stakeholders are considered as an asset for the organization that the management must manage strategically. The stakeholder approach is also essential for judging the performance of the organization (Jamali, 2008).

The expansion of innovative business in the market results in the creation of more demands for new jobs and skills, which results in the growth and production of innovative products and services. Corporate needs the co-operation of the society in order to flourish and vice versa. So, there is a social indenture and interdependence between the two (corporate and society) which is mutually beneficial. The new emerging notion of economic growth, sustainable development, eradication of hunger and poverty, as a prime motive under government policies and programmes, depends upon the corporate as their responsibility to contribute towards the development of the nation.

In the competitive era, large corporations are engaged in finding solution to problems relating to national concern such as AIDS (Acquired Immune Deficiency Syndrome), environmental degradation, education, population explosion, etc. under their social responsibility programmes. Because of the increased awareness and changes prevailing in the society, there is shift from the philosophical-ethical notion of CSR (Corporate Social Responsibility) to action-oriented managerial notion of CSR (Corporate Social Responsiveness). Corporate Social Responsiveness refers to the ability of the corporate to respond to social pressure with the increase in the social dilemma. According to Freedman, earlier the corporate used to undertake the philanthropic activities based on their willingness to promote societal development by adopting ethical means. Later on the concept of managerial strategy for pursuing action-oriented task, propounded the thought of Corporate Social Responsiveness (Frederick, 1994).

1.1 Meaning of Corporate Social Responsibility (CSR)

Corporate Social Responsibility (CSR) is the composition of three words; Corporate, Social and Responsibility which connotes that there exists a relationship and a sense of responsibility between corporate and society in which they are operating. The organization has an obligation of giving back to the society from its surplus generated through its operations, because the license to operate is granted by the society.

There is no globally accepted definition of the term "CSR", however various authors have given different meaning to the term CSR in their own words. Definitions given by eminent authors, researchers and associations are given below.

1.2 Definitions of Corporate Social Responsibility (CSR)

The most suitable and preliminary definition of CSR was given by Howard R. Bowen in 1953 in his publication "Social Responsibilities of Businessman." He defined CSR as *"It refers to the obligations of businessman to pursue those policies, to make those decisions or to follow those lines of action which are desirable in terms of objectives and values of our society"* (Bowen, 1953). It is also argued that Bowen has given first book on the emerging notion of Social Responsibility and on this basis; Carroll (1999) in his study regarded him as father of Corporate Social Responsibility. The literature spread out this definition by emphasizing it as a social dimension of CSR. In 1960, another prominent author Keith Davis gave meaning to the term CSR as *"businessmen's decisions and actions taken for reasons at least partially beyond the firm's direct economic or technical interest"* (Davis, 1960). The term 'businessman' was used even in mid 1960s.

In 1979, Carroll defined CSR as *"the social responsibility of the business encompasses the economic, legal, ethical and discretionary expectation that the society has of organization at a given point in time"* (Carroll, 1979).

The World Business Council for Sustainable Development (WBCSD) has defined CSR in 1991 as *"the continuing commitment of business to behave ethically and contribute to economic development while improving the quality of life of their* *workforce and their families as well as of the local community and society at large"* (WBCSD, 1991).

European Commission has defined CSR as *"a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with stakeholder on a voluntary basis"* (European Commission, 2001).

The composition of all the definitions state that the notion of Corporate Social Responsibility (CSR) is holistic in nature by overcoming the societal and environmental issues prevailing in the society. In the above mentioned definitions, Carroll identified four categories of responsibilities that the organization is obliged to fulfil for its long-run existence. On this basis, he gave a pyramid of social responsibility consisting of Economic Responsibility, Legal Responsibility, Ethical Responsibility and Discretionary Responsibility. On the basis of importance, the first and primary responsibility of an organization is "Economic Responsibility" which is crucial for its very existence. The business is treated as a money-making unit in the society which produces goods and services as per the needs and want of the society and selling them at a profit. "Legal Responsibility" states that the law and regulations have to be followed by the organizations. Organization being the part of the society has a responsibility to operate within the limits prescribed by the society as a legal requirement and as an obligation. "Ethical Responsibility" refers to the norms and values required to be fulfilled by the organizations. The code of conduct, transparency, accountability, fair treatment with all stakeholders constitutes an ethical responsibility of an organization. "Discretionary Responsibility" is those voluntary philanthropic activities or contributions which are undertaken by the organization to serve the society at their own discretion. The concept of 'giving back to society' comes under discretionary responsibility. As the business acquires raw material and other resources from the society for their operation, so it has a responsibility to give something in return to the society by adopting welfare measures for the growth and development of the society.

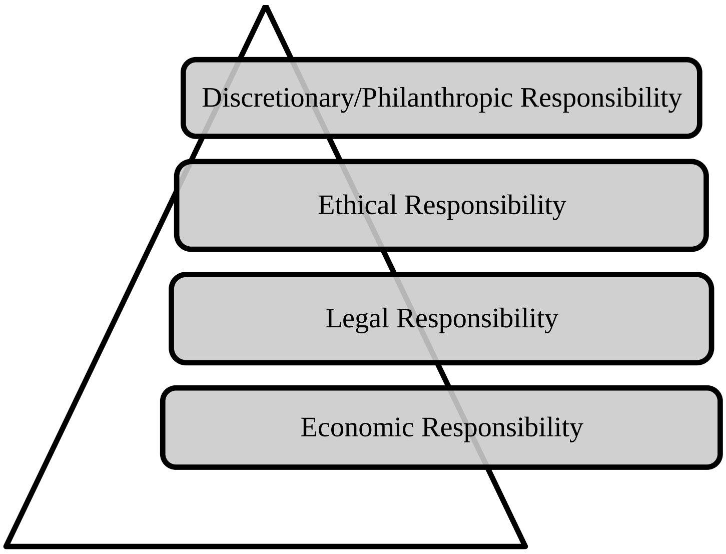

Figure 1.1 The Pyramid of Social Responsibility

The pyramid of Corporate Social Responsibility given by Carroll (1991) states that the total CSR involves the fulfilment of all the four responsibilities simultaneously. He further states that the organization should do their best to make abundant profit, should obey the law, practice ethical behaviour and should be a good corporate citizen (Carroll, 1991). In the pyramid, economic responsibility is the base on which all other responsibilities relies. Carroll redefined discretionary responsibility as philanthropy responsibilities as it demonstrate "Corporate Citizenship".

In a free society, the main social responsibility of the business is to engage with social activities in a competitive way without fraud and deception in order to increase return on investment (Friedman, 1970). Carroll provided the huge pool of literature based on CSR definitions periodically starting from 1950s to 1990s and focuses on the different aspects of CSR at different point of time with concern of society towards organization

(Carroll, 1999). There exists a shared approach of relationship between the business and society. Now a day's, corporate is seen as a critical component of the social system as they are accountable not only to shareholders but also to the society at large as its stakeholder. The accountability involves the responsible business practices especially on the part of listed entities so they are to make all necessary disclosures about the social responsibilities undertaken by them.

Corporate Social Responsibility in a broad view has a significant positive relationship with the economic performance of the firm. The firm enhances its competitive benefits and establishes a win-win relationship with the stakeholder by pursuing CSR. It also helps the firm in reducing cost and risk (Carroll & Shabana, 2010).

Business unit can make contribution towards social development generally inthree ways:

- Through trust and foundations like NGOs.
- Through direct donation towards philanthropic work by the organizations or individuals.
- Through different corporate programmes for rural development like; promotion of art and culture, health awareness camps, sanitation, education, etc.

1.3 Evolution of Corporate Social Responsibility (CSR)

The notion of Corporate Social Responsibility (CSR) is not new in India but has a millennium deep root. Now a days it is gaining more importance because of the introduction of the mandatory provision under the Companies Act 2013. There is fundamental shift from traditional approach of voluntary giving to the new modern approach as a legal binding. Earlier it depends upon the individuals own desire or will and now it has been made compulsory under new provisions.

