

**CORPORATE SOCIAL RESPONSIBILITY AND ITS
COMPLIANCE MECHANISM WITH REFERENCE TO
ENVIRONMENT PROTECTION IN INDIA: A CASE
STUDY OF NATIONAL FERTILIZERS LIMITED,
BATHINDA**

Dissertation Submitted to the Central University of Punjab, Bathinda

For the Award of

LL.M.

In

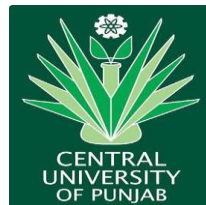
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DECLARATION

I declare that the dissertation entitled “**Corporate Social Responsibility and its Compliance Mechanism with reference to Environment Protection in India: A case study of National Fertilizers Limited, Bathinda**” has been prepared by me under the guidance of Dr. Deepak Kumar Chauhan, Associate Professor, Department of Law, School of Legal Studies and Governance, Central University of Punjab, Bathinda.

No part of this dissertation has formed the basis for the award of any degree or fellowship previously.

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CERTIFICATE

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ABSTRACT

Corporate Social Responsibility and its Compliance Mechanism with reference to Environment Protection in India: A case study of National Fertilizers Limited, Bathinda.

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The concept of Social Responsibility can be traced back into the ancient times. It was discovered by various scholars that while doing any business transactions and for the smooth progress of trade and commerce the wider goals of public interest are taken into consideration. Jesus stated that wealth encourages greed and selfishness and it does not lead to the true happiness. Today's world is facing dramatic economic, social and environmental challenges. Business ethics are gaining more importance in business sector but their goals are an integral from the societies and environment with in which they operate. The environmentalists have always been trying to protect the environment from various human actions which are uncertain in nature. This approach of the environmentalists is in favour of development of society by adopting industrialization but in a sustainable way. Industries affected environment more than any other activities, therefore, socio-legal reforms are being adopted and efforts have been made to enact and amend various laws. These laws and policies have been made, keeping in view the problems of the increasing environmental pollution and lessen its effects. Some of the specific provisions in the laws have fixed the liabilities of Industries and like organisations to compensate or re-establish the actual or natural situation in the environment. To deal with those companies section 135 of the Companies Act, 2013 plays a very important role as it states Every company that would have net worth of Rs 500 crore or more, or turnover of Rs 1000 crore or more or a net

profit of Rs 500 crore or more during any financial year shall have to constitute a corporate social responsibility committee with a board consisting 3 or more directors, out of which one has to be an independent director. The CSR Committee shall formulate and recommend to the board activities to be undertaken by the company as specified in schedule VII. The amount of expenditure should also be recommended. The board should also monitor the CSR policy of every company. The policy and the activities are to be disclosed on the company's website.

The board have to make sure that the company must spend at least 2% of the average net profits of company made during three immediately preceding financial years for its CSR policy. Company must give preference to its local areas for the spending of CSR amount. If the company fails to do so, then it must justify its reasons for not doing so.

To conclude this all an interview was conducted though which it came to conclusion that National Fertilizers Limited Bathinda is working honestly to fulfil their responsibility towards society and the work done by them is appreciable. It is a direct advantage towards society.

Gurveer Kaur

Dr. Deepak Kumar Chauhan

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LIST OF ABBREVIATIONS

%	Percentage
&	And
AIR	All India Reporter
CSPM	Centralized Scrutiny and Prosecution Mechanism
CSR	Corporate Social Responsibility
DIST.	District
DPE	Department of Physical Education
EIA	Environment Impact Assessment
GDP	Gross Domestic Product
GOVT.	Government
HON'BLE	Honourable
HP	Himachal Pradesh
HPCL	Hindustan Petroleum Corporation Limited
ISO	International Organization for Standardization
J & K	Jammu & Kashmir
KYC	Know Your Customer
LPG	Liberalisation Privatisation Globalisation
MANU	Manupatra
MCA	Ministry of Corporate Affairs
MNC	Multi National Company
MP	Madhya Pradesh
NEPA	National Environmental Policy Act
NFL	National fertilizers Limited
NGO	Non Governmental Organisation
NVG	National Voluntary Guidelines
OBC	Other Backward Classes
OECD	Organisation for Economic Co-operation and Development
PR	Public Relations

