

Corporate Social Responsibility - A Sapling Ready to Bloom (A Comparative Study - India and the World)

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Abstract

While there may be no single universally accepted definition of CSR, each definition that currently exists underpins the impact that businesses have on society at large and the societal expectations of them. Although the roots of CSR lie in philanthropic activities (such as donations, charity, relief work, etc.) of corporations, globally, the concept of CSR has evolved and now encompasses all related concepts such as triple bottom line, corporate citizenship, philanthropy, strategic philanthropy, shared value, corporate sustainability and business responsibility. This is evident in some of the definitions presented below: The EC1 defines CSR as “the responsibility of enterprises for their impacts on society”. To completely meet their social responsibility, enterprises “should have in place a process to integrate social, environmental, ethical human rights and consumer concerns into their business operations and core strategy in close collaboration with their stakeholders” The WBCSD defines CSR as “the continuing commitment by business to contribute to economic development while improving the quality of life of the workforce and their families as well as of the community and society at large.” According to the UNIDO3, “Corporate social responsibility is a management concept whereby companies integrate social and environmental concerns in their business operations and interactions with their stakeholders. CSR is generally understood as being the way through which a company achieves a balance of economic, environmental and social imperatives (Triple-Bottom-Line Approach), while at the same time addressing the expectations of shareholders and stakeholders. In this sense it is important to draw a distinction between CSR, which can be a strategic business management concept, and charity, sponsorships or philanthropy. Even though the latter can also make a valuable contribution to poverty reduction, will directly enhance the reputation of a company and strengthen its brand, the concept of CSR clearly goes beyond that.” From the above definitions, it is clear that:

1. The CSR approach is holistic and integrated with the core business strategy for addressing social and environmental impacts of businesses.
2. CSR needs to address the well-being of all stakeholders and not just the company's shareholders.
3. Philanthropic activities are only a part of CSR, which otherwise constitutes a much larger set of activities entailing strategic business benefits.

Keywords: Corporate Social Responsibility (CSR) , Sustainable Development, Companies Act 2013, UN Model, European Union Model, CSR and India , role of government.

Introduction

Introduction to sustainable development

By the end of the 20th century, in response to a growing environmental crisis and inequalities in global development, the international community adopted sustainable development as a leading development model with action-guiding power that calls for particular orientations of actions (Reid, 2005). There is considerable consensus among sustainability scholars and practitioners about the meaning of sustainable development (Gibson et al., 2005; Lafferty & Meadowcroft, 2000). However, as contemporary buzzwords, prompted by an increase of public awareness and concern over environmental and social issues, the terms “sustainable development”, “sustainability” and “sustainable” have become over- and/or misused by several stakeholders in society,

individuals and groups (Robinson, 2004; Du Pisani, 2006). Some (over)used the terms without a true understanding of its' original meaning (Du Pisani, 2006). Others deliberately (mis)used the terms as a "green or sustainable smoke screen"—resulting in a watering down of the concept's fundamental principles or simply neglecting them— window dressing unsustainable "business as usual" activities (Sneddon et al., 2006). Hence, to many people the terms have become meaningless, although any similar term that manages to break into the public eye, would probably suffer the same fate (Dahle, 2008). Clearly, while the concept allows various sustainability views to co-exist, the "anything goes" mentality must be overcome. Random conceptualizations that do not respect the fundamental sustainability principles undermine the concept's objective to steer action and arguably inhibit its practical realization (see e.g. Sneddon et al., 2006). After more than two decades of debating and implementing sustainable development, to overcome arbitrary interpretations and reinforce the concept's action-guiding power, a better understanding of sustainable development and its implications for decision-making and policy-making is still needed (Lozano, 2008; Kuhlman & Farrington, 2010).

Intuitively appealing to the common sense of mankind (Lafferty & Meadowcroft, 2000), sustainable development is like happiness: something that everybody wants and is hard to be "against". But what sustainable development precisely encompasses varies greatly amongst various stakeholders (Palmer et al., 1997). There is great arbitrariness in the concept's interpretation and there are probably as many views and definitions as people dealing with the issue, each with their own focus, suiting the particular view of the stakeholders concerned (Hopwood et al., 2005). Reasons for this variety include: the normative nature of sustainability; the different disciplinary and professional background of people dealing with the sustainability issue; and, the battle for influence (Hajer, 1995) over the concept's meaning and the appropriate way to achieve it, given the importance of the concept for future developments of society and visible in various discourse coalitions.