1.4 Shifting Paradigm

Thomas Samuel Kuhn, the renowned philosopher of 20th century, emphasised on scientific approach of the research. He started his writings with a revolutionary conception that 'if you cannot measure, your knowledge is meagre and unsatisfactory' (Marcum, 2005). In his book "The structure of scientific revolutions" he introduced the idea of paradigm as 'application of basic theories in the solution of important problems, along with the new experimental matrix'. He coined the concept of paradigm along with the notion of the 'pre-paradigm' and 'paradigm shift' (Kuhn, 2006). Lacking consensus and unstructured theoretical and behavioural practices represents the situation of the pre-paradigm; pre-paradigm is non-directed and flexible, offering a community of practitioners little guided approaches but a scientifically organised well versed structured, theories and law constitutes a paradigm shift. Paradigm shift is a widely used term and Oxford Learner Dictionary described it as "a great and important change in the way something is done or thought about".

In the context of Corporate Social Responsibility, India had an experience as a pre-paradigm to paradigm shift having the huge structural, theoretical and legal provision as well as wider understanding of the social responsibility.

1.4.1 The act of performing Charity and its beginning (Pre 1850)

India has a long established tradition of performing charity mainly for the religious purposes. The word 'charity' is mainly used for altruistic giving, which means donating money to the poor or to the victims of calamity in order to minimise the immediate distress and requirement. Charity is basically influenced by the religious belief & values with the motive of holding a place in heaven and salvation of soul in return. In the west, charity is mainly treated as alms giving for the relief of poverty. In

India it is embodied in the form of "*daanam*" used to have a broader scope in ancient times (Sundar, 2000).

The Chapter 17 of the Srimad Bhagvadgita (one of the oldest Hindu spiritual book), also devoted to the types of charity (*daan*). It basically brings out three types of daan i.e. Satvik, Rajasi, and Tamasi under verse 20, 21 and 22. Satvik conveys the type of giving at a right time for a right cause, Rajasi means the type of giving for achieving personal greatness or honour and Tamasi implies giving for the destructive purposes (Goyandka, 1927) .

In the beginning of the 18th century, the merchants used to have a high demureness in the society and were considered as the close advisor to the kings. During that time, Rajput's gave them power to undertake the free trade activities without paying any transit duty and sales tax. Various merchants and traders enjoyed the prestige and acted as leaders of the society like; Shantidas Jhaveri (chief merchant known as "*Nagarsheth, Shreshthi or Mayor*" of Ahmedabad), Virji Vora of Surat, Travadi Arunji Krishnaji Nathji of Varanasi, Jagatsethfamily of Murshidabad and the Malayas at the Pulicat of South India (Sundar, 2013). Gujarat and Rajasthan from the western India flourished more in trade and crafts activity. The 'merchants' and 'mahajans (money lenders)' used to have a great influence over the state with the joining hands of city government and their members. The *Nagarsheth* used to act as a fatherly figure in the society, who used to look after the needs of the society by contributing charity as a welfare mean at the time of emergency. Merchants were treated with respect, as they used to provide relief to society at the time of famine or epidemics by giving them food, water tanks, bathing ghats, etc.

1.4.1.1 Religion wise way of performing Charity

The concept of charity has deep roots in the business practices of the merchant communities and this concept has emerged in India basically from the religious philosophies among different religion.

For **Hindu** community, the religious charity is of two kinds '*Purtha'* and **'**Istha**'** which means secular and related to sacrifice such as distribution of food among poor, plantation of trees, digging of wells, building and maintenance of temples, building and maintenance of rest houses at pilgrim centres (*dharmashalas*), or religious traditional school (*ved pathshalas*), etc. The practice of 'purtha' over a time became more popular than 'istha' charity. The Hindu merchants used to keep aside a part of their earning as "***Dharmada*"** charity **(**in pursuit of dharma or for good conduct) to help the poor in the society (Sundar, 2013). The practice of which also continues today and mostly the traditional business families used to maintain their business accounts by doing the first entry as a sacrifice towards religious belief in the name of God as '*Ganeshji ka ek aana*'. The Indian concept of '*Daan*' in Hinduism denotes the duty of the individual having wealth to donate for the social goodness. In order to achieve "*moksh*" (releasing from the painful cycle of life and death), one has to detach oneself from the material world by giving donations and performing charity (Agarwal, 2010).

In today's arena'*daan'* is used as symbol to express power, status and honour in political and cultural realms (Kasturi, 2010). *Daan* has various forms like '*shramdaan'* (working by own hands and spending time like labourers), '*anna daan'* (offering food), '*vastra daan'* (distributing clothes among poor), '*gyandaan'* (dispatching of skill & knowledge), '*gupt* daan' (making secret donation), etc. (Agarwal, 2010). As per the Hindu mythology, '*daan*' brings '*punya*' (merit or virtue) in return, which provide long term benefit or deeds.

Muslims had a great purview of institutional charity, which includes compulsory *Zakat* (alms giving obligation in the form of tax), *Sadaqa* and *Khums* (mandated for Shia) and *Awqaf* (endowment) from the financially sound Muslims, so as to purify their wealth from sin. If it is refused by them, then they used to treat it as a serve condemnation and retribution (Kasam, Handy, & Jansons, 2016). It is not imposed by the state but by religious institutions and networks. Personal voluntary charity is given from the money which is earned honestly to help needy. As per Muslims 'Sadaqua' is considered as a loan to A*llah*, which is returned to the giver in multiple folds (Agarwal, 2010). The Muslims used to give charity as mentioned in Islam.

Christian used to have "tithing", which is a mandatory form of giving used for the purpose of maintenance of church and for paying salary of the clergy and in spreading their religious beliefs (Agarwal, 2010) but this practice is not common now a days. Missionary activities are also done by Christians for the charity.

Sikh used to have "*langar*" (where people can eat freely without paying) and a mandated form of giving "dawsandh" in which each has to donate 1/10 of earnings to gurudwara (Kasam, Handy, & Jansons, 2016).

Jains used to give charity in secret form, but the practice of doing so was not followed in the long run, especially by the wealthy merchants having a tendency of publicizing their donation in the society so as to earn prestige and goodwill (Sundar, 2013).

Buddhist used to give "*bhiksha"* (alms) as their practice of giving.

Census (2011) shows that in India "79.80 percent of the population is Hindus, 14.23 percent Muslims, 2.30 percent Christians, 1.72 percent Sikhs, 0.70 percent Buddhist, 0.37 percent Jainist and remaining 0.66 percent belong to other religions" (Census of

India, 2011). Therefore, the tradition of giving (charity) for religious beliefs and values has been infused in every religion.

1.4.1.2 Forms of Charity

Religious Charity: The merchants undertake the religious charity on the basis of religious beliefs by building and maintaining temples, contributing towards the maintenance of monasteries, donation for the conduct of religious rituals like; *havan*, feast and festivals, building *ved pathshalas* (religious or Vedic schools), construction of *dharmashalas* (rest house) etc.

Secular Charity: Secular charity is based on the idea of dignified compel, like in ‘chettiars’, each family used to keep aside minimum of 1/64 and an average of 1/16 of the annual earnings for charitable purpose. This amount can also be used for the smooth conduct of the business on the payment of interest, under sudden circumstances. The interest amount along with the portion of profit would be then used for the charitable purpose in the society.

Individual Charity: The wealthy merchants at individual level donate money to the poor and helped them by building night shelters, providing drinking water facilities, bathing ghats, boarding houses, free mess facility and also contributing in the marriage expenses of the girls of poor families.

Collective Charity: Collective charity as the term itself indicate is a joint contribution from the group of families, inhabitants of a town, or state of people voluntarily by the mahajans, jamaats or panchayat (business association) in the form of imposing various tax and cesses. It is recorded in ‘Jakats’ and utilized for the welfare of the community. It is basically collected irrespective of the caste, creed or colour so as to help the society at the miserable time of famine or other tragic situations (Sundar, 2013).

The motive of gaining social status as a 'Mahajan' in the society was used to be fulfilled by the way of charity. The merchants used to offer gifts to the ruler of the other city in order to smoothen the relationship by avoiding conflict and for achieving a strong political bound (Haynes, 1987). Hence apart from religious belief to earn religious merit *(punya)*, charity was the means for achieving identity, honour, reputation *(abru)* in the society by the merchants.

