Mandating spending on Corporate Social Responsibility (CSR) through The Company Act, 2013 by the Government of India - A Critique

N.R.Govinda Sharma
Professor – Ethics and Strategy
SDMIMD, Mysuru
nrgovinda@sdmimd.ac.in

Abstract

With the assent of the President on 29th August 2013 to The Companies Act 2013 ("The Act"), India became the second[1] country to mandate spending on Corporate Social Responsibility (CSR) activities through a statutory provision. Even though reporting of CSR activities is mandatory in countries such as Sweden, Norway, the Netherlands, Denmark, France and Australia, no country, except Mauritius and India has mandated spending on CSR activities. When rest of the world is adopting "voluntary" approach to CSR, the approach of mandating CSR raises question as to whether mandating spend on CSR is a good or a bad proposal. The paper traces the history of CSR, arguments of voluntary versus mandated CSR and establishes that the mandatory approach is appropriate to the Indian condition, at least as of now. The role of the government in either encouraging the spirit of *responsibility or dampen the spirit of CSR, which is fundamentally an inspirational exercise, is discussed.*

Keywords: *Corporate Social Responsibility, CSR, Voluntary versus mandatory, Company Act, 2013, Critique.*

Introduction

There is a growing concern in the wake of financial crises, rising consumer and employee safety concerns and natural disasters publicly linked to corporations. Even thirty years after the Bhopal Gas Tragedy[2], the question of the responsibility of the corporate, in ensuring the safety of the people while pursuing profits remains unanswered (Correspondent, The Hindu, 2014). The terrorist attacks in the US on September 11, 2001 have also added urgency of the calls for greater attention to Corporate Social Responsibility (CSR), with businesspeople seemingly now more attuned to global inequalities. One indication is a survey of 264 “Fortune 1000” company CEOs which found that 52% believed that corporations acting responsibly to communities around the world can ebb the support of terrorist groups. Crass materialism, and lack of social justice, has induced hundreds of youths, especially from the West, to deadly creeds such as the Islamic State of Iraq and Syria (ISIS) (Ganguli, 2014).

The assessment of business performance is increasingly moving beyond the conventionally accepted measures of shareholder value and profits per share. Businesses, across industries and markets, are being evaluated on their sustainability on triple dimensions of economic prosperity, environmental quality and social justice (Elkington, 1999), (Kambewa, Ingenbleek, & Tilburg, 2008), (Cokins, 2009), (Sahoo, 2013). Equity and inclusion have become equally important consideration for sustainability along with profit and environmental quality. 35% of the companies registered with BSE / NSE voluntarily report on sustainability based on Global Reporting Initiative (GRI) Sustainability Reporting Guidelines (Sahoo, 2013).

As stated in the Human Development Report 2011, sustainability is inextricably linked to the basic questions of equity – that is of fairness of social justice and of greater access to a better quality of life (Klugman, 2011).

Therefore, the debate is no more of "should corporate be involved in Corporate Social Responsibility (CSR)" but "how?" While Western countries, such as United States of America, have adopted voluntary approach to CSR, India has taken a decisively different stand of mandating CSR spends by the corporates. With the assent of the President on 29th August 2013 to The Companies Act 2013, India became the first (sic) country[1] to mandate spend on CSR activities through a statutory provision (KPMG, 2013).

Is this approach of mandating rather than voluntary action appropriate? Will this approach of mandating CSR yield the desired results? This conceptual paper is an attempt at addressing these questions.

This paper is organized as follows: Firstly, the history and genesis of CSR is established. Secondly, it is established that the question is not that of whether corporate should be engaged in CSR but the question is how. Thirdly, the arguments of voluntary versus mandated CSR are highlighted. The larger question of role of the government in encouraging CSR is then discussed. Fourthly, the provisions of The Companies Act, 2013 are highlighted. The paper concludes with remarks on the mandated versus voluntary nature of CSR. As the first step, a study of evolution of CSR in the West and in India is undertaken.

Evolution of Corporate Responsibility in the West

Corporate social responsibility has a long history in the West. Visionary business leaders such as George Cadbury built factory towns such as Bourneville in the year 1879 A.D. to provide workers with housing and other amenities when many parts of newly industrialized cities were slums (Smith, 2003). Unfortunately, these were exceptions rather than a rule. Moreover, this was paternalistic capitalism wishing to promote moral virtues among the workers. None the less, they supported the fundamental idea that business corporations have an obligation to work for social betterment (Frederick, 1994).

The term Corporate Social Responsibility (CSR) was first mentioned in 1953 in the publication "Social Responsibilities of the Businessman" by Howard R Bowen. Historically, there have been periods of heightened interest in CSR in the past, such as the late 1960s and the early '70s. At that time, business organisations such as The Conference Board in the US and the Confederation of British Industries in the U.K. issued calls for business to give greater attention to CSR (Smith, 2003). Interestingly, it was in the year 1970 that Milton Friedman wrote the article "The

Social Responsibility of Business is to increase its profits" which declared that social responsibility of business is to maximise the profit (Friedman, 1970).

> *Corporate Responsibility has become an important means of addressing the fundamental problem with contemporary globalisation - a system of global governance without global government* (Michael Blowfield, 2011).

Business' relationship with society has changed with globalization, the phenomenon that affected social, political, economic and business life since the 1980s. Corporate Responsibility has become an important means of addressing the fundamental problem with contemporary globalisation – a system of global governance without global government (Michael Blowfield, 2011). The early 2000s became preoccupied with the Enron era of scandals, and these headlined the news until 2008, when Wall Street scandals era began wreaking havoc all over the globe. The business community became fascinated with a notion of sustainability, or sustainable development, and this theme became an integral part of all CSR discussions (Carroll & Shabana, 2010).

Corporate Social Responsibility (CSR) in India

Corporate Social Responsibility is not a new idea, especially in India. Indian CSR has an organic evolution from within its own history and culture which sets it apart from that in the West (Sundar, 2013). Based on ancient Hindu texts and contemporary ethnography, Dumont argues that one of the fundamental characteristics of the Hindu society was that economic and political domain (*artha*) was subordinate to the moral exigencies of a higher order (*dharma*). This hierarchy of principles was thought to inform the ideology of Indian Society as a whole (Vidal, 2006).

Philanthropy in India is ingrained in culture and tradition. The concept of *dana* or 'giving gifts' can be traced to *rgveda* and has evolved to astonishing degree of details as also finesse over the centuries. The concept first appears in Rgveda (1.125.6) as dakshina or sacrificial fee[3] to be paid to the priests. Annadana or giving food to the hungry has been extolled there highly (10.117). Dana may be nitya (obligatory daily duty), naimittika (occasional), kamya (desire-motivated) or vimala (pure). One can give gift only from what one has earned by right means and one should never give beyond one's means and capacity[4]. The dharmashastras vehemently oppose the gifts made by person who has amassed wealth by unrighteous means. The receiver should never accept them if he knows about it! (Harshananda, 2008). Instances of merchant charity towards building of places of worship and rest houses can be traced back to the Gupta period wherein the record of the *dana* would be permanent, signed and sealed edict referring to the lineage of the donor, the identity of the recipient, the extent and characteristic of the land gifted are evident from the copper plates and stone inscriptions from the Gupta period (Thapar, 1978).

