



CSR



# Introduction:

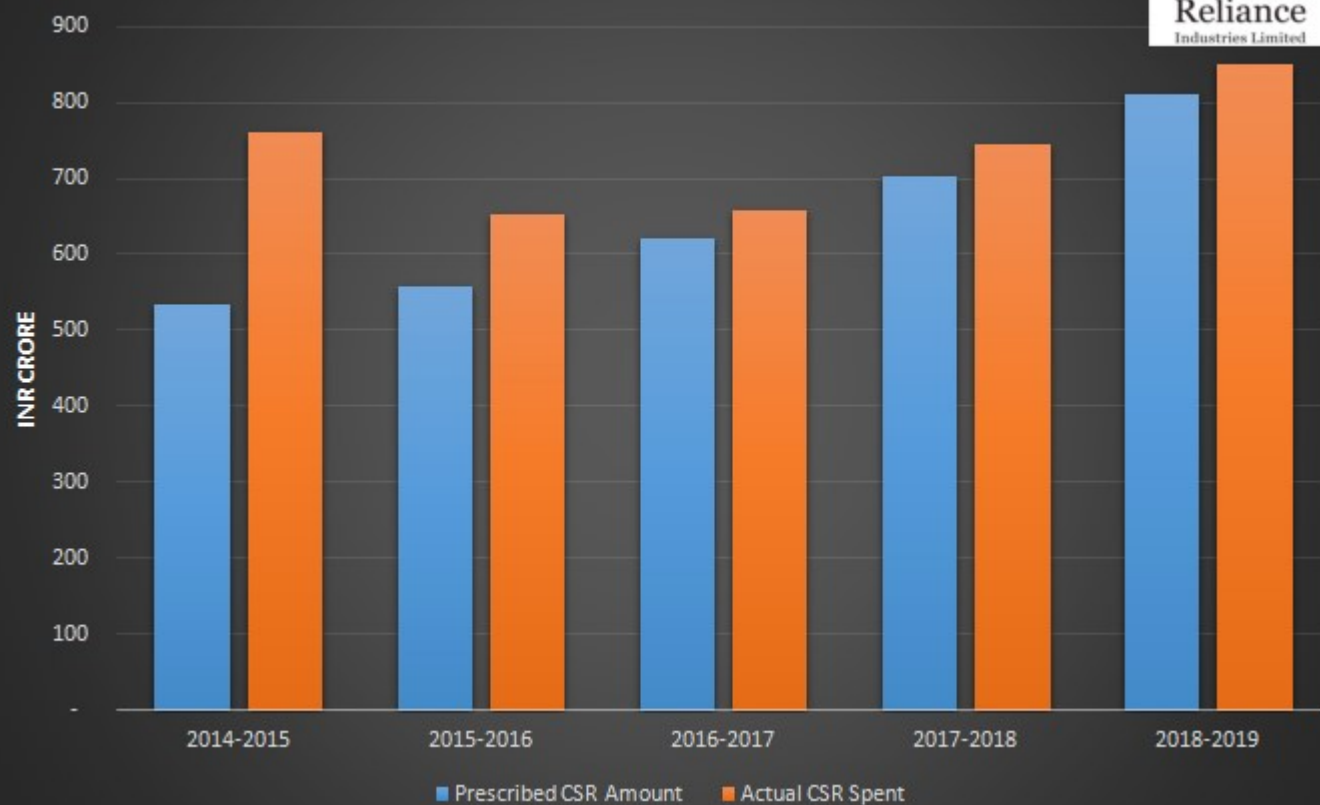
- ◆ Corporate Social Responsibility (CSR) can be defined as a Company's sense of responsibility towards the community and environment (both ecological and social) in which it operates.
- ◆ Corporate social responsibility (CSR) is a self-regulating business model that helps a company be socially accountable—to itself, its stakeholders, and the public.
- ◆ *Triple Bottom Line Approach*

# Example

- ◆ Apple offers recycling programs in 99 percent of the countries it operates and the company has diverted more than 508 million pounds of electronic waste from landfills since 2008.
- ◆ In 2020, Apple donated over \$15 million to help mitigate the impact COVID-19 has had on its workforce. It introduced a range of protective measures throughout its supply chain, including health screenings, social distancing protocols, increased cleaning procedures, as well as providing masks and sanitizers to employees. Apple also launched a number of apps to help keep people up-to-date about the pandemic and CDC guidelines for COVID-19 quarantining, testing, and tracing procedures.