As in "Skand Puran" largest 18 mahapurans suggest to donate at least 10 percent of the income towards the welfare of the needy and poor (Agarwal, 2010). The rulers of that time were perceived as "*annadata*" as they provided food to the hungry people. Among all the philanthropic practices, imparting knowledge was the most valuable gift, followed by the other means which satisfy the physical needs. Therefore, most of the wealth was donated for promoting education followed by construction of temples, ghats, maintenance of monasteries, assistance to the sick people, providing drinking water facilities and food (Kasam, Handy, & Jansons, 2016).

1.4.2 Shift from Charity to Philanthropy (Period of 1850-1941)

The colonial rule of Britishers changed the India's economic, political and social system. Under the influence of the British colonial rulers, the elite merchants founded home grown industries like; Tata, Birla, Godrej, Mahindra, Modi, Shriram, etc. and there was rise in the trade practices and philanthropic efforts from institutional building to community development including construction of hospital, colleges, orphanage, etc. and later on setting up of trusts and voluntary organization (Kasam, Handy& Jansons, 2016).

The Indian business included both the merchants and industrialist till 1914. The British Raj also gave importance to the Seths (Members of Grand Jury), who were more associated with the communities (Sundar, 2013). There was change in the practice of opening *“ved pathshalas and madarsa”* to the establishment of modern schools and colleges. The main reason for the change in the attitude towards society and the beginning of philanthropy was the social and cultural influence like; introduction of western education, spread of social religious movement i.e. The Arya Samaj (1875), Ramakrishna Mission (1862-1902) for widow re-marriage, women education, inter-caste marriage, abolition of dowries, political rationalism with the idea of social justice, equality and human brotherhood encouraged the secularization of charity (Sundar, 2013).

From the inception of East India Company rule (1773-1858) to the direct British rule (1858-1947), British used charity as means to gain a foothold in Indian subcontinent now recognized as India, Pakistan and Bangladesh. When “new imperial idioms” were introduced and the practice of giving changed between the pre-colonial and colonial times, charity still was used as a tool to earn reputation, good governance and authority in the society (Palsetia, 2005). Colonial officials also encouraged the wealthy Indians to contribute some of their wealth for the charitable purpose (Palestia, 2005). Britishers used to recognize their charity as more humanitarian and rational. From 1863-1920, there was shift from classic philanthropy to secular philanthropy which included education through NGOs and corporate philanthropy (Kasam, Handy, & Jansons, 2016). During this period, several Acts were implemented to register and provide a legal context to the growing number of voluntary organizations like; Society Registration Act in 1860.

Somehow, there existed the mix of pursuing charity and philanthropy throughout the period. The rapid industrialization changed the perception of the traditional merchants towards the moral and material progress of the society. The prime motive of development came out with the establishment of many educational institutes like; Banaras Hindu University (1916) and Hindu College (1899). There was strong spirit of nationalism and swadeshi among the society from the outbreak of the First World War in 1914 till independence (Sundar, 2013).

The period of pre-independence (1920) brought out with the thought of **"Trusteeship"**, which was propounded by Mahatma Gandhi. It is the most influencing factor of business philanthropy which states that wealthy merchants have to share a part of their profit for the welfare of the community. Gandhiji considered both, the political and social reform, as two sides of the same coin. As per his view, the political trust has no meaning without achieving the social upliftment and welfare of the underprivileged section of the society, especially women, downtrodden, non-discrimination on the basis of caste, inequality, abolition of untouchability, etc. by promoting the concept of "*Sarvodaya"* (good and advancement of all). Gandhiji reinterpreted the traditional concept of '*daan'* in his new concept of 'Trusteeship'. Gandhiji's notion of "Trusteeship" state that the wealthy merchant should hold their wealth in trusts and it should be used for the welfare measures in the society. The concept of 'Trusteeship' states that the trustee of wealth i.e. employers should work hard in order to gain profit and value not only for the expansion of business but also to contribute towards the welfare of the society by considering themselves as the trustee of the country. The wealthy people were regarded as the trustees of their assets (including their knowledge and skill). They are required to manage their assets in an ethical way by taking only a required portion of the profit to sustain themselves and to utilize the remaining portion of profit on the society welfare activities (Upadhaya, 1976).

Gandhi's theory of trusteeship provides the foundation to the formal structure of CSR in India. The Trusteeship theory of Gandhiji was later on moved ahead by Vinoba Bhave, who launched 'Gramdan' (gift of a village), 'Bhoodan' (gift of land) and the 'Sampattidan' (gift of wealth) as a means for social transformation without any violent social disturbance. The main motive of Vinoba Bhave was not charity, but to create an equitable society by voluntary and peaceful means (Masani, 1956). Gandhiji propounded the term 'philanthropy' into modern social context. He was more concerned towards the gender equality, women empowerment, castes issues (Kasam, Handy& Jansons, 2016). The term Trusteeship was not paternalism nor related to philanthropy but rather it revolves around the wealth that already belonged to the public and should be used by the trustees for the betterment of the society. The idea of Trusteeship was again supported by the wealthy as it offered an alternative to socialism.

Gandhian principles, philosophy, practices and inspiration from his thought are still alive today and even the NGO sector in India feels closely connected to it (Kasam, Handy, & Jansons, 2016). The taxation policy of the government also encouraged the merchants towards their contribution for the welfare purpose. The government granted 50 percent tax exemption to individuals on their donation for charitable purposes in 1922 (Sundar, 2013).

The new category of social action popularly known as 'social work' or 'social service' also emerged at the time of inter-war years (Sundar, 2013). India has a venerable tradition of giving back to society, at both individual and business level which was mostly done for the religious belief but the business philanthropy has provided a secular fund on a large scale for the overall progress of the society. The onset of First World War also affected the nature of philanthropy in India, as the government imposed new tariffs and taxes to generate revenue. As a result of this unexpected burden of impersonal tax, businessman was no longer in the condition to maintain their relation with the imperial elite but they involved themselves for contributing towards cause of Indian nationalism and strengthening their relationship with Indian National Congress (Haynes, 1987).

The practice of CSR has an old-age tradition. It was influenced by the ancient communities and religions in India, from Mugal period to the British period, religious underpinnings of Hinduism, Islam and Christianity, etc. With the advent of time, later CSR was influenced by the development trends, movements, colonisations and from the teaching of Mahatma Gandhi and then on voluntary guidelines, NGOs and government regulations. With the passage of time government encouraged more structured form of channelling the distribution of funds for the betterment of the society.

1.4.3 The practice of Philanthropy (Period of 1941-1960)

The phases of modern philanthropy ranges from the beginning of industrialization in the mid of 19th century to the present. The growing roots of industrialization in the 19thcentury and the beginning of British rule came up with the change of practice from charity to philanthropy. The growth of modern philanthropy in India is based on the religious belief and values coupled with the accumulation of capital, industrial wealth and social awareness. The practice of merchant charity was based more on religious believes, conservative in nature and restricted only on community caste & religion. But with the beginning of modern industrial era which is mainly based on western principles, the practice of industrial philanthropy came out with more liberal attitude towards the progress of the society.

After independence in 1947, it was essential to have economic and social development in India. The new constitution came out which included values for social justice and state took the responsibility of welfare and development. The Central Social Welfare Board was established in 1958 to perform the welfare services through various voluntary agencies. The humanitarian values were given more importance in spite of charity in order to overcome the poverty and backwardness (Unnikrishna, 2002). In 1950, the government took the lead role for the rapid industrialization by creating the mixed economy**.** The government owned many of the industries and run them as Public Sector Units (PSUs). These PSUs were required to act in a responsible manner for the community. In 1950s, the Prime Minister Jawaharlal Nehru promoted the "statist" model of CSR, which mainly focused on the community and worker relationship. The model was protected under various labour laws and other newly adopted management principles. The highly educated intellectuals and merchants took political lead for the economic development of the country before and after independence (Sundar, 2013).

The first five year plan (1951-1956) came into existence in this period with the goal of achieving overall development. Under the first five year plan, government allocated funds to NGOs in supplementing government efforts, simultaneously for the welfare means. After the Second World War, the industrialized west was interested in supporting and strengthening the democratic society by establishing the aid agencies. Meanwhile, The Industries Development and Regulation Act 1951 was also introduced to regulate the industrial investment, production and management for betterment of the economy. Indian business class is heterogeneous consisting of number of traditional business classes from different religious background and traditions like; Marwaris, Gujaratis, Parsis, Chettiars, etc. These business classes used to follow different pattern of philanthropy background which also vary in social and political conditions.