PSUs	Public Sector Undertakings
Rs.	Rupees
SC	Supreme Court
SC	Scheduled caste
SCN	Show Cause Notice
SEBI	Securities and Exchange Board of India
SEC.	Section
ST	Scheduled Tribes
TN	Tamil Nadu
TOR	Terms of Reference
UK	United Kingdom
UNCHE	United Nations Conference on Human Environment
UP	Uttar Pradesh
USA	United States of America
W.R.T.	With Reference To
WCED	World Commission on Environment and Development

CHAPTER I

INTRODUCTION

The concept of responsibility (social) among the business community in India is an old one. It can be seen with minor effects, since ancient India like the existence & establishments of religious, educational, social & public welfare institutions are the unique examples of such type of responsibility. These can be accessed in the Indian Literature when business community has gone out in the ways of social welfare; many of them set examples by helping public and stayed one step ahead of governing system for the welfare of public at large.

For the foundation of any business, the most important is the ethics. Ethics vary from a person to person so does the economic conditions. In India, we find a great disparity of people's income. On one hand, there are extremely rich people and on another hand there are poor people. Millionaires are growing in number and the middle class is still on the matters of satisfaction among literacy rates, health conditions, and sanitation, regional and various other imbalances. World of today is facing rapid shifts and dramatic economic, social, environmental challenges, societal responsibility issues, and sustainability. Business ethics are becoming more important in the business sector. Business objectives cannot be separated from the communities and the environments in which they operate. Since the development of human society, many examples of the effects of development on the environment have been mentioned. Environmentalists have always tried to protect the environment from a variety of human actions, which are inherently uncertain.¹ This approach of the environmentalists is in favour of development of society by adopting industrialization but in a sustainable way. Industries affected environment more than any other activities, therefore, socio-legal reforms are being adopted and efforts have been made to enact and amend various laws. These laws and policies have been made, keeping in view the problems of the increasing environmental pollution and lessen its effects. Some of the specific provisions in the laws have fixed the liabilities of Industries and like organisations to compensate or re-establish the actual or natural situation in the environment.

¹ CSR, *available at*: <http://www.unitar.org/dcp/introduction-corporate-social-responsibility> (visited on January 5, 2018).

Present research work is an effort to cover such specific provisions under the concept of Corporate Social Responsibility (CSR)². This research work also covers the evolution of the concept of CSR and its various phases of development, acurrent state of CSR and the provisions under the Companies Act, 2013. Implementation aspects of CSR laws and policies have been analyzed with various approaches of research and as per the objective of the research. The procedure of the performance of CSR under section 135 of the Companies Act, 2013 and its nature of performance and related issues are under the considerations of this study.

THE CONCEPT OF CSR AND ITS DEVELOPMENT

The concept of CSR has many definitions and practices. The way in which each company and country adopts does varies. In addition, CSR is a broad concept that addresses various issues, such as human rights, corporate governance, health and safety, environmental impacts, working conditions and contributes to economic development. Whatever the definition, the purpose of corporate social responsibility is to drive the shift towards sustainability.³ Man, Society and Environment are having a mutual relationship. Some of the natural and man-made activities in the nature and society are interdependent and man being an active part of this system is duty bound to protect the nature and society. This basic rule conceives the protection of environment. Law and society are closely related to each other. Nothing can be explained without talking about the other one. The law also needs to be changed according to the changes the society faces, because without the necessary changes law cannot keep pace with society. Without the control of the law, the society became the jungle or at least barbaric. Therefore, to maintain a society with peace, one needs to create a harmonious relationship between law and society. The CSR discussion suggests that the concept of CSR contains a number of dimensions that may be termed as a concept in which companies integrate social and environmental concerns into their business

²Definition, Corporate social responsibility is a business approach that contributes to sustainable development by delivering economic, social and environmental benefits for all stakeholders, available

at:
https://www.google.co.in/search?rlz=1C1CHWA_enIN624IN657&q=meaning+and+definition+of+corporate+social+responsibility&sa=X&ved=0ahUKEwi1_qPk94jYAhVMso8KHWr1BggQ1QIIhAEoAg&biw=1242&bih=611 (visited on September 18, 2017).