Over the years it is seen that the old industrial families and houses recognize that their wealth creation would not have been possible without the contributions of countless others, and they have given back to the larger society by addressing various issues, such as education, healthcare and the environment. Sir Ratan Tata Trust, established in 1919, is one of India's oldest philanthropic organizations. Recently, the Azim Premji Foundation received $2 billion from its founder, the single-largest philanthropic gift in India.

India's earliest philanthropists pioneered the concept of building wealth for the public good. Jamsetji Nusserwanji Tata (J N Tata), the founder of the Tata group, was on a par with his contemporaries Joseph Rowntree and Andrew Carnegie. He was one of a number of Indian business leaders who reflected on the responsibility of wealth and engaged in philanthropy in the early days of industrialization (Mathieu Cantegreil, 2013). J N Tata wrote in 1902, to his son Dorab, describing his vision of the steel town: "Be sure to lay wide streets with shady trees, every other of a quick growing variety. Be sure that there is plenty of space for lawns and gardens. Reserve large areas for football, hockey, and parks. Earmark areas for Hindu temples, Mohammedan mosques and Christian churches" (Lala, 1992)

With the passage of time, and due to colonization, India lost its value systems (Durant, 2007). Globalization and excessive thrust on market fundamentalism has exasperated inequity in India. Although there are claims that inequality has decreased in the post-liberalization period in India, careful analysis of data shows that these views are mostly unsubstantiated. Comparable estimates of the 50^{th} (1993-1994) and 55^{th} (1999-2000) rounds of

National Sample Survey data reveal that inequality increased both in rural and urban India (Parthapratim Pal, 2007).

India's tryst with institutionalized CSR began with voluntary guidelines by the industry groups. In late 2009, Ministry of Corporate Affairs (MCA) proposed ground-breaking CSR guidelines in what is deemed as the first concrete attempt to recognize CSR from a regulatory standpoint. But there is very little indication of the wide spread adoption of guidelines voluntarily by the Indian businesses (See Annex 1).

This led to mandating corporates to spend on CSR through the enactment of the Company Act, 2013 ("The Act") on 29th August 2013.

CSR as an Integrative Approach

The European Commission has indicated that the various stakeholders held different opinions about CSR (Commission of the European Communities, 2nd July 2002):

- Enterprises stressed the *voluntary nature* of CSR, its integration in the sustainable development context and that its content should be developed at global level. Enterprises emphasized there would not be "one-size-fits-all" solutions. In the view of businesses, attempts to regulate CSR at European Union (EU) level would be counterproductive, because this would stifle creativity and innovation among enterprises which drive the successful development of CSR, and could lead to conflicting priorities for enterpriszes operating in different geographical areas;

- Trade unions and civil society organizations emphasized that *voluntary initiatives are not sufficient to protect rights of workers' and citizens'.* They advocated for a *regulatory framework* establishing minimum standards and ensuring a level playing field. They also insisted that in order to be credible, CSR practices could not be developed, implemented and evaluated unilaterally by businesses, but rather with the involvement of relevant stakeholders. They also asked for effective mechanisms to ensure a company's accountability for its social and environmental impact;

- Investors stressed the need to improve *disclosure and transparency of companies' practices*, rating agencies' methodology and investment management of SRI (socially responsible investment) funds and pension funds;

- Consumers' organisations underlined the importance of *trustworthy and complete information* about the ethical, social and environmental conditions in which goods and services are produced and traded to guide them in their purchase choices;

(Italicised by the author for emphasis)

It is clear that different stakeholders prefer different approaches and safeguard of their interests. The stakeholder approach to CSR under the integrative approach requires that the interest of the various stakeholders must be balanced. It is another matter that ultimately, in the West the consultative process led to the adoption of a definition of CSR which preferred a voluntary approach.

> *"CSR is not at all about giving money for a cause. It is working along with the government to ensure community welfare and help bring positive changes in the lives of people"*
>
> *– J P Haran, Managing Director, Tata Consulting Engineers*
>
> *Source:* (Express News Service, 2014)

The integrative approach to CSR has been very effective in the Tata Sons Limited. In the year 1970, a special resolution was passed that included Clause 3A in the Article of Association: "…promotion and growth of national economy through increased productivity….The company shall be mindful of its social and moral responsibilities to consumers, employees, shareholders, society and the local community". Historically, the Clause 3A is very relevant because it was in the same year (1970) that Milton Friedman pronounced through his article in The New York Times that "The only social responsibility of business is to make profit". The event is, therefore, extremely momentous, as it clearly brought to the forefront, the value orientation of two extremes (Chatterji, 2011).

Should CSR be Voluntary or Mandated by the Government?

A plethora of definition, codes of conduct and CSR principles have arisen, most intended to be adopted voluntarily by the companies (Afra Afsharipour, 2014). For example, consider the definition of CSR by the Government of Canada: "Corporate Social Responsibility (CSR) is defined as the voluntary activities undertaken by a company to operate in an economic, social and environmentally sustainable manner" (Foreign Affairs, Trade and Development Canada, 2014). The European Commission defines CSR as "a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis" (Commission of the European Communities, 2nd July 2002). RESET.org defines CSR as "The voluntary compliance of social and ecological responsibilities of companies is called Corporate Social Responsibility" (RESET.org, 2014).

The voluntary World Council for Business Sustainable Development (WBCSD) defines CSR as "Corporate social responsibility is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large." (WBCSD Stakeholder Dialogue on CSR, The Netherlands, Sept 6-8, 1998) (Phil Watts, 2000).

Very interestingly, Ministry of Corporate Affairs defines CSR as "Corporate Social Responsibility (CSR) means and includes but is not limited to (i) Projects and programs relating to activities specified in Schedule VII to the act; or, (ii) Projects or programs relating to activities undertaken by the board of directors (Board) in pursuance of recommendation of the CSR Committee of the Board as per CSR Policy of the company subject to the condition that such policies will cover subjects enumerated in the Schedule VII of the Act" (Ministry of Corporate Affairs, 2013).

This brings us to important question about the voluntary nature of CSR: Is CSR truly voluntary? Or, is it the result of variety of social, economic and economic pressures on the corporates? In which case, is government, as a representative of the people, justified in mandating "voluntary" action, though this certainly sounds self-contradictory!

Consider the argument in the article by RESET on CSR wherein it is mentioned:

"Over the last years an increasing number of companies worldwide started promoting their Corporate Social Responsibility strategies because the customers, the public and the investors expect them to act sustainable as well as responsible. In most cases CSR is a result of a variety of social, environmental and economic pressures."

It is clear that most businessmen save and except the socially enlightened few, take to CSR as a result of external pressure!

From the various definition of CSR can be seen that most of the Western countries have preferred to go on voluntary approach to CSR. India has significantly deviated from this approach and decided to try out a mandated path. Is the government of India right in taking an approach of mandated CSR?

To address the question substantially, it is necessary to delve into the role of the state, government and responsibilities and authority of the government in pursuing CSR. It is then necessary to delve into motives for adoption of CSR by the companies and integrate the two thoughts.

The Role of the State in Pursuing CSR

The state is a concept which is inclusive of concept of the government[5]. The state is the most universal and most powerful of all social institutions. Wherever human beings have lived for together for any length of time, there we find organisation and authority. And where we find organization and authority, we find the nucleus of the state. The state is an association which, acting through law as promulgated by a government endowed to this end with coercive power, maintains within a community territorially demarcated the universal external conditions of social order. Physical coercion, therefore, is an integral element of the state to coerce the unsociable and recalcitrant will. Force, as used in this connection, does not mean mere physical or brute force. It means force plus reasons, which together means authority (Eddy Asirvatham, 2013).