In 1954, the parliament of India adopted a socialistic pattern of society with the objective of social and economic policy. The business community is recognized to operate in conformity with the state's social and economic objectives and to follow the measures of control and regulation as directed. Meanwhile several welfare laws also enacted and came into existence for the welfare of the employees. The business class showed their willingness to join hands with the government for the rapid industrialization in India after independence (Sundar, 2013).

The second five year plan (1956-1961) prioritized the promotion of industries to boost the development of the country. The government granted tariff protection, necessary infrastructure and other incentives for the growth of the corporate sector. The business should be operated in accordance with an accepted code of conduct and on ethical values, which inturn will prove beneficial to earn the respect from the society in the long run. Thus, the composite mixture of all the factors like; social, political, cultural and economic resulted in forming of philanthropy on a very large scale. The modern Indian industries and business came into existence in colonial India and matured in a post-independence controlled economy.

The old tradition has moved from the concept of charity to philanthropy and now 'Ventures philanthropy' at present. Venture philanthropy is also known as "Philanthro-Capitalism" which means the willingness to experiment new approaches and ideas of giving and measuring the result thereof. The concept of 'venture philanthropy' gave birth to various social entrepreneurs and enterprises across the country. The 'Individual Philanthropy Index' reveals that philanthropy is spreading its roots worldwide as many millionaires in India follow the tradition of giving (Kasam, Handy, & Jansons, 2016).

1.4.4 The period of crisis (unfavourable condition) (1960-1970)

After independence till 1960, the tuning between the government and the business owners was favourable towards the socio-economic development. But after that, because of the several constraints by the government in the form of restrictive policy on the industrial production and expansion resulted in the slowdown of the economy, which brought an unfavourable climate for the industrial growth. At that time it was believed that the welfare of the community and the upliftment of the downtrodden was the only the responsibility of the government as they collect taxes from the business houses for this purpose.

The new business owners restricted themselves to contribute for the social welfare but some of the younger businessman continued the tradition of their elders of giving to society (Sundar, 2013). The condition was even worse because of the emergence of other unhealthy and undesirable trends in the companies like; black marketing, price manipulating, interlocking of funds, defrauding shareholders and diversion of profit. Because of the rise in the self-interest of the business leaders over ethical values, gave spark to corporate scams.

In order to avoid these unfavourable conditions of concentration of economic power, prevention of monopolies, disparity in the distribution of income and wealth and reduction of regional disparity, The Industrial Development and Regulation Act of 1952 and Monopolies and Restrictive Trade Practices Act of 1970 came into force. By late 1960s, because of the inflation, economic stagnation and high tax rates, the businessman controlled their philanthropic activities and the state was alone held responsible for the development of the society. After independence, many of the indigenous businessmen came forward as partners of the government towards the development of the nation. There was also heavy taxation policy to finance the planned economic development. The downward trend of industrial production and expansion brought out the change in the mind-set of business class society. The government set up central and state social welfare boards and other charitable organizations basically for the welfare of women, children and handicapped (Sundar, 2013). There was also the influx of the foreign funds for the social development.

Section 25 of the Company Act 1956 enabled the individuals and corporations to lay down a non-profitable company for the charitable purpose coupled with high tax rates result in the foundation of several trusts by the leading business class. But most of these trusts were used as a device to avoid tax and the income generated from these trusts was again used for the operation of the business. Therefore, as a result various committees were formed like; Tyagi Inquiry Committee, Wanchoo Committee (the direct tax enquiry committee) in 1971, etc. to look into the loopholes and malpractices existing. They recommended various amendments in the Income Tax Act. They recommended that the trust having a certain minimum size or above, require to register themselves with the income tax authorities. They are required to disclose the annual return and income generated from the trust, which should not be used in the business operations (Sundar, 2013).

In this period of rapid growing population, the social problem also increased manifold, with the burden of uncontrolled population on the economic development. Forty percent of the population was below the poverty line and was unable to afford the basic requirement of calories for their existence (Upadhaya 1976). The unemployment was also another burning social problem for the government. In-spite government planning policies, the Private Voluntary Organization(PVOs) also known as Non-Government Organization (NGOs) emerged for the social development.

1.4.5 The ray of hope (Period of 1970-1980)

In1970, there was a visible change towards the socially responsible behaviour of the business communities. The growing social consciousness among the educated people brought a new concept of ‘development’ to replace the old tradition of ‘charity’ for the social good. Voluntary organizations changed their focus from the ‘welfare’ oriented to being ‘people’ oriented. More emphasis was laid on women’s issues and participation of the people in the development. The voluntary organization came up with the innovative thought to solve some of the social problems and exerted pressure on the industries to contribute their best for the building of the nation. Later on in 1970s and 1980s, private sector showed their interest by adopting ethical measures and link with NGOs and voluntary sector in the development work so as to avail tax exemption for charitable donation, during Janta government (1977-1980) (Kasam, Handy, & Jansons, 2016). Meanwhile, government dangled the carrot of tax concession to motivate the companies to assist the voluntary organization in their efforts towards the development. In 1977, Section 35cc was introduced in the Income Tax Act 1961 to grant 100 percent deduction to the companies who used to make investment on the approved programmes of rural development and welfare, which was later on withdrawn in 1983-1984 because of its beseeching misuse (Sundar, 2013).

It soon became evident that business class were sensitized to their responsibility towards the community development by adopting ethical values for their long-term survival in the society.

1.4.6 The shift towards Corporate Citizenship (Period of 1980-1990)

As the economic environment improved after 1980, there was a shift from the old style of philanthropy to the idea of social responsibility of the business (Sundar, 2013) because of proactive members, leadership, and the carrot and stick policy of the government.

The present notion of CSR originated has deep roots in India as a response to the timely circumstances. It is the responsibility of both the Indian business class and the government. At present, it is accepted as a part of the business management. There is a observable shift from the religious motive to the focus from urban to rural areas and now from education to concerns like; population control, employment skills, women empowerment, Swachh Bharat Abhiyan, Slum area development, etc. By mid 1980s, there was again change in the business attitude to non-business concerns, recognized as “Corporate Citizenship” (Sundar, 2013).

The term Corporate Citizenship states that the business is more concerned for the stakeholders, shifting from the supply-driven giving to demand-based strategy and in meeting the expectation of society without any negative impact on the social and physical environment. In the new paradigm, a professional business practice has adopted innovative ideas, research and expansion. A dynamic relationship was created between the community and business through philanthropic activities. The factors responsible for the change in business attitude include economic environment, social deficits and the pressure from the government and the voluntary sectors. The practice of CSR became essential for the business with the change of time as an important business strategy in order to survive in the cut-throat competitive environment. The companies started discharging their social responsibility either by their own departmental management skills and leadership or through cooperation with NGOs.

There also emerged the phenomenon of Public Private Partnership, as a collaboration of the companies with the government for social marketing.

1.4.7 The era of globalization and beyond (Period of 1990-2012)

Rapid globalization, economic reforms and other sustainable development issues changed the paradigm of Corporate Social Responsibility. The wave of globalization in 1990, the rise in the business and adoption of new technology brought out the change in the philanthropic activities, concentrating more towards the economic and social development. The great economist, Veena Jha, by using the econometric model revealed that high rate of economic growth can be correlated to high rate of philanthropy, and high rate of philanthropy to high trickle-down (Jha, 2012).

Various NGOs were registered to emulate the foreign donor practices. The beginning of 1990 brought out with different changes in the phase of business-community relationship. The increase in the size of the business with the global connectivity had an enormous prospective for social transformation, which emerged as a universally accepted phenomenon of Corporate Social Responsibility.

The era of globalization of trade and industries brought out a change in both technology and ideology. The emergence of MNCs (Multinational Corporations) with more economic power lessens the role of government towards development. The private sector came forward and acted as a prime mover towards social transformation with the development of new technology in the field of information and entrepreneurship. Indian CSR practices were continuously influenced by these global developments because of global exposure (globalization). Since 1990 there were many MNCs in India which began to operate in the international environment. The Indian companies affected by the development in the environment became more inclined towards its responsibility for the society (Sundar, 2008).