Reliance Prescribed and Actual CSR Spend (in INR Cr.)\*



# Importance of Corporate Social Responsibility

- ◆ Brand Image and Reputation: New-age consumers value responsible businesses; CSR builds trust and loyalty.
- ◆ Attracting Investors and Talent: Ethical ventures attract impact investors and socially conscious employees.
- ◆ Innovation and Market Expansion: Entrepreneurs who address social problems often discover new markets and create innovative products/services.
- ◆ Regulatory Compliance: In many countries (like India under the Companies Act 2013), CSR is mandated for larger firms, making it crucial even for scaling startups.
- ◆ Long-Term Sustainability: Focusing on social and environmental responsibility ensures long-term success and risk mitigation.



# Corporate Social Responsibility Under Section 135 of Companies Act 2013

◆ Enactment of Companies Act, 2013 by the Ministry of Corporate Affairs, Government of India was one of the world's largest experiments of introducing the CSR as a mandatory provision by imposing statutory obligation on Companies to take up CSR projects towards social welfare activities.

◆ <https://www.csr.gov.in/>

# Applicability

Every company that fulfils the conditions set out under Section 135 of the Companies Act, 2013 ('Act') has to spend at least 2% of their average net profits made during the three previous financial years towards the Corporate Social Responsibility (CSR) in the current financial year.

The provisions of CSR applies to

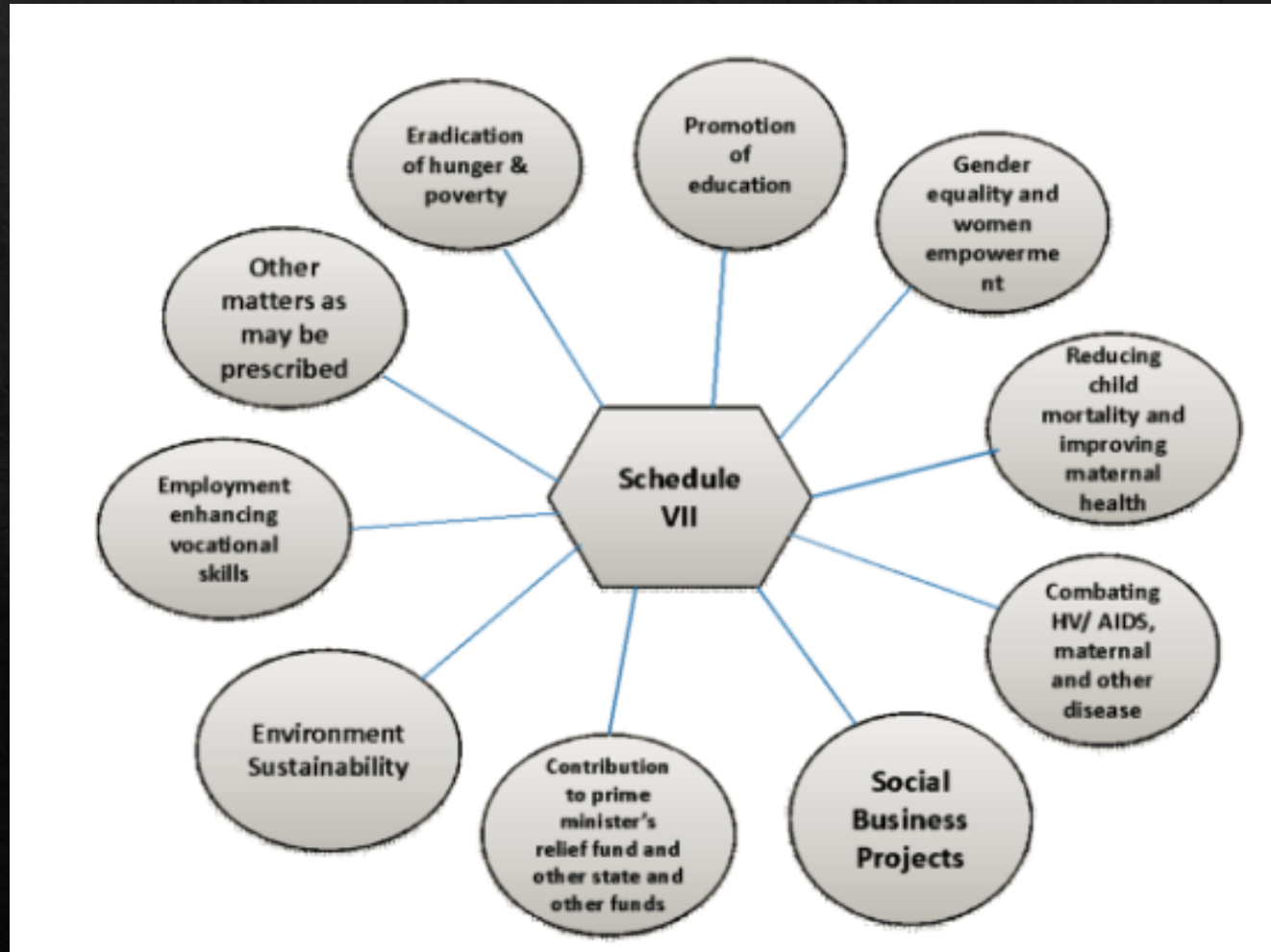
- ◇ every company
- ◇ its holding company
- ◇ its subsidiary company
- ◇ foreign company