³ Concept of CSR, available at: [http://lexicon.ft.com/Term?term=corporate-social-responsibility--\(CSR\)](http://lexicon.ft.com/Term?term=corporate-social-responsibility--(CSR)) (visited on November 30, 2017).

processes and even interactions with stakeholders on a voluntary basis. Rapid economic development, technological and scientific progress has increased their impact on the natural environment. They have added degradation of environment and ecological imbalances. The elements responsible for degradation are pollution, over-population, and exploitation of the resources, nuclear tests, deforestation, and many more. So, varieties of specific legislations are enacted to protect the environment and ecology from these disturbances. Apart from these legislations, comprehensive legislation, namely, the Environment (Protection) Act, 1986 and various rules under this Act are enacted to prevent, control and reduce all types of pollution. But companies do not want to comply, the application of these laws is at stake. On the other hand, companies require CSR. They argue that their social responsibility is to protect and nurture the environment and human resources. For these companies, create a code of conduct. Corporate Social Responsibility is a phenomenon which explains that companies are bound to do right things, beyond legal requirement. The concept is not only based on public policy but the companies should also take some measures for social and environmental issues. In a timely manner, CSR is a concept in which companies try to voluntarily integrate social and environmental concerns into their businesses, as well as interact with stakeholders. The idea of a socially responsible company is more than just complying with environmental and human resource laws. The universal law has given equal importance through the jurisprudence by adopting the concept of personality and treat equally to the natural person and artificial person. These can be given a similar responsibility and liabilities in all the respect of duties and rights. This liability seems more on the cases of corporations, companies etc. as treated them artificial person keeping in view the role of these two's relation with the environment. Activities of these artificial persons are more harmful for the environment as an output. That's the reason various doctrines like polluter pay principle, inter-generational equity, public trust, precautionary principle, strict liability are framed by the law makers. Therefore ethically they hold more responsibilities. Since the adoption of the dimension of the industrial revolution artificial persons have done wrongful activities to deteriorate the environment. There was no role value base or ethical norms for the protection of the environment since the growth of industrialization and more worsen results had come in the era of liberalization, privatization and globalization in the last decade

of previous century. Therefore, focus may be given on to make and adopt a universal policy and law, which can be implemented on the social responsibility for artificial persons.

Before Companies Act 1956, there was no mandatory provision of CSR in the act. In 2013, section 135 was inserted in the act which clearly stated that it mandates 2% spending in CSR activities by all big companies with either net worth of Rs. 500 crore or turnover of Rs. 1000 crore or net profit of Rs. 5 crore. However, a combined reading of the whole provision indicates that companies can provide reasons for not complying by the same in its report. So, it emphasized that this concept is not completely mandatory in its true sense.⁴

The key to the mysteries of human nature is to be found in society. Society means that man is in his social relations, and each human being is an individual structure of social relations, a product not only of the existing social order but of the history of the entire world. Absorb what centuries have accumulated and traverses the tradition. A modern man carries all ages through him along with their individual ages. His personality focuses on different layers of culture. He is not only influenced by modern means, but also by the scriptures of all times and of the entire nation. It is the living memory of history and focuses on all the wealth of knowledge, skills, abilities and wisdom accumulated through the ages. The theory of social responsibility and ethics applies to individual and collective capacities. They should be integrated into everyday procedures, especially those that have an impact on other people or the environment. In the capacity of a larger group, the code of social and ethical responsibility is applied between the group and during the interaction with the other group or with the individual. The companies have developed a social responsibility system that adapts to their corporate environment. If corporate social responsibility is maintained more than employees, the environment remains the same as the company's economies. Maintaining Corporate Social Responsibility guarantees the protection of society and the environment. How this is said that environment relevant to business ethics? Firstly, it's in our interest to protect the environment seeing that we are human beings and we are often harmed by environmental damage and measures to protect the

⁴ The companies Act, 2013 (Act 18 of 2013), s.135.

environment can benefit us all. Second, many people do not feel responsible for damaging the environment because they do not cause significant personal harm. Third, companies that are harmful to the environment have external factors (and harm others) that benefit them unfairly, which may violate our right not to suffer injuries. External factors can also be added in the form of harm to non-human organisms.