Such a divergence of understandings is especially likely in highly charged normative concepts such as "democracy", "freedom", "justice/equity" and "sustainable development"— sometimes described as the "essential contestability" of widely supported social and political concepts. However the range of understandings hardly prevents the application of such contestable concepts in practice (Lafferty & Meadowcroft, 2000). Many of the so-called sustainability views are in need of conceptual clarification (Robinson, 2004; Kuhlman & Farrington, 2010) because they are often based on dogmatism and vague assumptions, lacking rational justification and scientific foundations. Sustainable development is for example meaningless and even contradictory when interpreted as "sustained change" or "sustained development" (simply a process of change that can last forever without objectives), "sustained growth" (sustaining economic growth and material

consumption, contradicting the general recognition that the planet has ultimate environmental limits) or simply "successful development". Instead, sustainable development as a concept possesses a precise and unambiguous meaning.

First, and serving as the sustainability bottom line, sustainable development aims to meet human needs and aspirations, now and in the future, in an equitable way while protecting our environment which we share with other living species on Earth. Second, in support of the sustainability bottom line, sustainable development has clear interpretational limits and incorporates a more or less stable set of general defining characteristics, which must always be respected, no matter which view one amounts to (Hugé et al., 2011). These characteristics can be termed fundamental principles that embody sustainable development. They represent the sustainability play field/arena or some kind of common denominator/ground that anyone who justifies a line of action with an appeal to sustainability should respect and take into account (Hugé et al., 2011).

Based on the scholarly literature, we distinguish four fundamental sustainability principles, also defined as rules of action towards sustainable development representing key principles, which are of equal importance:

1. The normativity principle
2. the equity principle
3. the integration principle
4. the dynamism principle

First, the concept of sustainable development is always socially constructed and normative (Haughton, 1999; Hugé et al., 2011; Lafferty & Meadowcroft, 2000) or subjective—the normativity principle—because ultimately what sustainability means depends entirely on our views regarding the kind of world we want to live in and want to leave as a legacy for future generations. Sustainable development always implies societal and normative choices, which are ultimately based on the values we maintain. Values are abstract ideals, which evoke emotional reactions and are typically expressed in terms of good or bad, better or worse, desirability or avoidance. They define or direct us to goals, frame our attitudes and views, and provide standards against which human behaviour can be judged (Leiserowitz, 2006). Consequently, sustainability can never be determined with recourse to objectifying "theory" (Hajer, 1995) nor can it be empirically proven (Christen et al., 2011). While science is crucial for sustainable development it cannot resolve the basic question of what is sustainable and what is not (Robinson, 2004). The concept is characterized by interpretive flexibility and allows various views and interpretations to co-exist, be it within the concept's interpretational limits. However, following the traditional scientific objective—subjective dichotomy it is clarifying to distinguish between 'objective' and 'subjective' views on sustainability, and any combination that appears is likely. The former considers sustainable development as a concept that is "objectively" measurable informed by scientific

evidence while the latter considers it as “subjective”, being a result of societal preferences, where different opinions can co-exist and which are contextually determined.

Taking the “objective—subjective” scientific dichotomy for granted, one can distinguish between (partly) objective and subjective aspects of sustainable development and given the widespread use of the divide this is a reasonable and helpful way to frame the sustainability concept and its debate.

Second, the equity principle (or justice/fairness) (Cairns, 2001; Gibson et al., 2005; Lafferty & Meadowcroft, 2000) is a central principle of sustainable development and could be subdivided into inter-generational equity, intra-generational equity, geographical equity, procedural equity, and interspecies equity (Haughton, 1999). Inter-generational equity refers to the long term or futurity aspect of sustainability, as the concept not only aims to meet present human needs and aspirations but also includes the right of future generations to meet their needs and aspirations. Because we depend on natural resources to meet our needs and aspirations, this principle includes the requirement to keep within the environmental limits of the Earth. Intra-generational equity is similar to intergenerational equity but with regard to present generations. It refers to the realization of contemporary social equity—the right of every human being for a decent quality of life. Geographical equity or global responsibility refers to the need for worldwide cooperation in a spirit of ‘shared but differentiated responsibility’ in tackling sustainability issues. Procedural equity refers to democratic and participatory governance systems, involving concerned stakeholders in decision-making. This is particularly essential because of the normative nature of sustainability. Interspecies equity refers to the survival of other species. It highlights the critical importance of preserving ecosystems integrity and maintaining biodiversity, not only for utilitarian reasons, but also because other species have the intrinsic right to survival (Haughton, 1999).

