



Mains Practice Question

Q. Discuss the significance and challenges of Corporate Social Responsibility(CSR) in India. What measures can be adopted to enhance the effectiveness of CSR in India? **(250 words)**

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Approach

- Provide a brief introduction to Corporate Social Responsibility (CSR).
- Discuss the significance and challenges of CSR activities in India.
- Suggest measures to enhance CSR Effectiveness.
- Conclude Suitably.

Introduction

Corporate Social Responsibility (CSR) is a business model where companies voluntarily integrate **social, environmental, and ethical considerations** into their operations and interactions with stakeholders. CSR mandatory provisions under **Section 135** of the **Companies Act, 2013**, became effective from **April 1, 2014** in India.

Body

The Significance of CSR Activities in India:

- **Educational Opportunities and Skill Development:** Education and skill development continues to get the **highest amount under companies' CSR** expenditure with **Rs 10,085 crore**, making it a significant area of impact
- **Enhancement of Community Infrastructure:** Vedanta's CSR efforts including '**Swasth Gaon Abhiyaan**', provides end-to- end healthcare services across **1,000 villages**, enhancing sanitation and reducing health risks.
- **Boosting Economic Self-Sufficiency and Livelihood Programs:** Hindustan Unilever's '**Prabhat**' initiative focuses on rural women's empowerment by training them in entrepreneurial skills.
- **Environmental Sustainability and Climate Action:** **Mahindra Group** has been planting **one million trees** every year which has boosted its brand value as a socially responsible corporation, attracting greater investor confidence.
- **Alignment with Sustainable Development Goals:** As of 2023, about **60% of CSR projects** in India directly target **Sustainable Development Goals (Health, Education and Environment)**, marking a trend of integrating global development goals with local action

Major Issues Related to CSR in India:

- **Implementation Gaps & Project Timeline Mismanagement:** Companies often rush to complete CSR projects within **shortened timelines due to delayed board approvals** and budget allocations.
- **Uneven Geographic Distribution:** According to 2023 data, **Maharashtra, Gujarat, and**

Karnataka received a major **chunk of total CSR funds**.

- Despite the government advocating CSR investment in **Aspirational Districts**, **only about 2.15% of the total CSR during 2014-22** has been invested in these districts
- **Monitoring & Evaluation Challenges:** The current framework emphasizes quantitative metrics over qualitative impact assessment.
- **Compliance Over Impact:** The tendency to prefer **safe, established projects over innovative solutions** with a minor share of CSR projects involved in innovative approaches or risk-taking.
 - This **compliance-focused approach limits CSR's potential** for transformative social impact.

Measures to Enhance the Effectiveness of CSR in India :

- **Strategic Long-term Planning Framework:** CSR projects must shift from annual cycles to mandatory 3-5 year commitments, ensuring sustained impact and proper implementation.
- **Digital Integration & Smart Monitoring System:** Implementation of an integrated digital platform connecting all stakeholders - **companies, NGOs, beneficiaries, and government agencies** - through a single interface.
- **Professional Management & Capacity Building:** Establish dedicated CSR departments led by sector specialists and supported by professional project managers with **domain expertise**.
- **Geographic Integration & Community Ownership:** Implement **cluster-based development approaches** focusing on comprehensive transformation of specific geographic areas rather than scattered interventions.
- **Impact Measurement & Sustainability Framework:** Create comprehensive impact measurement systems **combining quantitative metrics with qualitative assessments of social change**.

Conclusion

To enhance **CSR's impact**, India needs long-term planning, **digital integration, professional management, collaborative implementation, geographical focus**, and robust impact measurement. By addressing these issues, India can ensure CSR contributes meaningfully to sustainable development.

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