The proper sphere of state action, that is, what the state is expected to do and what the business / citizens should do is dependent upon the classification of the state. A state could be a welfare state or otherwise (Police state). A welfare state is concerned with general happiness of the population, maintenance of order, progress, social service and justice. The state (read, government) has a responsibility to adopt policies that help companies grow but also ensure that the growth is shared more equitably (Stiglitz, Globalization and its discontents, 2002). Stiglitz (2002) writes, “I had studied the failures of both markets *and* government, and was not so naïve as to think that government could remedy every market failure. Neither was I so foolish as to believe that markets by themselves solved every societal problem. Inequality, unemployment, pollution; these were all issues in which government had to take an important role” (italics as in original).

It is clear that a welfare state has an important role in encouraging and implementing CSR. India, as per article 38 of the constitution, is a welfare state (Constituent Assembly, 2007) and, therefore, has a duty and right to legislate CSR.

Motives for the Corporates to Adopt CSR

The motivation behind corporate philanthropy is twofold: Ethical and enlightened self-interest (Phil Watts, 2000). While some of the companies such Daniel Salt and Sons in Bradford might have contributed to CSR more out of free will, the others have resorted to CSR more out of fear of government intervention in private decision-making or the simple need to comply with social legislation in order to be a law-abiding citizen (Frederick, 1994). It is also possible that Salt and other philanthropic industrialists were motivated by enlightened self-interest. Indeed, some have asked: “Was Salt’s paternalism (consciously or not) ultimately a device for securing a compliant, captive workforce which could be indoctrinated into disciplined behavior that ensured continued profits?” (Smith, 2003).

Surprisingly, though it appears that intellectuals like the Noble Laureate Milton Friedman inveighed against the very idea of CSR as being fundamentally subversive of capitalist system, a more careful reading of his work indicates that he was supportive of CSR as an "Instrumental Value"[6]. Consider the following Excerpt from the work of Milton Friedman:

"….it may well be in the long-run interest of a corporation that is major employer in a small community to devote resources to provide amenities to that community or to improving its governance. That may make it easier to attract desirable employees, it may reduce the wage bill or lessen losses from pilferage and sabotage or have other worthwhile effects. …It would be inconsistent of me to call on corporate executives to refrain from this hypothetical window-dressing because it harms the foundations of a free society".

Milton Friedman claimed that "there is one and only one social responsibility of business – to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engage in open and free competition, without deception or fraud" (Friedman, 1970).

Thomas Mulligan and Sumantra Ghoshal have criticized such an approach. In response to the arguments of Friedman, Thomas Muligan has demonstrated that business has responsibilities beyond the fiduciary responsibility to the shareholders and that the arguments of Friedman are flawed (Mulligan, 1986). (Though it is interesting and educative to follow the arguments of Mulligan, the same is not repeated here; interested readers can refer to Mulligan's 1986 paper, "A critique of Milton Friedman's essay 'The Social Responsibility of Business is to increase its Profits'") (Mulligan, 1986).

Ghoshal writes that theories such as the ones propounded by Friedman are explicit denial of any role of moral or ethical consideration in the practice of management. He quotes Friedman: "Few trends could so thoroughly undermine the very foundation of our free society as the acceptance by corporate officials of a social responsibility other than to make as much money for their stakeholders as possible" (Ghoshal, 2005)[7]. Friedman's statement is "a dim observation by a brilliant man", borrowing a sound byte from Todd Buchholtz commenting on Richard Posner's claim that justice is important only because it leads to avoidance of waste (Ghoshal, 2005). Commerce (business) without morality (ethics) is one of the seven deadly sins according to Mahatma Gandhi (Covey, 1990).

In spite of all the arguments to the contrary, it is seen that there is abroad consensus in the West that CSR has a business-driven approach (Laura Albareda, 2008).

This brings us to important question about the voluntary nature of CSR: Is CSR truly voluntary? Or, is it the result of variety of social, economic and economic pressures on the corporates? In which case, is government, as a representative of the people, justified in mandating "voluntary" action, though this certainly sounds self-contradictory!

Why Mandate the CSR Spend?

As already indicated, consider the argument in the article by RESET on CSR, wherein it is mentioned,

"Over the last years an increasing number of companies worldwide started promoting their Corporate Social Responsibility strategies because the customers, the public and the investors expect them to act sustainable as well as responsible. In most cases CSR is a result of a variety of social, environmental and economic pressures." (RESET.org, 2014).

It is clear that most businessmen save and except the socially enlightened few, take to CSR as a result of external pressure!

Laura (2008) and others observe that public policies are key to encouraging a greater sense of CSR. In studying the CSR initiatives and public policies in three European countries, namely, Italy, Norway and the United Kingdom, they observe that divergence of approaches of the various countries are based on the previous cultural and political framework, such as the welfare state typology, the organizational structures, and the business and social background in each country (Laura Albareda, 2008). An important cultural aspect in India which would offer ideological and philosophical obstruction to acceptance of mandating CSR spends and reporting of the same is that the principle of giving or daan has an interesting insight: the donor must detach himself from the donation and his attachment to the subject and, so, is not expected to monitor its outcome (See also End Note 4).

In these days of individualism and market fundamentalism, it is natural that people expect that legislation must be minimized and voluntary actions must be encouraged. Even though business people would prefer no mandating of CSR on the corporates, it is an observed fact that many times, in the absence of legislation and enforcement, people do not behave the way they are expected to behave. Stiglitz (2010), a Noble laureate, writes:

"The model of rugged individualism combined with market fundamentalism has altered not just how individuals think of themselves and their preferences but how they relate to each other. In a world of rugged individualism, there is a little need for community and no need for trust. Government is a hindrance; it is a problem, not the solution. But if externalities and market failures are pervasive, there is a need for collective action, and voluntary actions will not typically suffice (simply because there is no enforcement, no way to make sure that people behave the way they should behave") (Stiglitz, Free Fall - The Free Markets and the Sinking of the Global Economy, 2010).

Perusal of Annex 1 to this paper will demonstrate amply that most of the top hundred companies in India fell short of CSR spend while comparison is made between the actual spend on CSR (while CSR spend was discretionary or voluntary) and 2% of Profit After Tax (PAT). With leaders, save and except a few exceptions, behaving in this way, what could be expected of the others?[8] (Malhotra, 2010).

CSR is a proactive process of business and not a one-time philanthropic activity (Chatterji, 2011).

In answering the question as why the CSR should be prescriptive and not voluntary, it a common knowledge that philanthropy will normally result in supporting religious activities (for example, Birla's are known for building temples in India) (these temples are popularly known as "Birla Temples" (Singh, 2010) and may not necessarily by the name of the deity in whose honour the temple was built!). Such activities do not build the wealth creating assets (meaning better health and education, gender parity etc.). CSR is a proactive process of business and not a one-time philanthropic activity (Chatterji, 2011). Thus, it is desirable that prescriptive model, which indicates which activities qualify as CSR activity, are desired, especially in countries like India where there is lot of work to be carried out. Institutionalized philanthropy will not depend on individual preferences and a prescriptive model will be better than a voluntary one.

Is CSR an Effort by the Government to Abdicate its Responsibility?

A question that can be legitimately raised is, should it not be the responsibility of the government to address the problem of inequality and why should this responsibility be thrust on the corporates? Several experts criticise mandating of the CSR by the government as they believe that the welfare of the people is the responsibility of the government for which it collects taxes and hence mandating CSR spend is an extra burden which is unjustified (Pandey, 2013).