The Indian companies started engaging more with the society because of various reasons like; maintaining their reputation, wider awareness among the society due to globalization, technological advancement, economic reforms, inclusive development, socio-economic factors, etc. On July 24, 1991 Finance Minister of India, Manmohan Singh, presented a budget in the parliament to deal with the economic crises by making reforms. He abolished license and quotas which was the big constraint cap on the industries, which inturn liberated the Indian economy (Sundar, 2013). The second phase of reform came into being in 1996, comprises of far-reaching capital market reforms and lower tax rates. By the end of 1996, Nehruvian socialism was vanished and western style market economy was adopted. Private industry became the global player for development of the country.

The era of LPG (Liberalization, Privatization and Globalization) forced the rapid path-breaking changes in the Indian companies. In order to face the cut-throat competition in the global market, companies adopted innovative ideas and technologies and become more inclined towards the society. With the economic growth, there was more wealth in the economy which in turn had a great potential for development by investing in the society.

The present corporate social agenda included inclusive and sustainable development as a key goal of social responsibility efforts. With the increased wealth and changes in the ideology for the market, the government and the society started expecting more from the business to contribute towards the development of the nation and to be more responsible in their operations. The government shrink their hands and rolling back policy came into existence. A recent trend in CSR is the right based approach in which the United Nation Global Compact includes principles for human rights, labour welfare and environmental protection which is required to be undertaken by the business world widely (Cassel, 2001). The United Nation Global Compact came into effect from 1999, when the secretary general of UN invited corporate leaders to participate in it. It comprised of four core areas including human rights, labour right, SDGs and governance (later added). It was a partnership between the UN, global business community, ILO and NGOs. A global compact society was also came into force in 2003 to act as a nodal agency. Companies are bound to adapt the set core values which cover the main four areas. The Global Reporting initiative system includes vision, strategies, governance structure, management system, and economic and social performance indicators for streaming the CSR practices.

In order to measure the impact of CSR upon development, efforts were made to adapt a globally accepted standards so as to make businesses accepting thing and obey the rules like; ISO 14000 for measuring quality as a concern towards environment adopted in 1994, ISO 9000 for environmental management, SA 8000 for workplace practices and ISO 26000 recently adopted as guideline for social responsibility. These were the progressive steps in finding a broadly accepted characterization and guidance for corporate responsibility with proper implementation.

1.5 Milestones in the Journey of Corporate Social Responsibility

Indian business has traditionally a deep root of working with the values for the overall development of the nation. In present times, the business grapples with the challenges of sustainability, climate change and inclusive development. In order to provide business with guidance in dealing with the rising challenges, the following guidelines and policies have been developed from time to time.

December 2007: Circular issued by Reserve Bank of India to all Schedule Commercial Banks to undertake activities relating to Corporate Social Responsibility, Sustainable Development and Non-Financial Reporting.

On 20th December 2007, Reserve Bank of India issued a circular for all Schedule Commercial Banks (excluding Regional Rural Banks) to undertake the activities related to Corporate Social Responsibility (CSR), Sustainable Development (SD) and Non-Financial Reporting. In order to overcome the threat of global warming and risk of climate change, there is a need for adopting Sustainable Development Practices by the financial institutions also. Banks are advised to contribute in the efforts for building a better tomorrow by adopting the activities pertaining to CSR and SD, reflecting their concerns towards human rights and environment. Non-Financial reporting is the system of reporting the activities undertaken by the organization by fulfilling the concept of Triple Bottom Line (TBL), that is, performing responsibility as a corporate citizen towards environment, social and economic accounting.

In a developing country like India, the issue of global warming and climate change is growing at its peak. There are several international initiatives accepted globally in increasing the awareness regarding CSR and SD for achieving the better target like- Global Reporting Initiatives (GRI), Equator Principles, United Nations Environment Programme Finance Initiatives (UNEPFI) (Bhaskar, 2007). Therefore, banks also assist in the hard work to achieve sustainability by performing CSR activities through their business strategy by fulfilling commitment towards sustainability, responsibility, do no harm, accountability and transparency.

December 2009: Corporate Social Responsibility (CSR) Voluntary Guidelines issued by the Ministry of Corporate Affairs, Government of India, New Delhi

The Ministry of Corporate Affairs, Government of India issued a voluntary guideline on Corporate Social Responsibility in December 2009 for the smooth functioning of the companies towards the socio-economic growth of the nation. As per the voluntary guidelines every business entity was required to formulate a CSR policy associated with the business goals, so as to assist in providing guidance for the strategic planning of the business. The CSR policy should be framed as per the opinion of committee which comprises of various level executives and it must be approved by the Board (GOI, 2009). As per guidelines, the CSR policy should cover the core areas given in (Annexure C). The companies were required to communicate the information on CSR policy and amount spent on the activities undertaken by them to all its stakeholders and public at large.

March 2010: Guidelines on Corporate Social Responsibility (CSR) for Central Public Sector Enterprises (CPSEs)

The Department of Public Enterprises under Ministry of Heavy Industries & Public Enterprise issued the guideline on CSR. It reflected the way for CPSE to make CSR investment towards the welfare of the society and environment. The companies were required to conduct a baseline survey mandatory and submit its report consisting of activities undertaken by the companies within a prescribed timeframe and amount invested therein. Companies were required to undertake a project especially in the areas near to their operational plant and not applicable to the companies operating in financial service sector. The CSR activities undertaken by the companies can be related to the United Nation Global Compact programme and development goals by creating the ecological balance. It also includes joining hand with the government, NGOs or other community based agency in Disaster Management programmes and other activities.

The Department of Public Enterprise will also create the National CSR Hub as a think tank for pursuing CSR. The percent of profit required to be spent on CSR in a financial year is as follows:

1. Companies having net profit of, previous year, less than Rs.100 crore are required to spend 3-5 percent of profit on CSR.
2. Companies having net profit of, previous year, Rs.100-500 crore are required to spend 2-3 percent of profit (subject to minimum of Rs.3 crore) on CSR.
3. Companies having net profit of, previous year, Rs.500 crore or more are required to spend 0.5-2 percent of profit on CSR.

Loss making companies are outside the purview of undertaking CSR activities. The unspent amount in any financial year will be transferred to CSR fund for the North East. The appointed audit committee will undertake the proper monitoring of the CSR activities time to time (GOI, 2010). The list of possible areas of activities under Corporate Social Responsibility is given in (Annexure D).

July 2011: National Voluntary Guidelines (NVGs) on Social, Environmental & Economic Responsibilities of Business issued by Ministry of Corporate Affairs, Government of India, New Delhi

As the Ministry of Corporate Affairs had already released the Voluntary Guidelines on CSR in 2009 as the first step towards mainstreaming the phenomenon of business responsibility. On the basis of the feedback received from diverse stakeholders across the country, it was decided to revise the guidelines so as to incorporate in it the broader view that encompasses societal, environmental and economical responsibility of the business entity. As a result in2011, the Ministry of Corporate Affairs, Government of India, released the National Voluntary Guidelines (NVGs) on Social, Environmental & Economic Responsibility of Business, which was the refinement over the CSR Voluntary Guidelines of 2009.

The NVGs are applicable to all businesses irrespective of their size, sector or location in India. The guidelines are prepared in a way which is easy for the businesses to comprehend and implement by following the concept of ‘Triple bottom line’. The NVGs have been expressed in the form of nine principles focusing on different areas which lead to sustainable growth and economic development. Therefore, the guidelines uses term ‘responsible business’ instead of ‘corporate social responsibility’ as the term responsible business encompasses the limited scope and understanding of the term corporate social responsibility. Nine principles articulated in the National Voluntary Guidelines are given in (Annexure E).

The guideline also provide proper business responsibility reporting framework and approach, which is required to be followed by the businesses, so as to furnish necessary information to all the stakeholders. The business responsibility report should incorporate all the relevant information as laid down in the reporting framework for the easy understanding of the activities undertaken by the business enterprise (GOI, 2011).