Third, sustainable development is a concept of integration. As a logical consequence of its modern genesis and in need of a whole system’s perspective (holism), sustainability should harmoniously integrate various development objectives with environmental objectives. This means that all sustainability principles should be applied together —integrated—, and that mutually supportive benefits should always be sought. Integration contrasts with the idea of ‘balancing’ or ‘trading-off’, suggesting sacrifices among sustainability objectives. This is pernicious because of the objectives’ inherent linkages and interdependence, as failure to achieve one or more sustainability objectives undermines the success of the other objectives (Gibson et al., 2005).

Fourth, sustainable development is always a process of directed— sustainability oriented—change, and not a defined end-state. This reflects the dynamism principle (Lafferty & Meadowcroft, 2000; Robinson, 2004). Society, the environment and their interaction are subject to a continuous flow of change.

As a result sustainable development is not a “fixed state of harmony”, but instead an ongoing evolutionary process (Hodge & Hardi, 1997). In other words, sustainability is not a final destination but a destiny- oriented long voyage. Hence it is sometimes argued that sustainability—per definition—can never be achieved, and that its perfect realization is elusive. This dynamism brings about uncertainties and (potential) risks due to unpredictable evolutions and unanticipated effects, underlying the need for precaution. Precaution requires respecting uncertainty, avoiding even poorly understood risks of serious or irreversible damage to the foundations for sustainability, designing for surprise and managing for adaptation. It involves willingness to act on incomplete but suggestive information where social and environmental systems are at risk (Gibson et al., 2005). Any list of fundamental sustainability principles has a number of limitations:

1. principles are only generally stated and their implications should be further elaborated and specified before being implemented in practice;
2. considered together—integrated—the principles are more complex and sophisticated than we are used to manage;
3. although reasonable in theory, in practice it seems to be overly ambitious and unrealistic to realize positive results for all sustainability objectives and principles at the same time in every instance: ‘balancing’ or ‘trading-off’ are sometimes unavoidable in decision-making but this is only acceptable as a last resort when all other options are considered to be worse. In any case the general rule is that trade-offs must not violate the fundamental objective of net sustainability gains. The integrated application of sustainability principles and simultaneous reconciliation of sustainability objectives remains central in achieving sustainability in the short and long term;
4. no set of principles can be more than a part of the solution and should hence always be applied and interpreted within a particular context of implementation. This context is at least as important as the principles themselves (Gibson et al., 2005).

After this necessary clarification of the concept of sustainable development, this working paper will now focus on private enterprises. Corporations, because they are the dominant institution on the planet, must squarely face the social and environmental problems that affect humankind, and must hence be actively involved in the societal commitment to sustainable development. The notion of Corporate Social Responsibility (CSR) is described as a concept from which businesses can assure a role in addressing the challenges of sustainable development and thus contribute to moving society towards a sustainable future (Blindheim, 2008).

Corporate Social Responsibility

Although the origins of the concept go back to concerns on the social responsibility of businessmen in the 1930s, the milestones of the modern re-emergence of the concept of sustainable

development (especially the United Nations Conference on Environment and Development in Rio de Janeiro in 1992 and the 2002 World Summit on Sustainable Development in Johannesburg in 2002) led to renewed interest in CSR.

Just as with its mother concept 'sustainable development' -the OECD (2001) sees CSR as 'the business contribution to sustainable development', many interpretations and definitions co-exist even if all do reflect different emphasis.

The World Business Council for Sustainable Development defines CSR as *'the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the work force'* (WBCSD, 2002). CSR hence no longer represents a burden, but instead it is seen as a means of enhancing reputation and credibility among stakeholders.

Similarly, **Hediger (2010)** defines CSR as a strategy to cope with externalities and serve as insurance for reputational risks that harm profit prospects and corporate values. To avoid falling into the trap of unachievable exhaustiveness and to provide the reader with a set of general common characteristics of CSR definitions, we refer to the five characteristics :

- (1) Respect for man and nature;
- (2) Plural objectives;
- (3) Creation of value;
- (4) Responsibility
- (5) Voluntariness;

If CSR is to contribute to change a company's modus operandi, it is safe to say that it needs to be more than a commitment, hence it should above all be a strategy. Although many instruments exist to support a CSR strategy in companies, they are basically all –supportive to- management systems. A management system consists of a company's interlinked agreements and methods, responsibilities and procedures, and of its organizational structure, so as to ensure a planned and systematic management and improvement of company processes.