RESPONSIBILITY IN CSR

The responsibility in CSR has infinite dimensions. Companies integrate social and environmental concerns into their business processes and interact with interested parties on a voluntary basis. This responsibility can be implemented through an existing legal process to integrate social, environmental, ethical, human rights and consumer concerns into core business and strategic processes in close collaboration with stakeholders. The law and society are united so no matter what comes in between, they cannot be separated. Nothing can be explained without any of them. Society becomes jungle without the law.⁵ Law also needs to be changed according to the changes the society faces, because without the necessary changes law cannot keep pace with society. Without the control of the law, the society will become the jungle or at least barbaric.

Therefore, in order to maintain a peaceful society, we need to establish a harmonious relationship between law and society. Jesus mentioned that wealth encourages greed and selfishness and does not lead to true happiness.

- Rig Veda: It can be outlined back to ancient religious texts also as Rig Veda says that rich people in the society should contribute their some part of wealth with the poor people for the development of society.
- Christian: The Christian theology says “Man is Angel” if he uses business to serve social purposes but “Man is a Devil” if he misuses the corporate power and responsibility.
- Manu Smriti: An important principle of Manu Smriti says that a person should never try to earn wealth through means which are forbidden or

⁵Law and Society, available at: <https://www.lawteacher.net/free-law-essays/educational-law/discuss-the-relationship-between-law-law-essays.php> (visited on August 17, 2017).

immoral. The works which are done by any person, organization or state are to be good for people and company.

- Zakah: The principle of CSR is also available in Islam. Quran, in general talks about the ethic codes for business corporations, people, fair trade and free & healthy competition. Zakah is one of the five fundamental pillars of Islam where it states that when a Muslim has enough to fulfill his and his family essential needs, he is obliged to pay Zakah on the Excess.
- Kautilya: Kautilya in Arthashastra says, happiness cannot be obtained only with money or profits; it can be done by doing things well and doing things well. Kautilya also states that the king should not have any self-interest, happiness or joy for himself, but that his satisfaction should be in the welfare of his people.
- Shanti Parva: Shanti Parva of the Mahabharata advice that public interest is the first and foremost preference of the leader to take into notice and they are supposed to help others and engage themselves in the welfare of the society.

Perspectives and relationship of CSR also have a newer focus on the jurisprudential concept of person, since the companies are treated under this concept as artificial persons just because to bring companies under some responsibilities. The man is a natural person. He has the characteristics of the power of thought, speech, and choice. A natural person is a real and inspired person. Slaves are also natural persons. The average citizen does not recognize the idiot, the company or the idol, etc. as a living person but it is also a legal person. The natural person performs his duties and also performs the function of legal persons. Man is the only natural person. A natural person can live for a limited time. A natural person is a legal entity from birth, but the artificial person becomes a legal entity once it is integrated. A human being has the rights and duties which are complementary to each other. Natural person can hold public office but an artificial person cannot.

A company becomes an artificial person after it gets registered. It enjoys the benefits, rights, duties, and liabilities which natural person enjoys. It is a legal

entity, not a human being who is recognized as a person in law to whom legal rights and duties may attach- e.g. Body corporate. They have perpetual life.⁶ They can be in two or more places at the same time. They cannot be imprisoned. They have no conscience or sense of shame. Companies pursue a single profit objective and generally cannot pursue other purposes. There are no limits to the size of the possible companies. Companies can join together in larger and more powerful entities.

