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Mains Practice Questions

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Q. How does the concept of Corporate Social Responsibility (CSR) promote the ideals of social justice enshrined in our constitutional spirit? (150 words)

20 Feb, 2019 GS Paper 2 Social Justice

Approach:

- Give a brief about the concept of Corporate Social Responsibility (CSR) in the introduction.
- In short write the provision of Companies act 2013 which gives guidelines for eligible companies.
- Elaborate how the CSR promote the ideals of social justice enshrined in our constitution.
- Give some suggestion to make CSR more effective.

Introduction

According to the **UNIDO** (United Nations Industrial Development Organization), “Corporate social responsibility (CSR) 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, while at the same time addressing the expectations of shareholders and stakeholders.

Body

The **Companies Act - 2013** mandates every company, private limited or public limited, which either has a net worth of Rs 500 crore or a turnover of Rs 1,000 crore or net profit of Rs 5 crore, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility activities. The provisions of the Corporate Social Responsibility Policy, 2014 promote the ideals of social justice and build an inclusive society by focusing on following area:-

- Eradicating hunger, poverty & malnutrition, promoting preventive health care & sanitation & making available safe drinking water
- Promoting education, including special education & employment enhancing vocational skills especially among children, women, elderly & the differently unable & livelihood enhancement projects;
- Promoting gender equality, empowering women, setting up homes & hostels for women & orphans, setting up old age homes, day care centers & such other facilities for senior citizens & measures for reducing inequalities faced by socially & economically backward groups
- Employment enhancing vocational skills
- Training to promote rural sports, nationally recognized sports, sports & Olympic sports

- Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development & relief & welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities & women
- Rural development projects, etc
- Slum area development.

Way forward

There are some steps that should be taken to strengthen the social justice—

- Community Participation in CSR Activities should be increased so that people and companies become aware of issues.
- Need to Build and strengthen local capacities.
- Lack of transparency is one of the key issues brought forth by several surveys so the need is to bring transparency in the CSR activities and funding.
- Well organized non-governmental organizations can also help in equitable distribution of benefits to poor.
- There are no clear cut statutory guidelines or policy directives to CSR initiatives of companies. It is found that the scale of CSR initiatives of companies should depend upon their business size and profile. In other words, the bigger the company, the bigger is its CSR program.