Having in the preceding financial year

- ◇ Net Worth > 500 Crore
- ◇ Turnover > 1000 Crore
- ◇ Net Profit > 5 Crore



# List of Permitted Activities To Be included in accordance with Schedule VII of the Companies Act, 2013





# Constitution of the CSR Committee

- ◆ Every company to which CSR criteria is applicable shall constitute a Corporate Social Responsibility of the Board (i.e. CSR Committee).
- ◆ Minimum 3 or more directors must form CSR Committee.
- ◆ Among those 3 directors, at least 1 director must be an independent director.
- ◆ An unlisted public company or a private company shall have its CSR Committee without any independent director if an independent director is not required.



# CSR Policy

- ◆ CSR Policy elaborates the activities to be undertaken by the Company as named in Schedule VII to the Act and spend. The activities should not the same which are done by the company in its normal course of business
- ◆ Contents of CSR Policy should be placed on the company's website by the Board
- ◆ The activities mentioned in the policy must be undertaken by the company
- ◆ The Company can join hands with other companies for undertaking projects or programs or CSR activities and report separately on such programs or projects
- ◆ The CSR policy shall monitor the projects or programs.



# Fines and Penalties for Non-Compliance

- ◆ In case a company fails to comply with the provisions relating to CSR spending, transferring and utilising the unspent amount, the company will be punishable with a minimum fine of Rs 50,000 which may increase to Rs 25 lakh.
- ◆ Further, every officer of such company who defaults in the compliance will be liable for a punishment which is imprisonment for a term which may extend to three years or with a minimum fine of Rs 50,000 which may increase to Rs 5 lakh , or with both.



# SOCIAL ENTREPRENEURSHIP







# Understanding Social Entrepreneur

- ◆ Social entrepreneurs often start their venture or initiative after recognizing the prevalence of a certain problem in society and creating a solution to address it using their entrepreneurial skills.
- ◆ Their overall goal is to make a positive societal change while creating social capital to further their objectives.



# Social Entrepreneur

- ◆ A social entrepreneur refers to an individual who pursues novel ideas with the potential to solve or alleviate certain community-oriented problems.
- ◆ A social entrepreneur is a person that sets out on an entrepreneurial venture with the intention of addressing social issues and contributing to the social good.
- ◆ Social entrepreneurs often are willing to take the risks associated with their venture to help address issues, enabling positive change in society.