August 2012: Securities and Exchange Board of India (SEBI) mandates Business Responsibility Reports

With the increasing interest and awareness of the public towards the disclosure by companies regarding Environmental, Social and Governance (ESG) perspective, it is further decided for the companies to mandatorily furnish the Business Responsibility Report in their annual reports. This provision is mandatorily applicable on the top 100 listed entities. These top 100 entities are on the basis of market capitalisation at

Bombay Stock Exchange (BSE) and National Stock Exchange (NSE) by Securities and Exchange Board of India (SEBI) on March 2012. Other listed entities can voluntarily disclose the Business Responsibility Report on their website as a part of annual report of the company. The guidelines also provide a proforma of Business Responsibility Report consisting of the general information of the company, financial information, details of directors responsible for business responsibility, business responsibility information and its compliance with the ESG norms based on the nine principles of National Voluntary Guidelines (NVGs) of 2011 (SEBI, 2012).

April 2013: Guidelines on Corporate Social Responsibility (CSR) and sustainability for Central Public Sector Enterprises (CPSEs)

The guidelines on CSR were revised as a guideline on CSR and sustainability for CPSEs issued on 2013. The revised guidelines include the combination of policy content on CSR and sustainable development as per the recommendation of the diverse stakeholders. The previous guidelines mainly focused on the external stakeholders like society and concern for the environment, the internal stakeholders (employees) were excluded. In the revised guidelines, the measures for the sustainable development are clubbed with the CSR activities so as to achieve a balanced growth and development. It was mandatory in the revised guideline to have atleast one project in the backward region for the betterment of the deprived section of the society.

Companies are required to follow the ‘shared value’ approach both for the benefit of the society and business. The companies under revised guidelines are not bound for the baseline survey; they are free to adopt any method for assessing the need of the society. There is also a provision of disclosing the reason for not spending the allocated budget and it will be carried forward for the next year and have to be invested within two financial years, otherwise it will be transferred in the separate fund created for the purpose i.e. Sustainability Fund. In the previous guidelines companies were required to submit detail of ten projects undertaken under Corporate Social Responsibility and Sustainable Development. But new guideline limit is shortened to two projects only and no separate budget is required to undertake the sustainable development activities.

The budgetary allocation is calculated on the Profit After Tax (PAT) of the previous year of the company as:

1. Companies having a PAT of previous year less than Rs.100 crore is required to spend 3-5 percent of PAT on CSR.
2. Companies having a PAT of previous year of Rs.100-500 crore is required to spend 2-3 percent of PAT on CSR.
3. Companies having a PAT of previous year of Rs.500 crore or more is required to spend 1-2 percent of PAT on CSR.

Also the minimum investment criteria of Rs 3 crore are withdrawn from the new guidelines. Sick and loss making companies are outside the purview of this mandatory criterion. The companies are required to formulate a CSR and SD policy approved by board of directors specifying the broad level committee for monitoring the work. CPSE are expected to follow the United Nation Global Compact principles and United Nation Millennium Development Goals. The CPSE are mandatorily required to conduct their business ethically with proper disclosure, reporting, transparency and impact assessment report should be provided in the annual report for the benefit of all stakeholders. At least 80 percent of the budget expected for CSR and SD activities should be spent on the activities in the project mode. Upto 5 percent of the annual budget for CSR and sustainability can be kept aside for emergency (GOI, 2013).

29 August 2013: The Companies Act 2013 enacted to specifically address Corporate Social Responsibility related mandatory requirement under Section 135.

18 June 2014: The Ministry of Corporate Affairs issued a detailed circular clarifying the Corporate Social Responsibility (CSR) related requirement under Section 135 of the Companies Act 2013. This also includes awareness on specific queries submitted by various organizations, regarding admissibility of their current and proposed CSR activities under Schedule 7.

October 2014: Department of Public Enterprises (DPE) issued the revised Guidelines on Corporate Social Responsibility (CSR) and Sustainability for Central Public Sector Enterprises (CPSEs).

The revised guidelines are effective from 1st April 2014 and will surpass the earlier DPE guidelines on CSR for CPSEs with the approval of Ministry of Heavy Industries & Public Enterprises, Government of India, New Delhi. These guidelines will supplement the CSR Rules given under Companies Act 2013 and are applicable to all CPSEs.

It is clarified in the guideline that the CPSE now had to follow the CSR Rules given under Section 135 of Companies Act 2013 in addition with the sustainability initiatives. The sustainability initiatives gave more preference towards the environment by maintaining ecological balance for achieving the Sustainable Development Goals. The main focus of Corporate Social Responsibility and Sustainability Guidelines should be on the sustainable and comprehensive growth of the nation (GOI, 2014). The DPE Guidelines for Central Public Sector Enterprises earlier made the provision for 0.5 percent which was increased to one percent in 2012 and now to two percent to align with the new Companies Act 2013.

1.6 The Companies Act 2013

The Ministry of Corporate Affairs enforce the new Companies Act 2013 and issued a notification mentioning 1st April 2014, as the date from which provision of Section 135 of the 2013 Act come into force. The section 135 of the Companies Act 2013 came up with the mandatory corporate social responsibility provision.

Criteria of Companies coming under the umbrella of mandatory CSR provision

The mandatory provisions of the Companies Act 2013 under Section 135 are applicable to the companies having

- Net profit of Rs.5 croreor more, or
- Net worth of Rs.500 crore or more , or
- Turnover of Rs.1000 crore or more

During any financial year under [Section 135(1) of the Companies Act, 2013] irrespective of the nature of the company, whether it can be private, public, listed or unlisted company.

Mandatory obligation for the companies

Under Section 135 of the Companies Act 2013, every qualifying company has to mandatorily follow the obligation given below:-

- Company has to form a CSR committee of the Board.
- Company has to prepare a CSR policy on the basis of the recommendation from CSR committee.
- Company has to undertake a CSR activities.

- Company is required to spend atleast 2 percent of the average net profit of the three immediate preceding financial years on the CSR.

CSR Committee

Section 135(1) under Companies Act 2013 state that company falling under the above mentioned purview has to compose a CSR Committee of the Board, which comprise of three or more director and from that there should be one independent director.

As per Sub-section (3) of Section 134, the board report should disclose the composition of CSR committee in the annual report of the company.

Responsibility of CSR Committee

The CSR Committee under Sub-section (3) of the Section 135 of the Companies Act 2013 is required to furnish the following responsibility:-

- CSR committee should prepare and put forward to the Board the CSR policy, representing the activities required to be undertaken by the companies as specified in Schedule 7.
- CSR committee should recommend the amount of expenditure to be incurred on the given activities referred to in clause (a).
- CSR committee should actively monitor the CSR policy timely.

As per Section 135(4) of the Companies Act 2013, the Board of the company is required to disclose the approved CSR policy after taking into consideration the recommendation of CSR Committee, and its report on the company’s website. And it should also mention therein that the activities included in the CSR policy are also undertaken by the company.

The Board of the company mentioned under Sub-section (1), should ensure that the company has spent in every financial year at least two percent of average net profit of three immediate preceding financial years on the execution of CSR policy given under section 135(5).

CSR activities required to be undertaken by the companies

CSR activities as mentioned under Schedule 7 of Companies Act 2013 are given in (Annexure F). The companies are also required to give preference to the local site where they are operating their business activity. If the companies fail to spend the amount calculated for corporate social responsibility, then the board should specify the reason for failing to spend the amount under Sub-section (3) of the Section 134 (GOI, 2013).

1.7 Different Emerging Terms

The new phase of CSR start spreading its roots globally and influenced by various related terms at the global front. Social investment by the corporate is popular by different names at different points of time. These terms are not absolutely synonymous nor overlap with each other. The meaning of the other similar concept is elaborated below:

1.7.1 Triple Bottom Line

The notion of Triple Bottom Line (TBL) eventually makes the corporate sustainable and ensures profitability and value in the long run. It consists of 3Ps which means People, Planet and Profit. The “Trusteeship” model of Mahatma Gandhi and the “Statist” model of Jawaharlal Nehru for Public Sector Units, gave heat to the practice of corporate giving and in adopting the global principle of Corporate Social Responsibility and Triple Bottom Line (Sharma, 2009). Corporate Social

Responsibility activities specified in the provision includes environmental sustainability also. Sustainability is the long term maintaining of balance between the social, economic and environmental principles.