Is the Indian state justified in asking corporates to spend 2% profit on CSR?

State has the responsibility of taking care of its population. As per World Bank survey in 2009, 68.8% of Indians lived on less than $2 per day (The World Bank, 2014). Obviously, there is huge work on hand of helping the disadvantaged people. The process of liberalisation and globalisation has exasperated the inequality between the haves and have-nots[9].

Since a large amount of resources is required to set right this problem, the state is within its right to seek the resources from its population, notably, the profit making business section. Since resources do not mean just money but also skills and talents, the state of India is justified in asking the corporates to spend 2% of the profit on CSR and not just collect it as a tax. This should answer the popular argument by the intellects speaking on behalf of recalcitrant businessmen who are "willing to pay an additional tax but would like to be left alone".

For elaboration on objections based on corruption and inefficiency in the government, see section on "Argument of corruption against mandating of CSR spending" in this paper.

In this conservative view, the concept that economics is about efficiency and, issues of equity (which, like beauty, so often lies in eyes of the beholder) should be left to politics. Today, the intellectual defence of market fundamentalism has largely disappeared (Stiglitz, Making

Globalization Work, 2006). Globalization has exposed developing countries such as India to more risks, but markets to insure against these risks are notably absent. In more advanced countries, governments fill in the gap by providing pensions for senior citizens, disability payments, health insurance, welfare, and unemployment insurance. But in developing countries, governments are typically too poor to insure social insurance programs. What little money they have is more likely to be spent on basic education and health, and on building infrastructure (Stiglitz, Making Globalization Work, 2006). Thus, though mandating CSR appears like the government is abdicating its responsibility by asking corporates to chip in nation building, it is well within its proper sphere of state action to mandate CSR spend. In more developed countries, it is natural that the CSR spend is left to the discretion of the corporate as the governments have enough resources to take care of the societal issues.

Argument of Corruption against Mandating of CSR Spending

An argument that finds popular gallery is that the government is corrupt and, that had it spent its money properly, it never had to ask corporates to take up societal activities which are essentially the responsibility of the state. Late Prime Minister Rajiv Gandhi once famously estimated that only 15% of benefits disbursed by the government of India actually reach the poor (Sandip Sukhtankar, 2014). The argument finds further traction when one takes cognizance of the corruption perception index published by the agency, Transparency International (TI). In the Corruption Perceptions Index 2014, India stood in the 85th rank (Transparency International, 2014). When we look at the Corruption Perceptions Indices of developed and developing countries (See Figure 1, for illustration), it will be clear that there is a correlation between reduction of corruption and development, though there can be other

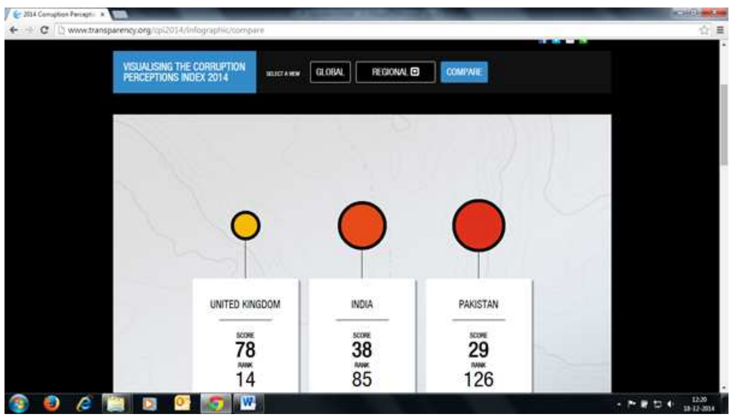

Figure 1: Corruption Perceptions Index and Rank - 2014

contributing socio-cultural issues. Without delving much on the issue of corruption, as it is not the focus of the paper, it is suffice to appreciate that we live in an imperfect world and the nexus between corruption and underdevelopment has to be accepted. It is better that we initiate action without waiting for things to become perfect (Michael Blowfield, 2011). After all, if everything were to be perfect, equity would never have been issue.

So, the state, in this case Indian state, can exercise its right call for resources to meet the developmental goals of attaining equity amongst its population. The government on its part must work on its agenda of “Maximum governance, minimum government”, to retain its legitimacy and authority.

Some of the Salient Features of the Companies Act 2013

It is not the intent to reproduce the Act or go through the legal implications of the same in this paper; reference can be made to papers by subject experts for the same; see for example, “Corporate Social responsibility Act: Provisions in the Companies Act 2013” (Baneerjee, 2014). Industry Associations, such as Confederation of Indian Industry (CII), have also come up with Handbooks for the purpose in association with consultants; See for example, “Handbook on Corporate Social Responsibility in India” (Price water house coopers Private Limited, 2013). Only salient features are referred to in this paper for the sake of completeness of treatment.

The Companies Act 2013 (“The Act”) is designed to protect the investors and stakeholders of Indian Inc. and boost social development work via mandated corporate social responsibility provision. Section 135 (1) of The Act requires that “Every company having net worth of rupees five hundred crores or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during any financial shall constitute a Corporate Social Responsibility Committee of the Board of three or more directors, out of which at least one of them shall be an independent director." Further, Section 135 (5) mandates that "The Board of every company referred to in Section 135 (1), shall ensure that the company spends, in every financial year, *at least two per cent of the net profits* made by the company during the three preceding financial years.." (Ministry of Corporate Affairs, 2013) (Italicised by the author for emphasis).

According to Schedule VII of The Companies Act 2013, the following activities may be included under CSR 1) eradicating extreme poverty 2) promotion of education 3) promoting gender equality 4) reducing child mortality and improving maternal health 5) combating human immunodeficiency 6) ensuring environmental stability 7) employment enhancing vocational skills 8) social business projects 9) contribution to prime Minister's National Relief Fund for socioeconomic and relief and funds for the welfare of the Scheduled Castes, Scheduled Tribes, and other backward classes, minorities and women and 10) such other matters as may be prescribed (Ministry of Corporate Affairs, 2013).

Gazette Extraordinary, Regd. No. D.L.-33004/99, dated February 28, 2014 gives clarification as to what constitutes and what does not constitute CSR activity. For example, Projects that benefit only the employees shall not be considered as CSR activity. Donations to political parties shall not be considered as CSR activity. A company may collaborate with other companies for undertaking a project provided they are in a position to report separately on such projects (Ministry of Corporate Affairs, Government of India, 2014, February 28). The last cited clarification on collboarating CSR efforts is especially relevant to Small and Medium Enterprises (SMEs) which may also fall into the bracket of eligible companies as the condition of Rs 5 crore of profit averaged over the last three years is easily triggered in many of the SMEs.

Discussions

One defining aspect of CSR as it is generally perceived in the West is that it refers to corporate action that is voluntary and self-regulatory. In India, the debate and action by the government has taken decisively different turn by mandating the CSR spend.

While there are rational arguments on either side of the fence, that is, should CSR be voluntary or mandated, the point that emerges from the analysis in the preceding paragraphs is that this question is not a simple yes or no. It defies the binary logic and is tempered by the socio-economic conditions prevailing in a country. Under the prevailing condition of huge inequality (68.8% of Indians living on less than $2 per day) and limited resources at the disposal of the government of India and not demonstrable corporate responsibility by the corporates (India Inc. only spent only 0.6% of its GDP, which accounts to about $5 billion while United States of America spent about 2% of its GDP, equivalent to $300 billion on corporate oriented social welfare) (Anupam Singh, 2014), it was perhaps wise to mandate CSR spend in India.