The Belgian Normalization Institute (in De Prins et al., 2009) adds that a management system must consist of: planning activities, responsibilities, practices, procedures and means. Elkington (1997) speaks of sustainable management, as a form of management, which states that enhancing the value of a business, is not only about continuously increasing revenues and profits, but also about reconciling the economic prosperity of a business with environmental quality and social justice.

Rationale for CSR

Many CSR interpretations emphasize the win-win character of CSR: it is a practical strategy to cope with externalities (let us assume that this amounts to actually diminish the negative externalities) as well as an advantage for the firm's reputation, hereby contributing to 'brand' the firm. This means that CSR is indeed carried by a social/ethical/sustainability dimension and by a

business dimension, the latter referring to companies' prime responsibility to generate profits (Hediger, 2010). Lynes & Andrachuk (2008) also stress the importance of pragmatism in explaining the rationale for CSR, as 'corporations are made up of individuals whose values, goals and ideals often clash with the rigour and inflexibility set in laws and institutional structures that guide the operation of corporations. It is within this context that the issue of corporate social and environmental responsibility sits, torn between social consciousness and shareholder profits. Increasingly, however, corporations are realizing — for varying reasons — that being environmentally and socially conscious makes good business sense.'

Numerous academic studies have also analyzed to what extent the company expectations and motivations materialize. The results vary according to the motivations, the CSR strategy and the organizational culture. On the level of international competitiveness, firms that are motivated to adopt CSR (through more comprehensive environmental management systems) because of their complementary resources and capabilities, such as export orientation, employee commitment and environmental research & development, observe greater overall facility-level business performance.

Potential and limitations of CSR

Regardless of the motivations and approaches underlying CSR strategies in any particular context, CSR is a dynamic concept. Just like sustainable development, CSR's essential contestability means that many actors gather behind its banner –as everyone interprets it in his own way-, yet it also means that it faces the risk of becoming a meaningless triviality. The previous sections have shown that CSR does refer to a stable set of components (thereby reducing the risk of trivialization), and that different approaches can be followed to implement it in some way. Yet it is key to recognize the dynamism of the concept. This is not a disadvantage, quite the contrary. CSR frameworks allow firms to bring the concept of the 'learning organization' into practice in businesses. Learning organizations successfully define their own futures by questioning and changing the foundation visions, values and assumptions that underlie the way people in organizations think (Stead & Stead, 1994). Ultimately, learning organizations may contribute to realize an actual transition to sustainability, which would amount to a paradigm shift. Paradigm shifts entail changing the fundamental assumptions and values from which the world is viewed. Indeed, any paradigm shift requires long-term organizational and societal change efforts. Virtually all of the organizations which comprise the underlying economic forces of our culture will have consciously to adopt shared organizational value systems which support ecological sustainability, they will have to examine and modify what they stand for in the context of serving the needs of their ultimate stakeholder, and they will have to develop learning structures which emphasize and perpetuate ecologically-sensitive values and assumptions, supporting a nurturing,

synergistic relationship with planet Earth (Stead & Stead, 1994). Of course, CSR is not a panacea, and needs to be combined with other actions in favour of sustainability.

Although the scope of this project and working paper does not extend to a fundamental questioning of CSR practice, critical views cannot be eluded. The powerful statement of Hawken (1993 in Stead & Stead, 1994), certainly gives food for thought: 'If every company on the planet were to adopt the environmental and social practices of the best companies, the world would still be moving towards environmental degradation and collapse...Today there is a contradiction inherent in the premises of the socially responsible corporation: to wit, that a company can make the world better, can grow, and can increase profits by meeting social and environmental needs. It is a have-your-cake-and-eat-it fantasy that cannot come true'.

CSR policy - role of governments

The potential role of the government in fostering or encouraging CSR is interpreted here in its broadest sense, yet in order to speak of CSR strategies, voluntariness remains key. CSR is not a substitute for public policy, but it can contribute to a number of public policy objectives (skill improvements, innovation, more rational use of natural resources etc.). CSR concerns actions of companies over and above their legal obligations towards society and the environment. This means that public engagement in CSR ideally contributes to the alignment of business activities and public policy to achieve societal goals.