1.7.2 Sustainable Development

At present scenario, Sustainable Development has emerged as a watchword because of the increase in the ecological deterioration, growing complexities of today's business and rising expectation of the society. Something which is coming from the people should go back to the people in order to complete the cycle of achieving the motive of sustainable development (Singh & Verma, 2014). The Sustainable Development Goals (SDGs) replaced the old Millennium Development Goals (MDGs) in 2016. The MDGs comprises of 8 goals and 18 targets to be achieved by 2015. It is a joint effort by the government and signed by nearly 190 countries at the United Nation Millennium Summit in Sep 2006. The main motive behind the 8 goals and 18 targets was towards human rights and inclusive development.

Sustainable development refers "to meet the need of the present without compromising the ability for the future generation to meet their own needs". Corporate Social Responsibility under the mask of Sustainable Development concern for the ethical values and over a time environmental safety etc. The earth submit of 1992 and emerging focus towards the threat for climate change has increased the awareness and sensitize the community towards environmental issues. In current state of affairs, companies are integrating the phenomenon of maintaining corporate sustainability in their operating by minimizing the negative impact on environment, maintaining economic viability and by taking balance action towards society. Both the term converging to the tripod of social, economic and environmental pillar.

Corporate Social responsibility (CSR) and Sustainable Development (SD), both the terms are related and inter-linked with each other. As the Sustainable development (transforming our world: the 2030 agenda) consists of 17 goals & 169 targets built on Millennium Development Goals, try to complete that they did not achieved and the 11 activities of Corporate Social Responsibility (as per Schedule 7 of Companies Act 2013) are almost similar in nature and concept. Both the term bring out the relativeness by integrating the micro perspective of corporate management with the macro perspective of social target (Hahn, 2011).

1.7.3 Corporate Governance

The concept of Corporate Governance is widely recognised these days in India with the increase of the unethical corporate policies and practices like the Harshad Mehta stock scam in 1992, collapse of Satyam in 2009, financial irregularities at Reebok etc. The growing business scandals and financial crisis brought the concept of Corporate Governance into effect. The term Corporate Governance means "the way by which the companies are directed and controlled". Good corporate governance is the broader view that focuses on the relationship and satisfaction of stakeholders, CSR and Ethics. The company is under the obligation to disclose its social, environmental and economic policies to all kinds of shareholders so as to achieve the sustainable growth. Companies are required to fulfil its responsibility towards stakeholders and undertake it as a governance issue (Sharma, 2011). In India, the framework of Corporate Governance consists of the following regulations like Companies Act 2013, Securities Contracts (Regulation) Act 1956, Security and Exchange Board of India Act 1992, Depositories Act 1996 and Clause 49 of the listing agreement of Stock Exchange.

The Department of Public Enterprise (DPE) issued the guidelines on Corporate Governance in May 2010 to protect the interest of different shareholders and relevant stakeholders, with the expanding boundaries of CPSEs globally. The guideline laid down the composition of Board of Directors of CPSE, their age for retirement and qualification to be as a director. The quarterly progress report is to be furnished infront of Board comprising of code of conduct and ethical behaviour (GOI, 2010).

1.7.4 Business Ethics

Business ethics means fair and equal treatment to all the stakeholders. As business operates with in the limit prescribed by the society so it has to follow the values and standards recognized by the society. Good corporate governance is the synonyms with Business ethics by integrating moral, honesty and ethical code of conduct. Business ethics involves a sense of responsibility, moral values and ethical behaviour towards the society (Sharma, 2011). Ethical values are often defined as an underlying principle and philosophy that produces an action to prevent a substantial harm to the society (Boddy, 2011). The discipline of Business Ethics provides an approach towards improving the lives of diverse stakeholders (Kalshoven, Hartog & Hoogh, 2011). The concept of CSR rests on the lap of good ethical practices in the business undertaking. It is essential for the long term existence of the business to incorporate in it the ethical values and morals. There should be proper strategy, accountability, transparency, honesty and respect for the society to achieve a successful implementation of Corporate Social Responsibility (Oberseder, Schelegelmilch, & Murphy, 2013).

1.7.5 Creating Shared Value

The concept of creating shared value rests on the ground that both the economic and social progress can be achieved through adopting value (benefit relative to cost) principle. The concept of shared value focuses on the collaborative effort of the business, government and NGOs in achieving economic progress by satisfying societal needs and in enhancing competitive image. The shared value concept blurs a division between organization for profit and non-profit organizations (NGOs) and presumes acquiescence with legal and ethical standards. By overcoming the societal issues, business can easily achieve its motive of profit but, at present the societal entrepreneurs play a vital role in generating innovative product & services that meet societal and business needs by creating shared value. Creating shared value is embodied in the integral strategy of the business for achieving company and community success together. It is a self-interested personal behaviour of the company's owner to create economic value by fulfilling societal value. Creating shared value is the new approach which will surpass the concept of corporate social responsibility (Porter & Kramer, 2011).

1.7.6 Sustainable Investment

The investors at present became more concerned about sustainable investment. Sustainable investment refers for those companies which consider not only the economic performance for operating the business, but also give due weightage to ecological, environmental, and ethical values in running their business. The DOW Jones Sustainability Index (DJSI) of 1999 provides an independent, reliable and accurate sustainability index for investors. There are other various principles or indexes which also provide the reliable data to the investors like Equator principles of 2003 (revised in 2006), Principles of Responsible Investment (PRI) etc.

1.8 Corporate Social Responsibility in Sonbhadra Region

Sonbhadra is located in extreme Southeast part of the Uttar Pradesh. It is the only district in India which is bordered by the four states Madhya Pradesh, Chhattisgarh, Jharkhand and Bihar. Sonbhadra is not a city; it is region of Son River which flows through the district from east to west. The southern part of Sonbhadra is referred as the

"Energy Capital of India" as 11 percent of the total thermal power of India is generated from this particular district (See the location of Sonbhadra in Annexure G).

Sonbhadra is the second largest district of Uttar Pradesh; it has an area of 6788 km and population of 1,862,559 according to 2011 census. There are more than 5000 industries operating, among them major industries are of Power, Cement, Chemical, Coal, Abrasive, Mining and Aluminium production. Heavy industrialization in the region results in heavy metal pollution especially mercury pollution. As the region is heavily polluted due to the operation of numerous coal mines and coal based running power plants and other medium industries from which there is always the disposal of chemical waste, fly ashes, lead, arsenic, cadmium and chromium. The presence of mercury particle in the water, milk and food items causes the adverse health impact on the residents. The composition of mercury in soil and water creates the problem for the farmers. The fly ashes in the air and toxic chemical in water cause the severe diseases. Heavy industrialization in Sonbhadra region give it an image on the map but this industrialization become bane and dangerous for the natives of the region (See Annexure H). Air, water and land pollution create a new discourse for conflict of development v/s environment.

Sonbhadra has many manufacturing units having various ill effects on the society. Manufacturing process cause serious damage to the nature and to the society in general by the exploitation of the natural resources available there which results in the environmental pollution. It is also not possible to close the industries operating there as their interest is linked with the manufacturing process like; employment for the labour, dependent subsidiaries and revenue to the government in the form of taxes. It is the duty of the industries working there to pay for the damage done by them in the society. However, the damage to nature can't be repaired or compensated in monetary terms but its effect can be minimised to certain level by the help of CSR investment. The hazardous condition occurs when the environment is deeply degraded and water sources are polluted, or other natural resources are depleted due to company's unethical means of production and over-exploitation of the resources. It is essential for a corporate to comply with the laws and regulations set up by the government in order to continue their existence and prosper. Therefore, it is necessary for an organization to make investment towards the development of the society.