The economic effect of the disclosure regulations appear to be positive based on a study conducted using data from four countries namely, China, Denmark, Malaysia, and South Africa (Ioannis Ioannou, 2014).

While The Act focuses on *what* is to be done with profit *after* they are made, sustainability is factoring social and environmental impacts of conducting business, that is, *how* profits are made (Pricewaterhousecoopers Private Limited, 2013). So, it is important that the idea of sustainability is built into the strategic approach to business.

Government, on its part has to build credibility so that corporates and civil society will not be criticising the mandatory approach based on the argument of corruption and mal-administration (recollect the famous statement of "only 15% of benefits disbursed by the government of India actually reach the poor").

With changing times and conditions, this mandated approach could also be reviewed and may be Indian Corporate will then be mature enough to handle CSR voluntarily. Introduction of Liberalisation, Privatisation and Globalisation policy by the government in 1990s has shown that even "Licence Raj" can be replaced with liberal Rajs!

Concluding Remarks

The question of whether CSR should be voluntary or mandated is not really valid. Eternal vigilance is the price of freedom and those who do not use the power responsibly will lose it – this is termed the "Iron Law of responsibility".

In the words of Davis, “Whoever does not use his social power responsibly will lose it. In the long run, those who do not use power in a manner which society considers responsible will tend to lose it because other groups will eventually step in to assume those responsibilities” (Elisabet Garriga, 2009).

It is in the nature of human beings and business men in particular to seek “What is in it for me” while any thing is to be taken up. Most people are inveterate consequentialists. So, it is the business case which will hold the interests of the business men. The business case refers to the arguments or rationale supporting or documenting why the business community should accept and advance the CSR “cause” (Carroll & Shabana, 2010). So, research should document the benefits that would accrue to business when they take up CSR.

Company Act 2013 has been brought into force on 1st April 2014. Since it has been only nine months (between April and December 2014), the actual implementation of CSR in India vis-à-vis aspiration is yet to be studied and this allows for new avenues for research in this field. What cannot be measured cannot be improved. The team of Forbes India wanted to gather data on how much listed firms are spending on CSR currently. As can be expected, it turned out to be the most difficult exercises. Most companies didn’t report prior to the legislation of the Act because they were not required to do so by law (Mitu Jayashankar, 2013, March 18). This should give lie to the voluntary argument of CSR, at least as of now.

Reporting of data regarding the mandated spend and the actual spend (see Annexure 2 for reporting format) will provide quantitative data in the years to come. The normal and valid apprehension of the return of "Inspection Raj" is to be dealt by the government and the corporates alike. There is no point in throwing the baby along with the bath water.

Though there were ambitious estimates of the amount of money that would spent on CSR by corporate in the year 2014-15, the Ministry of Corporate Affairs has recently slashed the estimate to Rs 5000 crores (Arora, 2014). The initial estimates were as high as Rs 20,000 crores (Pricewaterhousecoopers Private Limited, 2013) and more moderate estimates were of the order of Rs 10,000 crores (Arora, 2014). Whatever may be the amount in the initial year, it is certainly going to increase with inclusion of many more companies and with the prosperity of the Indian economy improving.

This would then be "Creative Capitalism" in action and the economic "trickle-down" which was so far more of a "trap" would be realised to the betterment of the masses. There would be inclusive growth in the real sense of the term. But for that to happen, then the companies need to carry out CSR activities strategically, systematically and thoughtfully.

Isdell, former CEO of Coca-Cola writes about "Connected Capitalism" in which CSR is not just a pet project of CEO or his spouse but company's actual foot print on the society and focuses on how it can reduce its negative impact and is in the best interest of all the stakeholders. He cites the example of trying to making Coca-Cola water sufficient (Beasley, 2011).

Let us give Coca-Cola and the other corporates a long rope and hope the days of equity and plenty are not too far.

End Notes

1. Though, in most of the literature, India is referred to as the first country to mandate CSR, the honour must rightly belong to Mauritius. Mauritius was first to mandate CSR. As from 1 January 2012, every profitable company (in Mauritius) is required annually to set up a CSR Fund equivalent to 2% of its profits chargeable to income tax, derived during the preceding year (Pandey, 2013), (National Corporate Social Responsibility Committee, 2012). That way, India has a "sweet" companion in respect to mandating CSR! (Sugar cane is grown on 85% of arable land in Mauritius)

2. The Bhopal disaster is frequently cited as the world's worst industrial disaster. Bhopal Gas Tragedy, which claimed the lives of over 3,000 people over the years following the gas leak at the Union Carbide plant, has been a landmark event in corporate responsibility discussion in India and abroad. On 3 December 1984, Union Carbide subsidiary pesticide plant released 42 tonnes of toxic methyl isocyanate (MIC) gas, exposing more than 500,000 people to toxic gases. The plant was producing 'Carbaryl', an insecticide. But as Carbaryl did not sell very well, the owners of the plant started to cut

costs. This included employing fewer people, doing maintenance less frequently and using parts that were made of lower-grade steel (Barbara Dinham, 2002). Though these actions made perfect economic sense, it lacked corporate responsibility as these actions could, and eventually did, put the other stakeholders to risk. Bhopal gas tragedy, in its wake, brought a lot of disrepute to the company.

3. There are arguments that dakshina is not a fee but something given with reverence (Thapar, 1978) but the context of this paper does not call for discussion of the finer aspects of dana and dakshina and as such need not be elaborated here.

4. Surprisingly, and in contrast to the Companies Act 2013, the Dharmashastras place an upper limit of ten per cent of ones earnings as *dana* (Harshananda, 2008) and not a lower limit! This clearly demonstrates that people did not require coercion to giving but had to be restrained from excessive giving. With changing times and deterioration of value systems, now companies have to be mandated to spend *at least* 2% of their profit!

5. The essential elements of the state are population, territory, sovereignty, and the government. The state is the organisation of which the government is the administrative organ; and since organisation is greater than the government, the state is greater and more inclusive, A state has a constitution, a code of laws, a way of setting up a government, which is a body of citizens (Eddy Asirvatham, 2013)

6. An "Instrumental Value" is a value which is not valued for its one sake but for its ability to contribute to another value. More often than not, CSR is an instrumental value as it serves to improve the profitability! Theories which identify such motivations to CSR are termed "Instrumental Theories" (Elisabet Garriga, 2009) and the readers interested in Theories of CSR may refer to the paper by Elisabet Garriga and Domenec Mele (2009) for details.

7. The author is thankful to Dr K R Srinivas Murthy (KRSM), Former Director, Indian Institute of Management, Bangalore (IIMB) who brought the scintillating article by Sumantra Ghoshal, "Bad Management Theories are Destroying Good Management Practices" to author's attention while the framework for CSR course was being discussed. "…to provide a glimpse of the dynamics of how expectations of the role and ethical behaviour of a firm/its executives can change, I suggested contrasting a 2005 article/model by Sumantra Ghoshal with that of the 1960s Friedman's article/model." (KRSM's mail dated 8th February 2014). Dr N R Parasuraman mentioned about the book by Goshal – "Sumantra Ghoshal on Management – A force for good". The reading of these works made the author's thinking on the subject that much richer. Thank you, sirs.