CSR also has clear potential links with government strategies aiming at ensuring better access of certain categories of citizens to the economy (UN, 2007). Another broad concern for governments is to address market access for domestic enterprise. Governments can also use the CSR agenda to promote socially responsible forms of business practices by domestic and foreign enterprises. Finally, governments can work — preferably with business, labour and NGOs — to raise the CSR content and profile of major —exported-products and services, perhaps encouraging the development and use of certification or labelling schemes (UN, 2007).

The range of policy instruments used by governments to promote goals related to CSR is wide and reflects varying policy approaches as well as socio-economic circumstances. In the broadest sense of CSR, the entire body of social and environmental legislation in any country can be seen as an expression of public sector engagement with CSR. Other areas of legislation including competition policy, basic investment and enterprise frameworks, and rights of access to information and public participation in decision-making are also important parts of the 'enabling environment' for CSR (UN, 2007)

United Nations CSR policy

This brief introduction to the United Nations CSR policy sheds light on the international context of

CSR. Agenda 21 (UN, 1992), the United Nations Conference on Environment and Development (UNCED) Action Plan states: 'Business and industry, including transnational corporations and their representative organizations, should be full participants in the implementation and evaluation of activities related to Agenda 21' and 'responsible entrepreneurship can play a major role in improving the efficiency of resource use, reducing risks and hazards, minimizing wastes and safeguarding environmental qualities'.

In 2002, the World Summit on Sustainable Development was organized as a follow-up conference of UNCED to accelerate the implementation of Agenda 21. In its plan of action, known as the Johannesburg Plan of Implementation, countries and their governments are called to promote sustainable production and consumption patterns and to integrate this into their policies, strategies and programs for sustainable development (UN, 2002). The enhancement of corporate environmental and social responsibility and accountability would include actions at all levels to 'encourage industry to improve social and environmental performance through voluntary initiatives, including environmental management systems, codes of conduct, certification and public reporting on environmental and social issues, taking into account such initiatives as the International Organization for Standardization standards and Global Reporting Initiatives guidelines on sustainability reporting, bearing in mind principle 11 of the Rio Declaration on Environment and Development (UN, 2002). The UN also launched the UN Global Compact Initiative for businesses that are committed to aligning their operations and strategies with ten universally accepted principles in the areas of human rights, labour, environment and anti-corruption (www.unglobalcompact.org).

The European Union's CSR policy

The European Commission (EC) presents CSR as a part of the Europe 2020 strategy for smart, sustainable and inclusive growth and states that CSR can shape the kind of competitiveness that Europe wants. The European Commission had the ambition of making Europe a pole of excellence in CSR. The European Commission issued a Green Paper (2001) and two Communications (2002 & 2006) and a EU Multi-Stakeholder Forum on CSR (CSR Forum) was set up. In October 2011, the European Commission issued a renewed European Union Strategy 2011-2014 for CSR encompassing eight key actions: enhancing CSR's visibility; improving & tracking levels of trust; improving self- and co-regulation processes; enhancing market reward for CSR; improving companies' disclosure of environmental and social information; integrating CSR into education, training & research; emphasizing the importance of national and sub-national CSR policies and better aligning European and global approaches to CSR. The Commission also backed the launching of the European Alliance for CSR. The Alliance is a political umbrella for new or existing CSR initiatives by large companies, SMEs and their stakeholders. The

Alliance has an open nature and European enterprises of all sizes are invited to voluntarily express their support. It is not a legal instrument and is not to be signed by enterprises, the Commission or any public authority. There are no formal requirements for declaring support for the Alliance, and the European Commission will not keep a list of companies that support it (EC, 2006). Anno 2011, the European Alliance for Corporate Social Responsibility is an open partnership for enterprises to promote and encourage CSR; it is a joint initiative of the European Commission and the business community (CSR Europe, 2011). The EC (2006) emphasizes the following aspects in promoting CSR: awareness raising and best practice exchange, support to multi-stakeholder initiatives; cooperation with Member States; consumer information and transparency; research; education; the international dimension of CSR.