A report on Sonbhadra symbolized it as "Accursed Country" in the outlook magazine by Sen (2014), which shows the real miserable condition of the people residing there. In the poisoned land, people are suffering from various chronic diseases like; luecoderma, hyper-pigmentation, menstrual irregularities, weak bones, genetic disorder, vision and hearing problems. The author brings out the real picture of Sonbhadra region by mentioning the data of patients suffering from serious diseases and the level of pollutants in their body. There blows an ill wind afflicting villagers with inexplicable illness by poisoning the land, water and food. Industries operating there are merciless in the indiscriminate exploitation of the region. Everyday 50,000 tonnes of coal is excavated and nearly 2.5 lakh tons of coal is used to be burnt in Sonbhadra which spread the air pollution by discharging sulphur and nitrogen oxides, fluoride and trace metal in the form of mercury to the air. The water is polluted by the discharge of toxic waste from chemical industry like arsenic and fluoride. There is a high level of mercury and fluoride in some areas of Sonbhadra. The situation of Sonbhadra is worst as compared to other industrial regions and other accidents happened earlier like as in 1956, Minamata Disaster (neurotoxic effect in people by the waste water discharged from the industrial plant) in Japan and mercury dumping case of Kodaikanal in Tamilnadu. It is a curse for a people living in Sonbhadra as they are not only damaged physically but their economic and social dimension is also hampered and leaves them in a more vulnerable situation (Sen, 2014). There are also research studies conducted by People's Science Institute of Dehradun, Centre for Science and Environment of Delhi and Central Pollution Control Board of Lucknow.

Similar study is also conducted by Indian Institute of Toxicology Research in Lucknow in 1998, which tested 1200 people of the region and judge the level of mercury pollution in the area.

National Green Tribunal (NGT) also set up the committee to inspect the industrial area of Sonbhadra and Singruali in 2014. The report by the committee brings out the environment and health issues due to coal mines and emission from thermal power plant operating there. The report states that the level of mercury is at alarming stage. The industries operating in the area were directed to install the equipment for improving and controlling the existing pollution (Banerjee, 2014).

The residents of different villages of Sonbhadra district also raised their voice against pollution prevailing there in the atmosphere and created a forum "Pradooshan Mukti Vahini" supported by Banwasi Seva Ashram to draw the kind attention of the authorities towards pollution of mercury and fluoride by taking strict action and control measures. The People's Science Institute also conducted the extensive survey in the affected area on environmental issue and support the NGT report which state that the level of mercury is nineteen times higher than the prescribed limit of 0.001 particle per million. The children in the villages are suffering from fluoride toxicity which results in skeletal and dental fluorosis, thyroid and weak bone problem. The whole story of exploitation started with the construction of Rihand dam and coal mines in 1961. The National Green Tribunal report also discloses the fact of fluoride removal unit from the drinking water was installed in the affected area but it was not regenerated or checked from a long time. The Singrauli Pradooshan Mukti Vahini (SPMV) demanded the active participation of the localities in the policy making and immediate control on the expansion and incorporation of the new industries which are not following protective measures towards society (Singh, 2016).

The Centre for Science and Environment, Delhi undertook a primary survey on measuring the level of mercury pollution prevailing in the Sonbhadra district of Uttar Pradesh by taking the samples of water, soil, eatables, human blood, nail and hair of human beings. The sample taken for the study was tested in Pollution Monitoring Laboratory (PML) set up by the CSE to monitor environmental pollution. The result of the survey shows the presence of high level of metal pollution especially mercury, chromium, lead, cadmium, fluoride and arsenic. The residents of the villages have an adverse health condition situated near the coal mines, coal based running power plant and other various polluting industries. These residents are suffering from various serious diseases because of harmful pollutants effluent in the drinking water and other eatable items like fish, cereals etc. High concentration of mercury is also found in the human blood, hair and nails. The main reason of mercury pollution in the region is the burning of huge amount of coal for generating power (Sahu, et.al., 2012).

As per the report of Central Pollution Control Board (CPCB) in 1991 and Ministry of Environment and Forest, Sonbhadra is the most polluted area because of the concentration of mercury, lead and arsenic in the environment (Shukla, 2012). Sustainable development, community centric efforts and Corporate Social Responsibility have great challenges and opportunity in this region. And also industrial development and social issues have a deep context in this region.

1.9 Some More Issues of Environmental Degradation and Scams

The issue of environmental degradation is spreading like a disease and emerging as an imminent crisis for the business to take strict action for the conservation of natural resources, energy, disposal of waste chemical and toxic gas etc. There are numerous environmental scams like union carbide disaster at Bhopal, shell oil spills, financial scam by Satyam etc. which brought disrespect for unregulated capitalism.

It is not only the government responsibility to bear the burden of development but also of the corporate to join hands for the growth of the nation. The interdependence of business and society is essential to bring out the desired result of development. Edward Luce in his book “In Spite of the Gods: The Rise of Modern India” states that as the quality of air and water is declining in India as speedily as upgrading in economy which will soon result in the heavy environmental degradation. The great challenge infront of India in near future is environmental degradation which can be handled by sound strategy towards its environment and society (Luce, 2008).

In December 1984, there was the worst accident at Bhopal known as “Bhopal gas tragedy”. Several thousand people lost their lives and several were chronically ill. There was the release of the highly toxic gas, Methyl Isocyanides (MIC) at Union Carbide Corporation because of which at present children’s used to born with defects arising from the disaster (Subramananian, 2015). The accident results in the environmental degradation with significant adverse effect on human lives. Corporate Social responsibility cannot be restricted upto the contribution of fund towards development, but also should provide relief at the time of industrial accident and calamity by the way of insurance coverage.

Under the case of Bhopal gas tragedy in which Union Carbide Corporation, a US based corporation managed to takeout the case of responsibility and nobody was found responsible for the tragedy (Dinham, 2012). Therefore, the detail of ownership and their responsibility should be clearly stated in advance. Corporate Social Responsibility in a broad sense means to behave like a responsible citizen at the time of accident and misshaping. But in case of Bhopal gas tragedy, company showed slight respect for the human rights. The main accused person Warren Anderson, Chairman of Union Carbide Corporation disclaimed any responsibility and escaped freely from the punishment. The successor company, Dow Chemical also disclaimed the liability for paying any compensation to the victims and the common people of that area bear the cost of such disaster. Meanwhile in 1985, Shriram Food and Fertilizer Industry which works as a subsidiary of Delhi Cloth Mills Limited was held responsible for the leakage of harmful oleum gas and the case brought out with “Principle of absolute liability”. The release of harmful toxic gas results in the death of many people of the nearby industrial site (Gangwar, 2018).

In 1986, Hindustan Lever Limited had a thermometer production plant in Kodaikanal town of Tamilnadu. The plant was closed down because of the allegation that the factory used to dump the mercury in the open area which created the adverse effect on the workers. It is also reported that still the workers who used to work there and their family members are cursed by the mercury induced illness (Karunasagar, Krishna, Anjaneyulu, & Arunachalam, 2006).

Recently in 2009, the case of corporate scandal of Satyam Computer Services came into light. Ramalinga Raju, former chairman of Satyam confessed of falsifying the account by understating the liability and overstating the debts. There was the scam of Rs.7800 crore without the notice of the Board. Ramalinga Raju used to be known for his extensive philanthropic work but at the same time found guilty for defecating the trust of the organization.

Because of all these above mentioned scams, scandals on the part of companies and growing awareness among society, government introduced the Companies Act 2013 to make companies mandatorily responsible towards CSR contribution for the development of the nation. So, there is need of harnessing variety of resources and talent because of the increased awareness of today towards the social responsibility. The emphasis on the concept of 'CSR' by the government and the prevailing condition of the Sonbhadra, compels the researcher to undertake this research study.

1.10 Rationale of the Study

This study examines the importance of the Companies Act, 2013 in context of Corporate Social Responsibility provisions. The research focus on the understanding of legislative policy and institutional agenda that govern existing CSR practices and how the concepts of P3: People, Planet and Profit (Social, Environment and Financial measures) are working. It is important for business not only to provide products and services to satisfy the customer need, but also to ensure them that the business is not harmful to the environment in which it operates.

Corporate Social Responsibility (CSR), Sustainable development and Community centric efforts have great challenges and opportunities in the Sonbhadra region. There are more than 5000 industries in Sonbhadra region. The thermal power plants are coal based, region is heavily polluted due to the presence of many coal mines and other industries. The presence of mercury in the water, milk and food items causes the adverse health condition. The composition of mercury in soil and water creates the problem for the farmers. The fly ashes in the air and the toxic chemical in water cause the severe disease. The study will focus on the reality and myth of Corporate Social Responsibility by interacting both with the local community and with the CSR manager of the selected organizations to know their opinion on the prevailing situation of the Sonbhadra region.