ROLE OF CORPORATE SOCIAL RESPONSIBILITY (CSR) TO DEVELOPMENT OF INDIAN ECONOMY: A GLANCE

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Abstract

The achievement of economic development and growth in India is a shared responsibility among the government, private sector, and civil society. Despite being one of the world's fastest-growing economies, many people still live in poverty and malnutrition. The Business organizations, through corporate social responsibility (CSR) initiatives, contribute to addressing the challenges by promoting sustainable development. This not only fulfills ethical obligations but also generates employment opportunities and supports local businesses. A collaborative approach is crucial to addressing social and environmental challenges in India. The government sets policies and regulations that encourage private industries to invest in sustainable and socially responsible initiatives, while civil society organizations provide a platform for dialogue and advocacy. Together, these stakeholders can create a holistic and comprehensive approach to achieving inclusive and sustainable economic growth. Collaboration between the public and private sectors is essential for the successful implementation of sustainable practices.

Introduction

The economy of India is still in the process of evolving today. According to Balachandran and Prabakar (2007), the Indian corporate environment was responsible for the creation of a revolutionary atmosphere in the global orbit if it was done in a pleasant and proactive manner. First and foremost, any development process must begin with improving the well-being of the people at the grassroots level. While operating under the banner of "Corporate Social Responsibility," firms have been making contributions to the improvement of the communities that are located in the locations in which they do business. It involved in activities related to corporate social responsibility have been reported to have a tendency to have a favorable reputation in the market and to experience enhanced consumer loyalty. In addition, by tackling a variety of social and environmental problems, these efforts contribute to the development of a society that is both sustainable and welcoming to everyone. The notion of corporate social responsibility has acquired major prominence in India, and it is considered a tool to bridge the gap between the rich and the poor elements of society. This trend is expected to continue in the foreseeable in future.

This is utmost significance in a nation such as India, where there is a widespread prevalence of social inequities and wealth inequality. Firms may help underprivileged communities and people break the cycle of poverty by investing in education, healthcare, and skill development efforts. This allows the firms to empower individuals to break the cycle of poverty. Not only does this help the general development and stability of the nation's economy, but it also enhances the quality of life for people who are directly affected by it. In addition, companies that place a high priority on corporate social responsibility are more likely to recruit bright individuals who are enthusiastic about having a beneficial influence on society. It is more probable that these workers will be motivated and devoted to their job, which will ultimately lead to higher productivity and creativity within the firm.

The question of how corporate social responsibility (CSR) should be properly organized as a development instrument that systematically fulfills development goals is an important one. Corporate social responsibility (CSR) has two purposes in developing countries like India: on the one hand, it assists in bearing the expense of development; on the other hand, it sharpens the competitive edge of businesses by boosting their social credibility and integrity. Both of these roles are important. When seen from the standpoint of development, it provides opportunities to address people who are socially excluded and to raise concerns about society. When the burden of development is distributed among several parties, it makes it possible for individuals to better satisfy their needs for healthcare, education, and other essentials of development. Through the implementation of mandatory corporate social responsibility (CSR), businesses are afforded the opportunity to participate in creative endeavors aimed at enhancing the quality of life of disadvantaged individuals and, as a result, reducing the negative effects of economic externalities. The Indian Company Act 2013 stipulates that companies with a net worth of ₹500 crores or more, a turnover of ₹1000 crores or more, or a net profit of ₹5 crores or more are required to spend 2 percent of their average of the previous three years' profit after tax (PAT) on corporate social responsibility (CSR). Section 135 of the Act is composed of five sub-sections that are of considerable importance.

These sub-sections outline the specific areas in which companies can focus their CSR efforts, including education, healthcare, poverty alleviation, gender equality, and environmental sustainability.

Significance of the Study:

CSR is a novel approach to tackle India's primary problems, aiming for equitable growth and a sustainable future. The government and private sector can enhance social upliftment by, promoting business expansion. This study examines the economic dimensions of CSR, focusing on firms' compulsory involvement in improving public welfare and strategic social investment for stakeholders.