- ◆ A social entrepreneur is interested in starting a business for the greater social good and not just the pursuit of profits.
- ◆ Social entrepreneurs may seek to produce environmentally-friendly products, serve an underserved community, or focus on philanthropic activities.



# Some of the very famous people who inspire others to take up social entrepreneurship are:

- ◆ **Maria Montessori:** a pioneer in education. Developed the Montessori approach to early education in children.
- ◆ **Florence nightingale:** she laid the foundation for the first school of nurses and worked to improve the hospital conditions.
- ◆ **Vinobha Bhave:** is a prominent figure in Indian modern history and was the founder and leader of the Land gift movement that helped reallocate land to untouchables.



# 1. URVASHI SAHNI

- ◆ Talking about the best of social entrepreneurs in India, Urvashi Sahni definitely tops the list. She is the **founder and CEO of SHEF** (Study Hall Education Foundation), an organization dedicated to offering education to the most disadvantaged girls in India. Urvashi Sahni has worked with over 900 schools and changed the life of 150,000 girls (directly) and 270,000 girls (indirectly) with her program. She was rightly felicitated with the ‘**Social Entrepreneur Of The Year**’ award in 2017 for her selfless act of dedication and passion





## 2. HARISH HANDE



◆ Harish Hande is another pioneering social entrepreneur of India and a remarkable committed one. He is the **CEO & Founder of Selco**, a company rendering sustainable energy source to rural regions of the country. This project was the first rural solar financing program in India. Till date, Selco has contributed over 120,000 installations and has more than 25 operating retail and service centres in Karnataka alone.



### 3. ANSHU GUPTA



◇ Born in a middle-class family in Uttar Pradesh, took media as a profession and while as an intern he witnessed the need of proper clothing for the poor in rural India. Anshu then founded **Goonj**, a social enterprise that collects used clothing from the urban crowd, sort them, fix and later distribute among the poor and needy. The relief work was done by Goonj during the times of natural calamities in Gujarat, Tamil Nadu and Kerala have been highly acknowledged.

◆ Social entrepreneurs prioritize solving social problems while ensuring sustainability, whereas traditional entrepreneurs primarily aim for financial profitability.



# Traditional V/s Social Entrepreneur

Aspect	Traditional Entrepreneurs	Social Entrepreneurs
Primary Goal	Profit maximization	Social impact and change
Measure of Success	Financial returns, market share	Social value created, community benefit
Motivation	Wealth creation, personal success	Addressing social or environmental issues
Approach	Focus on customers and markets	Focus on beneficiaries and communities
Revenue Model	Sales-driven, profit-centered	Hybrid models (profit + social reinvestment)
Innovation	Business innovation for growth	Innovative solutions for societal challenges

# Contribution of CSR Initiatives and Social Entrepreneurship to Sustainable Development and Societal Change

1. **Promoting Inclusive Economic Growth** - CSR initiatives often focus on skill development, education, and entrepreneurship training for underprivileged sections, helping reduce poverty and unemployment. **Example:** Infosys Foundation runs programs for rural education and digital literacy, enabling economic empowerment.
2. **Addressing Social Inequalities** - Social entrepreneurs create ventures that bridge gaps in healthcare, education, housing, and sanitation.
3. **Encouraging Environmental Sustainability** - CSR programs invest in renewable energy, water conservation, and waste management. Social enterprises create eco-friendly products and promote sustainable business models. **Example:** SELCO India delivers solar energy solutions to rural households, reducing reliance on fossil fuels.



4. **Strengthening Community Development** - CSR projects often involve community engagement such as building schools, hospitals, sanitation facilities and thereby improving quality of life.
5. **Fostering Innovation for Social Good** - Social entrepreneurs develop innovative products and services that directly address societal challenges. Example – **Goonj** - A social enterprise that **recycles urban waste** (like old clothes and materials) into useful products for rural communities.
6. **Supporting Achievement of Global Goals (SDGs)** - CSR and social enterprises align their projects with the United Nations' Sustainable Development Goals (SDGs) like quality education, gender equality, clean energy, and reduced inequalities.