India and CSR

CSR in India has traditionally been seen as a philanthropic activity. And in keeping with the Indian tradition, it was an activity that was performed but not deliberated. As a result, there is limited documentation on specific activities related to this concept. However, what was clearly evident that much of this had a national character encapsulated within it, whether it was endowing institutions to actively participating in India's freedom movement, and embedded in the idea of trusteeship. As some observers have pointed out, the practice of CSR in India still remains within the philanthropic space, but has moved from institutional building (educational, research and cultural) to community development through various projects. Also, with global influences and with communities becoming more active and demanding, there appears to be a discernible trend, that while CSR remains largely restricted to community development, it is getting more strategic in nature (that is, getting linked with business) than philanthropic, and a large number of companies are reporting the activities they are undertaking in this space in their official websites, annual reports, sustainability reports and even publishing CSR reports. The Companies Act, 2013 has introduced the idea of CSR to the forefront and through its disclose-or-explain mandate, is promoting greater transparency and disclosure. Schedule VII of the Act, which lists out the CSR activities, suggests communities to be the focal point. On the other hand, by discussing a company's relationship to its stakeholders and integrating CSR into its core operations, the draft rules suggest that CSR needs to go beyond communities and beyond the concept of philanthropy. It will be interesting to observe the ways in which this will translate into action at the ground level, and how the understanding of CSR is set to undergo a change.

The Companies Act, 2013

In India, the concept of CSR is governed by clause 135 of the Companies Act, 2013, which was passed by both Houses of the Parliament, and had received the assent of the President of India on 29

August 2013. The CSR provisions within the Act is applicable to companies with an annual turnover of 1,000 crore INR and more, or a net worth of 500 crore INR and more, or a net profit of five crore INR and more. The new rules, which will be applicable from the fiscal year 2014-15 onwards and also require companies to set-up a CSR committee consisting of their board members, including at least one independent director. The Act encourages companies to spend at least 2% of their average net profit in the previous three years on CSR activities. The ministry's draft rules, that have been put up for public comment, define net profit as the profit before tax as per the books of accounts, excluding profits arising from branches outside India.

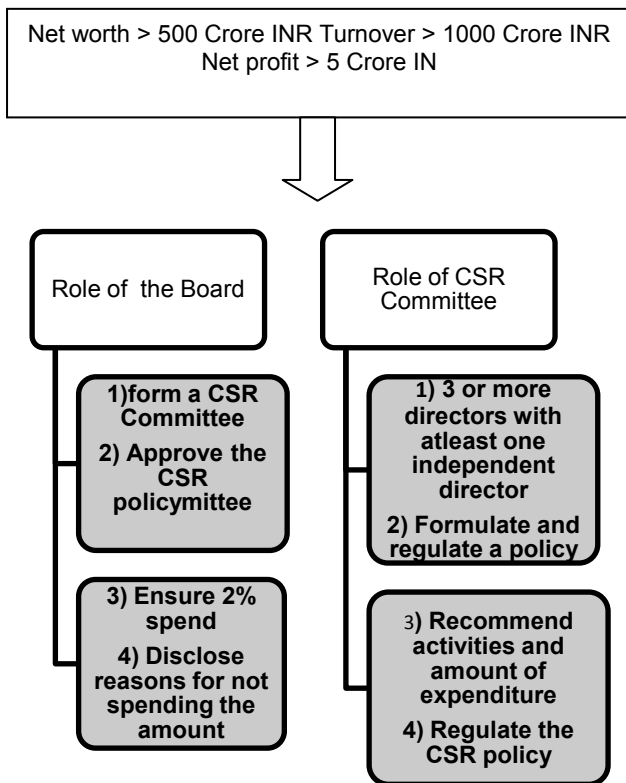
The Act lists out a set of activities eligible under CSR. Companies may implement these activities taking into account the local conditions after seeking board approval. The indicative activities which can be undertaken by a company under CSR have been specified under Schedule VII of the Act. The draft rules (as of September 2013) provide a number of clarifications and while these are awaiting public comment before notification, some the highlights are as follows:

- (1) Surplus arising out of CSR activities will have to be reinvested into CSR initiatives, and this will be over and above the 2% figure
- (2) The company can implement its CSR activities through the following methods: - Directly on its own - Through its own non-profit foundation set-up so as to facilitate this initiative - Through independently registered non-profit organisations that have a record of at least three years in similar such related activities - Collaborating or pooling their resources with other companies
- (3) Only CSR activities undertaken in India will be taken into consideration
- (4) Activities meant exclusively for employees and their families will not qualify
- (5) A format for the board report on CSR has been provided which includes amongst others, activity-wise, reasons for spends under 2% of the average net profits of the previous three years and a responsibility statement that the CSR policy, implementation and monitoring process is in compliance with the CSR objectives, in letter and in spirit.