Review of literature:

Tilt, C. A. (2016, July 5)This article examines three contextual factors that require further examination in the field of corporate social responsibility (CSR) reporting research. Firstly, increasing pressure from stakeholders, including customers, employees, and investors, necessitates companies to be transparent in their CSR efforts and provide detailed reports on their social and environmental impacts. Secondly, the influence of regulations and legislation on CSR reporting is crucial, as governments worldwide implement strong regulations, forcing companies to disclose more information. Lastly, the growing importance of sustainability and ethical practices in the business world has put CSR reporting under the spotlight, requiring companies to invest more resources in CSR reporting research.

Harjoto, M. A. (2017) This research aims to examine the relationship between corporate social responsibility (CSR) and the probability and finding the corporate fraud. It seeks to determine if companies with a strong commitment to CSR are less likely to engage in fraudulent activities. The study also investigates there is a correlation between CSR practices and the finding of fraudulent acts committed by organizations. Corporate managers, who prioritize CSR, are moral actors who are obligated to apply their discretion in accordance with their moral standards. Understanding this relationship can provide valuable insights for policymakers and regulators in developing strategies to prevent fraudulent behavior within organizations.

Chopra, A., & Marriya, S. (2013)The paper examines the concept of higher education institutions as corporations, focusing on their organizational structures, funding sources, and decision-making processes. It highlights increasing the adoption of business-like structures. This paper examines the shift towards a more centralized decision-making process, with a select group of administrators making decisions rather than a collective body. The paper explores the potential benefits and challenges of implementing corporate social responsibility practices in these institutions.

Mitra N. (2021) The study uses quantitative research to analyze data from a diverse range of companies across various industries. The aim is to provide insights into the impact of strategic management and corporate social responsibility (CSR) on firm performance. The study will consider moderating variables like company size and industry competition and control for other factors like financial stability and market conditions. The findings will benefit academics and managers, helping them develop effective strategies to enhance firm performance and promote social responsibility.

Kumar, A. (2021) The research paper examines the current state of corporate social responsibility (CSR) in India, focusing on challenges faced by businesses and suggesting strategies to improve their effectiveness. It is also addresses issues faced by governments and companies, such as inadequate monitoring procedures, insufficient resources, and a lack of understanding among organizations. The findings suggest that businesses should prioritize CSR, provide resources for training and capacity development, and seek government support through legislative frameworks and incentives to encourage active participation in CSR initiatives.

Objectives of the study:

- To Examining Sustainable Development in India by Analyzing State-wise Expenditure on Corporate Social Responsibility.

- To analyze the mean values of the expenditure amounts for each state over the previous five year fiscal varience.

Hypothesis of the study Ho: There is no difference in the mean value between variables Amount Spent during the last five fiscal years.

State wise CSR spending for the last financial five year

State	Amount Spent FY 2017-18	Amount Spent FY 2018-19	Amount Spent FY 2019-20	Amount Spent FY 2020-21	Amount Spent FY 2021-22
Maharashtra	2797.53	3147.72	3353.24	3464.81	5229.31
Karnataka	1145.79	1257.69	1448.16	1277.81	1761.39
Gujarat	967.97	1082.18	984.37	1461.6	1554.16
Tamil Nadu	669.65	877.08	1072.26	1174.07	1371.91
Andhra Pradesh	575.07	665.97	710.23	719.81	640.7
Delhi	579.37	750.85	830	724.59	1158
Uttar Pradesh	435.21	521.32	577.98	907.32	1321.36
Odisha	504.22	697.91	717.39	578.16	652.01
Rajasthan	443.35	595.49	734.12	670	700.44
Haryana	363.43	378.11	537.91	550.86	654.88
Telangana	380.57	428.06	445.8	627.71	670.06
West Bengal	338.32	382.23	423.85	471.48	541.46
Madhya Pradesh	163.92	243.55	220.46	375.51	420.04
Assam	211.33	210	285	180.23	398.7
Kerala	219.73	354.78	298.56	290.67	234.01
Chhattisgarh	176.7	149.35	269.68	325.63	292.83
Jharkhand	109.23	109.8	155.21	226.54	192.41
Uttarakhand	85.79	172.31	124.7	160.58	224.32
Punjab	112.36	166.85	189.44	158.46	177.48
Bihar	106.17	137.95	110.48	89.89	165.66
Himachal Pradesh	69.23	78.79	78.78	106.31	138.84
Jammu&Kashmir	50.77	36.44	25.27	35.56	49.4
Goa	53.77	46.77	43.91	41.92	42.59
Arunachal Pradesh	11.91	24.56	18.02	10.58	119.39
Chandigarh	20.51	11.46	15.58	13.4	49.98
Meghalaya	11.18	16.54	17.65	17.63	19.3
Dadra &N.Haveli	6.98	13.48	18.34	21.98	14.11
Sikkim	7	5.87	10.99	17.28	28.24
Manipur	4.81	7.81	14.21	10.39	15.49
Daman And Diu	20.23	6.25	9.53	5.25	4.13
Puducherry	6.09	9.15	11.32	12.43	9.31
Tripura	1.88	23.06	9.4	9.29	15.91
Nagaland	1.81	2.12	5.1	3.57	12.42
Andaman &Nic	0.73	0.82	1.29	2.86	9.02
Leh&Ladakh	0	0	0	0	14.84
Mizoram	1.28	0.11	0.25	0.97	6.94
Lakshadweep	2.27	0.39	0	0.01	0.45
Mean	**715.2**	**841.92**	**993.72**	**1054.5**	**1149.86**
Std.Deviation	**2737.94**	**3234.21**	**3986.42**	**4182.95**	**4173.66**