8. Malhotra, quoting Bhagwad Gita, writes, "The manner in which a good and great man conducts himself,

persuades, others to follow him. Whatever example he sets, become standards for others to follow" (Malhotra, 2010). When we do not have worthy leaders, the option would be to become one. The original sloka (verse 21, chapter 3) in Bhagwad Gita is: Yadyadacharati shreshthaha tattatdevetaro janaha, Sa yat pramanam kurute loka tat anuvartate

9. Milanovic concludes his analysis noting that " …slow growth of rural per capita incomes in populous Asian countries (China, India and Bangladesh) compared to income growth of several large and rich OECD countries, plus fast growth in urban China compared to rural China and rural India, were the main reasons why world Gini increased" (Cornia, 2003). See End Note 10 for a note on Gini Index.

10. The Gini coefficient (also known as the Gini index or Gini ratio) is a measure of the income distribution of a nation's residents, and is the most commonly used measure of inequality. This is measured by calculating the area under Lorenz curve and multiplying by two. A Gini coefficient of zero expresses perfect equality (for example, where everyone has the same income) and a Gini coefficient of one (or 100%) expresses maximal inequality among values (for example where only one person has all the income or consumption, and all others have none) (Paul A. Samuelson, 2005). So, greater the Gini coefficient, grater the inequality. See also End Note 9 above.

References

Afra Afsharipour, S. R. (2014, October). Corporate Social Responsibility in India. School of Law, University of California, Davis. Retrieved November 13, 2014, from http://papers.ssrn.com/sol3/papers.cfm? abstract_id = 2517601

Anupam Singh, P. V. (2014, October). CSR@ 2%: A New Model of Corporate Social Responsibility in India. *International Journal of Academic Research in Business and Social Sciences, 4*(10). Retrieved December 22, 2014, from http://hrmars.com/hrmars_papers/A_New_Model_of_Corporate_Social_Responsibility_in_India1.pdf

Arora, R. (2014, September 30). Ministry of corporate affairs slashes estimate of companies CSR spend by half. *The Economic Times*. Retrieved December 18, 2014, from http://articles.economictimes.indiatimes.com/2014-09-30/news/54475231_1_csr-spending-csr-ambit-average-net-profit

Baneerjee, S. K. (2014, May). Corporate Social Responsibility: Provisions in the Comapnies Act, 2013. *Chartered Secretary*, 575-583.

Barbara Dinham, S. S. (2002, April). The Bhopal Gas Tragedy 1984 to ? The evasion of corporate responsibility. *Environment and Urbanisation, 14*(1), 89-99. doi:10.1177/095624780201400108

Beasley, N. I. (2011). *Inside Coca-Cola - A CEO's story of buidling the world's most popular brand.* New York: St. Martin's Press.

Carroll, A. B., & Shabana, K. M. (2010). The Business Case for Corporate Social Responsibility: A review of concepts, research and practice. *International Journal of Management Reviews*. Retrieved December 23, 2014

Chatterji, M. (2011). *Corporate Social Responsibility.* New Delhi: Oxford University Press.

Cokins, G. (2009). Measuring the New Triple Bottom Line - People, Profits and the Planet. *Financial Executive*, 37-39.

Commission of the European Communities. (2nd July 2002). *Communication from the Commission concerning Corporate Social Responsibility:A business contribution to Sustainable Development.* Brussels. Retrieved November 30, 2014, from http://trade.ec.europa.eu/doclib/docs/2006/february/tradoc_127374.pdf

Constituent Assembly. (2007, December 1). The Constitution of India. New Delhi, India: GOVERNMENT OF INDIA, MINISTRY OF LAW AND JUSTICE. Retrieved December 17, 2014, from http://lawmin.nic.in/coi/coiason29july08.pdf

Cornia, G. A. (2003). The Impact of Liberalisation and Globalisation on Income Inequality in Developing and Transitional Economies,. *CESifo Working Paper, No. 843*. The Open Access Publication Server of the ZBW – Leibniz Information Centre for Economics. Retrieved December 21, 2014, from http://www.econstor.eu/bitstream/10419/76345/1/cesifo_wp843.pdf

Correspondent, The Hindu. (2014, 12, 03). Parliament remembers Bhopal gas tragedy victims. *The Hindu*. Retrieved December 04, 2014, from http://www.thehindu.com /news/national/parliament-remembers-bhopal-gas-tragedy-victims/article6658174.ece

Covey, S. R. (1990). *Principle Centered Leadership.* London W2 2AQ: Simon & Schuster Ltd. Retrieved from http://www.mkgandhi.org/mgmnt.htm#commerce

Durant, W. (2007). *The Case for India.* Mumbai: Strand Book Stand.

Eddy Asirvatham, K. M. (2013). *Political Theory* (Thirteenth ed.). New Delhi: S.Chand & Comapny Pvt. Ltd.

Elisabet Garriga, D. M. (2009). Corporate Social Responsibilty Theories: Mapping the Territory. In D. M. Andrew Crane (Ed.), *Corporate Social Responsibility - Readings and Cases in a global context* (pp. 76-106). Oxon, Abingdon OX14 4RP, UK: Routledge.

Elkington, J. (1999). *Cannibals with Forks - The Triple Bottom Line of 21st Century Business* (paperback ed.). Oxford, United Kingdom: Capstone Publishing Limited.

Express News Service. (2014, November 14). India First Country to Make Spending on CSR a Must. *Indian Express*, p. 3.

Foreign Affairs, Trade and Development Canada. (2014, November 14). *Trade.* Retrieved December 13, 2014, from Corporate Social Responsibilities: http://www.international.gc.ca/trade-agreements-accords-commerciaux/topics-domaines/other-autre/csr-rse.aspx?lang=eng#CSR

Frederick, W. C. (1994, August). From CSR1 to CSR2 The maturing of Business-and-Society thought. *Business and Society*, 150-166. Retrieved November 23, 2014, from http://www.williamcfrederick.com/articles%20 archive/fromcsrtocsr.pdf

Friedman, M. (1970 , September 13). The Social Responsibility of Business is to increase its profits. *The New York Times Magazine*. Retrieved February 18, 2014, from http://www.umich.edu/~thecore/doc/Friedman.pdf

Ganguli, A. (2014, September 10). US has a 'Duty' to fight ISIS – Analysis. *Eurasia Review*. Retrieved November 2, 2014, from http://www.eurasiareview.com/1009 2014-us-duty-fight-isis-analysis/

Ghoshal, S. (2005). Bad Management Theories Are Destroying Good Management Practices. *Academy of Management Learning & Education , 4*(1), 75-91. Retrieved October 15, 2014, from http://www.corporation2020.org/documents/resources/ghoshal.pdf

Harshananda, S. (2008). *A concise Encyclopedia of Hinduism* (Vol. 1). Bangalore, Karnataka, India: Ramakrishna Math.

Ioannis Ioannou, G. S. (2014, August 20). The Consequences of Mandatory Corporate Sustainability Reporting: Evidence from Four Countries . *Harvard Busines School,* *Working Paper No 11-100*. Harvard Business School. Retrieved November 18, 2014

Kambewa, E., Ingenbleek, P., & Tilburg, A. v. (2008). Improving Income Positions of Primary Producers in International Marketing Channels: Lake Victoria-EU Nile Perch Case. *Jouranl of Macromarketing, 28*(1), 53-67.

