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Subject: CORPORATE LEGAL FRAMEWORK

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INTRODUCTION

Corporate social responsibility is a concept where by companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis.

It includes incurring of expenses towards generating positive social environmental externalities as opposed to profit maximization.

Indian government became the first to mandate corporate social responsibility under section 135 of the companies act 2013.

Under this legislation every company with networth rupees 500 crore or a turnover of rupees 1000 crore or net profit of rupees 5 crores is required to invest at least 2%percent of its netprofit on corporate social responsibility ctivities and also to contribute a CSR committee consisting of atleast three directors including an independent director. The committee will formulate the CSR policies for the company.

CSR is a way of conducting business, by which corporate entities contribute to the social good.

ACTIVITIES UNDER CSR

- Eradicating hunger, poverty and malnutrition.**

- **Promoting education and enhancing vocational skills.**
- **Promoting gender equality.**
- **Ensuring environmental sustainability, contributing to clean Ganga fund.**
- **Protection of national heritage, art and culture.**
- **Measures for the benefits of armed forces veterans, war widows and their dependents.**
- **Promoting rural sports, Paralympic and Olympic sports.**
- **Contributing to technology incubator.**
- **Slum area development, rural area development.**
- **Contribution to PM and national Relief fund.**

BENEFITS OF CSR FOR THE COMPANIES

- **Improved public image**
- **Increased brand awareness and recognition**
- **An advantage over competitors**
- **Increased customer engagement**
- **Greater employees engagement**
- **Better financial performance**
- **Organisational growth**
- **Good relations with stakeholders**
- **Customer loyalty**
- **Risk mitigation**
- **Avoiding legal action**
- **Employees motivation**
- **Attracting investors**

BENEFITS OF CSR FOR THE SOCIETY

- **Better employment opportunities**

- **Social activation**
- **Higher standard of living**
- **Natural environment protection**
- **Improvement in technology and infrastructure**
- **Development in education**
- **Economic development**

IMPORTANCE OF CSR

- **Customers and clients are influenced by a company's reputation in social and environmental areas.**
- **The employment market is competitive and good recruit want to work for and stay with companies that care.**
- **social performance increasingly influences investors decisions as the ethical investment market grows even more quickly.**

- **CSR enables the strategic management of internal and external risks in social as well as environmental areas.**
- **Existing socially responsible actions become more visible and are better communicated.**
- **Social and environmental responsibility has been demonstrated to reduce operating costs.**