The data provided percentage growth rate of various regions in India over a period of time. Chandigarh has experienced an average growth rate of 11.46% annually, while Meghalaya has seen a growth rate of 15.58%. Dadra & N. Haveli have recorded a significant growth rate of 18.34%, while Sikkim has a comparatively lower growth rate of 10.99%. Manipur has seen a steady growth rate of 14.21%, and Daman and Diu have experienced a fluctuating growth rate. Overall, there is a noticeable variation in the growth rates among different regions in India. The data shows an increasing trend in the amount spent over the years. From FY 2017-18 to FY 2021-22, there has been a steady increase in the mean amount spent, with a substantial jump from 715.2 to 1149.86. However, it is important to note that there is a significant variation in the amount spent, as indicated by the high standard deviation values.

This suggests that there are significant fluctuations in the spending patterns, which may be influenced by various factors such as economic conditions and policy changes.

Result of 95% Confidence Interval

Relative variable	Mean	Std. Deviation	Std. Error Mean	Lower limit	Upper limit
Amount Spent during last five fiscal years	-351.51	531.47	168.07	-731.68	28.65

t-Test for paired samples

	r		*p*
Amount Spent during last five fiscal years	0.99		<.001
	t	*df*	*p*
	-2.09	9	.066

A p-value of.066 is obtained as a consequence of this, which is higher than the significance limit of 0.05 that was intended.Therefore, the outcome of the t-test would not be considered significant for the data that was presented, and the null hypothesis would be accepted. As a result, it is presumed that both samples were taken from the same population. This suggests that any observed differences between the two groups may have occurred by chance. However, it is important to note that the p-value is only slightly higher than the significance limit. Therefore, there may still be a small possibility that the null hypothesis is incorrect and that the samples were indeed taken from different populations. Further investigation and replication of the study may be necessary to confirm these findings.

Conclusion:

The Indian economy is evolving, with corporate social responsibility (CSR) playing a significant role in bridging the gap between the rich and the poor. Companies in India are increasingly realizing the importance of CSR initiatives in addressing social issues and contributing to sustainable development. By investing in education, healthcare, and environmental conservation, corporations are not only helping uplift marginalized communities but also fostering a positive business environment. As CSR becomes ingrained in the Indian business landscape, it has the potential to create a more equitable society and drive economic growth in the long run. Companies that prioritize CSR are more likely to recruit bright individuals who are motivated and devoted to their jobs, leading to higher productivity and creativity within the firm. The Indian Company Act 2013 mandates that large companies with a net worth of ₹500 crores or more, a turnover of ₹1000 crores or more, or a net profit of ₹5 crores or more, spend 2% of their average of the previous three years' profit after tax on CSR. This legislation aims to foster a more inclusive and equitable society by recognizing the potential for businesses to actively contribute to the welfare of disadvantaged individuals and communities.

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