Klugman, J. (2011). *Human Development Report 2011-Sustainability and Equity: A Better Future for All.* New York: Human Development Report 2011 team, The UNDP Human Development Report Office.

KPMG. (2013). New Companies Act, 2013 - Insight Series - Volume IV - Corporate Social Responsibility. *KPMG News Flash*, 1-4.

Lala, R. M. (1992). *The Creation of Wealth.* Mumbai: IBH Publishers Private Limited.

Laura Albareda, J. M. (2008, October). The changing role of governments in corporate social responsibility: drivers and responses. *Business Ethics: A European Review*, 347-363. Retrieved October 18, 2014, from http://www.eurada.org/files/Social%20affairs/CSR%20 Business% 20Ethics.pdf

Malhotra, V. (2010). *Bhagwad Gita & Management - What they should teach in B-Schools.* New Delhi: Third Eye - An imprint of Pentagon Press.

Mathieu Cantegreil, D. C. (Ed.). (2013). *Revealing Indian Philanthropy.* London , UK: Alliance Publishing Trust.

Retrieved October 27, 2014, from http://www.ubs.com/content/dam/ubs/global/wealth_management/philanthropy_valuesbased_investments/indian-philanthrophy.pdf

Michael Blowfield, A. M. (2011). *Corporate Responsibility* (Indian Edition ed.). New York: Oxford University Press.

Ministry of Corporate Affairs. (2013, November 28). *Acts, Bills & Rules / Companies Act, 2013*. Retrieved December 3, 2013, from Ministry of Corporate Affairs, Government of India: http://www.mca.gov.in/Ministry/pdf/CompaniesAct2013.pdf

Ministry of Corporate Affairs, Government of India. (2014, February 28). *The Gazette of India - Extraordinary*. Delhi: Government of India Press. Retrieved December 22, 2014, from http://www.mca.gov.in/Ministry/pdf/CompaniesActNotification2_2014.pdf

Mitu Jayashankar, C. P. (2013, March 18). *CSR Report Card: Where Comapnies Stand.* Forbes India. Retrieved December 23, 2014, from http://forbesindia.com/printcontent/34893

Mulligan, T. (1986). A Critique of Milton Friedman's Essay 'The Social Responsibility of Business Is to Increase Its Profits'. *Journal of Business Ethics*, 265-269. Retrieved May 10, 2014, from https://www.scribd.com/doc/31072854/Mulligan-1986

National Corporate Social Responsibility Committee. (2012). *LEGISLATIVE FRAMEWORK.* Retrieved November 15, 2014, from Corporate Social Responsibility, Mauritius: http://www.csr.mu/legis.html

Pandey, T. (2013, September). The concept of Corporate Social Responsibility under the Comapnies Act, 2013 - Whether well conceived? *Chartered Secretary*, pp. 1053-1057.

Parthapratim Pal, J. G. (2007). *Inequality in India: A survey of recent trends.* New York: United Nations-Department of Economic and Social Aff airs (DESA). Retrieved October 23, 2014, from http://www.un.org/esa/desa/papers/2007/wp45_2007.pdf

Paul A. Samuelson, W. D. (2005). *Economics.* New Delhi: Tata McGraw-Hill.

Phil Watts, L. H. (2000). *Corporate Social Responsibility - Meeting Changing Expectations.* World Business Council for Sustainable Development. Retrieved October 15, 2014, from http://www.wbcsd.org/pages/edocument/edocumentdetails.aspx?id=82&nosearchcontextkey=true

Pricewaterhousecoopers Private Limited. (2013). *Handbook of Corporate Social Responsibility in India.* Gurgaon: Confederation of Indian Industries. Retrieved December 18, 2014, from http://www.pwc.in/assets/pdfs/publications/2013/handbook-on-corporate-social-responsibility-in-india.pdf

RESET.org. (2014). *Corporate Social Responsibility (CSR) - the societal responsibility of companies.* Retrieved

November 17, 2014, from RESET: http://en.reset.org/knowledge/corporate-social-responsibility- csr-% E2%80%93-societal-responsibility-companies

Sahoo, G. (2013, July). Triple Bottom Line Concept: A Key to Sustainability Reporting Practice. *SEARCH, VII*(2), 111-125. Retrieved October 17, 2013, from http://ddceutkal.org/Journal/SEARCH-VOL-7-ISSUE-2-JULY-2013.pdf#page=119

Sandip Sukhtankar, M. V. (2014). Corruption in India: Bridging Academic Evidence and Policy Options. New Delhi: National Council of Applied Economic Research. Retrieved December 18, 2014, from http://www.ncaer.org/uploads/photo-gallery/files/1405592597IPF%202014%20Sukhtankar-Vaishnav%20Conference.pdf

Singh, S. (2010, December). Philanthropy to Corporate Social responsibility: An Indian Perspective. *Review of International Comaparative Management, 11*(5), 990-998. Retrieved December 18, 2014, from http://www.rmci.ase.ro/no11vol5/19.pdf

Smith, N. C. (2003, April). Corporate Social Responsibility: Not whether but how? *Centre for Marketing Working Paper No 03-701*. London, Regent's Park, UK. Retrieved October 05, 2014, from http://facultyresearch. london.edu/docs/03-701.pdf

Stiglitz, J. E. (2002). *Globalization and its discontents.* London: Penguin Books.

Stiglitz, J. E. (2006). *Making Globalization Work.* New York, London: W.W. Norton & Company Inc.

Stiglitz, J. E. (2010). *Free Fall - The Free Markets and the Sinking of the Global Economy.* New Delhi: Allen lane, an imprint of Penguin Books.

Sundar, P. (2013). *Business & Community: The Story of Corporate Social Responsibility in India.* New Delh: Sage Publications.

Thapar, R. (1978). *Ancient Indian Social History: Some Interpretations.* New Delhi: Orient Longman Private Limited.

The World Bank. (2014). *Table 2.8: World Development Indicators: Poverty rates at international poverty lines.* The World Bank. Retrieved December 21, 2014, from http://wdi.worldbank.org/table/2.8

Transparency International. (2014). *Corruption Perceptions Index.* Prague: Transparency International. Retrieved December 18, 2014, from http://www.transparency.org/cpi2014/infographic/compare

Vidal, D. (2006). Markets. In V. Das (Ed.), *Handbook of Indian Sociology* (Oxford India Paperbacks ed., p. 389). New Delhi: Oxford University Press.

Annexure 1: "India's top companies are ranked 1-100 based on Net Sales for the Financial Year 2011- 2012 and their spending on CSR" (Amount in Rs crores)