This has to be signed by either the CEO, or the MD or a director of the company

Governance

Clause 135 of the Act lays down guidelines to be followed by companies while developing their CSR program. The CSR committee will be responsible for preparing a detailed plan on CSR activities, including the expenditure, the type of activities, roles and responsibilities of various stakeholders and a monitoring mechanism for such activities. The CSR committee can also ensure that all the kinds of income accrued to the company by way of CSR activities should be credited back to the community or CSR corpus.



CSR: Planning and strategizing

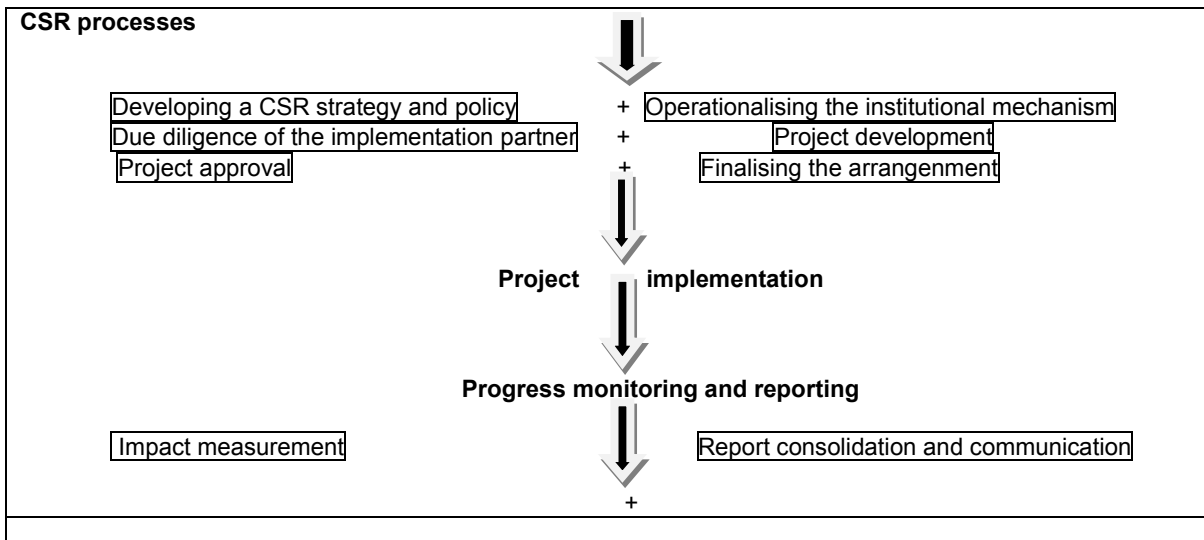
The first step towards formalising CSR projects in a corporate structure is the constitution of a CSR committee as per the specifications in the Companies Act, 2013, clause 135.

Background

Clause 135 of the Companies Act, 2013 requires a CSR committee to be constituted by the board of directors. They will be responsible for preparing a detailed plan of the CSR activities including, decisions regarding the expenditure, the type of activities to be undertaken, roles and responsibilities of the concerned individuals and a monitoring and reporting mechanism. The CSR committee will also be required to ensure that all the income accrued to the company by way of CSR activities is credited back to the CSR corpus.

This is an excellent starting point for any company new to CSR. In case a company already practices CSR, this committee should be set up at the earliest so that it can guide the alignment of the company's activities with the requirements of the Act. For effective implementation, the CSR committee must also oversee the systematic development of a set of processes and guidelines for CSR to deliver its proposed value to the company, including:

- one-time processes such as developing the CSR strategy and operationalising the institutional mechanism
- repetitive processes such as the annual CSR policy, due diligence of the implementation partner, project development, project approval, contracting, budgeting and payments, monitoring, impact measurement and reporting and communication A set of such enabling processes, their inter-relationships and the sequence in which they need to be developed have been identified below:



Conclusion

As CSR is a new concept introduced in India thus the need of the hour is to involve not only the companies but also its workers as well as the community. General Awareness regarding the concept must be increased and thus the role of NGO's also comes in the forefront.

Thus, there is a long way to go on which we have just stepped up.

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