SR NO.	COMPANY	REVENUE	AVG PAT	ACTUAL SPEND	2% OF PAT
1	INDIAN OIL CORPORATION	442,459	7,783	83	156
2	RELIANCE INDUSTRIES	368,571	21,138	288	423
3	BHARAT PETROLEUM CORPORATION	223,315	1,438	8	29
4	HINDUSTAN PETRO-LEUM CORPORATION	195,891	1,118	27	22
5	TATA MOTORS	170,678	8,437	15	169
6	OIL & NATURAL GAS CORPORATION	151,121	23,660	121	473
7	STATE BANK OF INDIA	147,197	13,056	71	261
8	TATA STEEL	135,976	3,895	146	78
9	PNB GILTS	104,628	29	NA	1
10	HINDALCO INDUSTRIES	82,549	3,597	28	72
11	COAL INDIA	78,410	11,759	119	235
12	BHARTI AIRTEL	71,506	6,511	33	130
13	MMTC	67,023	129	3	3
14	NTPC	66,366	9,334	49	187
15	LARSEN & TOUBRO	64,960	4,818	70	96
16	ESSAR OIL	63,428	-201	NA	N/A
17	MAHINDRA & MAHINDRA	63,030	2,948	22	59
18	MANGALORE REFINERY & PETROCHEMICALS	57,214	1,066	NA	21
19	TATA CONSULTANCY SERVICES	48,894	8,935	51	179
20	BHARAT HEAVY ELECTRICALS	50,654	5,823	37	116
21	STEEL AUTHORITY OF INDIA	51,428	5,153	61	103
22	GAIL (INDIA)	44,861	3,891	54	78
23	STERLITE INDUSTRIES (INDIA)	43,116	6,831	7	137
24	CHENNAI PETROLEUM CORPORATION	45,397	392	3	8
25	ADANI ENTERPRISES	39,416	1,940	14	39
26	ICICI BANK	37,995	6,366	24	127
27	PUNJAB NATIONAL BANK	37,447	4,460	NA	89
28	WIPRO	37,308	5,152	NA	103
29	MARUTI SUZUKI INDIA	40,050	2,162	12	43
30	JSW STEEL	36,964	1,569	32	31
31	INFOSYS	33,734	7,128	26	143
32	STATE TRADING CORPORATION OF INDIA	30,905	60	NA	1
33	CANARA BANK	30,816	3,313	NA	66
34	BANK OF BARODA	30,488	4,262	NA	85
35	RUCHI SOYA INDUSTRIES	30,332	167	0	3

Source: (Mitu Jayashankar, 2013, March 18)

SR NO.	COMPANY	REVENUE	AVG PAT	ACTUAL SPEND	2% OF PAT
36	HOUSING DEVELOPMENT FINANCE CORPORATION	29,930	3,608	3	72
37	BANK OF INDIA	28,611	2,301	NA	46
38	HDFC BANK	27,606	4,108	NA	82
39	ITC	36,990	5,201	NA	104
40	TATA POWER COMPANY	26,020	1,117	9	22
41	RAJESH EXPORTS	25,654	285	NA	6
42	GRASIM INDUSTRIES	27,899	3,395	16	68
43	RELIANCE INFRASTRUCTURE	24,181	1,229	4	25
44	HERO MOTOCORP	25,235	2,179	33	44
45	HINDUSTAN UNILEVER	24,506	2,404	NA	48
46	IDBI BANK	23,389	1,532	NA	31
47	PETRONET LNG	22,696	694	0	14
48	RELIANCE COMMUNICATIONS	22,133	2,423	NA	48
49	AXIS BANK	21,995	3,347	19	67
50	ADITYA BIRLA NUVO	22,262	654	NA	13
51	SUZLON ENERGY	21,359	-926	6	N/A
52	REDINGTON (INDIA)	21,193	272	NA	5
53	UNION BANK OF INDIA	21,152	1,981	6	40
54	HCL TECHNOLOGIES	20,831	1,778	4	36
55	BAJAJ AUTO	20,541	2,709	10	54
56	IDEA CELLULAR	19,489	859	NA	17
57	ULTRATECH CEMENT	21,502	1,618	NA	32
58	CENTRAL BANK OF INDIA	19,169	960	NA	19
59	JINDAL STEEL & POWER	22,473	3,814	88	76
60	INDIAN OVERSEAS BANK	17,897	943	5	19
61	OIL INDIA	17,215	2,988	50	60
62	JET AIRWAYS (INDIA)	17,190	-642	NA	N/A
63	ORIENTAL BANK OF COMMERCE	15,815	1,260	NA	25
64	ALLAHABAD BANK	15,528	1,486	NA	30
65	SYNDICATE BANK	15,268	1,059	NA	21
66	JAIPRAKASH ASSOCIATES	15,651	1,396	47	28
67	MOTHERSON SUMI SYSTEMS	15,138	291	1	6
68	UCO BANK	14,632	1,009	NA	20
69	TATA COMMUNICATIONS	14,196	-674	1	N/A
70	TATA CHEMICALS	14,045	870	2	17
71	VIDEOCON INDUSTRIES	13,685	-409	NA	N/A
72	ASHOK LEYLAND	14,134	540	NA	11
73	POWER FINANCE CORPORATION	13,075	2,695	13	54

SR NO.	COMPANY	REVENUE	AVG PAT	ACTUAL SPEND	2% OF PAT
74	CORPORATION BANK	13,018	1,373	NA	27
75	SIEMENS	13,296	672	1	13
76	GITANJALI GEMS	12,498	349	3	7
77	EID-PARRY (INDIA)	12,646	550	NA	11
78	SHREE RENUKA SUGARS	13,178	299	NA	6
79	INDIAN BANK	12,228	1,678	NA	34
80	PANTALOON RETAIL (INDIA)	12,212	72	NA	1
81	APOLLO TYRES	12,902	473	NA	9
82	MRF	13,167	519	NA	10
83	CAIRN INDIA	11,861	5,108	NA	102
84	HINDUSTAN ZINC	12,061	4,823	8	96
85	ANDHRA BANK	11,362	1,207	NA	24
86	NMDC	11,269	5,737	0	115
87	CROMPTON GREAVES	11,615	691	NA	14
88	JSW ISPAT STEEL	12,124	-820	NA	N/A
89	HCL INFOSYSTEMS	10,856	161	NA	3
90	RURAL ELECTRIFICATION CORPORATION	10,338	2,482	NA	50
91	PUNJ LLOYD	10,313	-18	1	N/A
92	POWER GRID CORPORATION OF INDIA	10,312	2,664	25	53
93	LANCO INFRATECH	10,169	474	4	9
94	RANBAXY LABORATORIES	10,180	-353	NA	N/A
95	SHREE GANESH JEWELLERY HOUSE	10,121	308	NA	6
96	ACC	11,049	1,308	NA	26
97	BHUSHAN STEEL	10,812	954	NA	19
98	ALOK INDUSTRIES	10,019	191	1	4
99	ASIAN PAINTS	10,872	929	1	19
100	UNITED SPIRITS	18,234	244	NA	5
			TOTAL	1,765	5,611

Annexure 2: "Format for the Annual Report on CSR activities to be included in the Board's Report"

1. A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.

2. The composition of CSR Committee.

3. The average net profit of the company for last three financial years.

4. Prescribed CSR expenditure (two per cent of the amount as in item 3 above)

5. Details of CSR spent during the financial year.

   a. Total amount to be spent for the financial year;

   b. Amount unspent, if any;

   c. Manner in which the amount spent during the financial year is detailed below:

6 In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board Report.

7 A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and policies f the company.

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sl. No.	**CSR project or activity identified**	**Sector in which project is covered**	**Projects or programs** **(1) Local area or other** **(2) Specify the state and district where projects or programs was undertaken**	**Amount outlay (budget) Project or programs-wise**	**Amounts spent on the programs or projects Subheads:** **(1) Direct expenditure on projects or program** **(2) Overhead**	**Cumulative expenditure up to the reporting period**	**Amount spent: Direct or through implementing agency***
1							
2							
3							
	Total						

Sd/-	Sd/-	Sd/-
(Chief Executive Officer or Managing Director or Director	(Chairman CSR Committee)	(Person specified under clause (d) of sub-section (1) of Section 380 of the Act

Source: The Gazette of India – Extraordinary, Part II-Section 3 – Sub-section (i)