THE PRINCIPLES OF CSR

Uncertainty surrounds the nature of CSR activity that clearly demonstrates that it is difficult to identify CSR and guarantee such activity. It is important to identify such activity and a vision that shows that there are three basic principles that collectively form all CSR activities. These principles are well known to each and every individual and are also known as the principles of sustainability, accountability, and transparency.

- i. **Sustainability:** Sustainability means the society must use those resources which can be generated. It may be called as the carrying capacity of the eco system and input-output models of resource consumption that should be encouraged. The paper industry has a policy of planting trees to replace harvested trees those were used for the preparation of paper and this has the effect of retaining costs in the present rather than just imagining them. Unsustainable processes can be absorbed either through the development of sustainable processes or by planning a future that lacks the resources that are currently required. In general, organizations generally aim to reduce the lack of sustainability by increasing efficiency in the way resources are used. Sustainability is the most important element which is to be taken into consideration while implementing CSR and it will pave a good and better way for the benefit and long lasting of society.
- ii. **Accountability:** This concept of accountability totally focuses on the implications of the recognition that the organizations are part of a wider societal network and has responsibilities towards entire network instead of

⁶Artificial company, available at: <https://www.lawctopus.com/academike/concept-separate-legal-entity-light-corporations/> (visited on September 18, 2017).

the owner of the organization. This acceptance of responsibility must be an awareness to those external stakeholders who have the power to affect the actions of the organization which are taken and the role in deciding whether those actions can be justified or not and if they are, then at what cost to those organisation and to the stakeholders. For performing any work accountability of the corporations is must. These corporations are the one who while practicing CSR have to take care of society and its benefits. For that corporations are to be accountable.

- iii. **Transparency:** Transparency is generally defined as an independent impact on the actions of the organization that can be identified from the organization's reports and the accepted facts cannot be hidden within those reports. Accordingly, all the effects for actions should be available for the use of information provided by the Organization's reporting mechanisms. Transparency is of utmost importance to external users of this information. Transparency can be seen as following the other two principles. Sustainability and accountability, on an equal footing, can be seen as part of the process of recognition of the Organization's responsibility for the external effects of its actions and even as part of the delegation of authority to external stakeholders.⁷ For every work done by corporations, transparency is the main element to be focused on.

CSR ACTIVITIES IN INDIA

The most commonly covered areas by the companies include health, education, livelihood, environment and rural development. Out of these all, education is the most common and many of the companies included in the research were found to have undertaken efforts on education; this was followed by livelihood and environment, and then healthcare and rural development.⁸

- **Education:** Most of the corporate focus is on the domain of education. According to the studies, it is stated that 44 out of 50 companies prefer to

⁷David Crowther & Guleraras, Corporate Social Responsibility (BookBoon.Com) page No. 14-17, available at: <http://bookboon.com/en/corporate-social-responsibility-part-i-ebook> (visited on November 14, 2017).

⁸ CSR activities in India, available at: http://www.janafoundation.org/wp-content/uploads/2015/10/evolution_of_csr_in_india.pdf (visited on January 8, 2018).

focus on education. It may be in the form of providing infrastructures, books, stationeries etc. Nearly 88% of the companies focus on the education.

- Health care: Corporate sector tries to invest in health sector their CSR amount. It may be in the form of organizing various health camps, providing free medicines, vaccinations or awareness programmes. It may also include the free check-ups of the local people. 74% of the companies focus on health care.
- Environment: Companies are also aware of the loss they are doing to the environment so; nearly 76% of the companies take initiatives to protect the environment. Plantation drives, promotion of Afforestation, conservation of water and making people aware of the importance of the natural resources are the current topics and issues taken into consideration.
- Livelihood: 88% of the companies take initiatives to provide vocational trainings and even organise the vocational training programmes to make the livelihood of people better. They even provide the support in the income generation activities so as to make people live in better conditions.
- Rural Development: 68% of the companies have been working towards the betterment of the people living in rural areas by providing them with the infrastructural facilities and also by constructing toilets etc. for the schools and the village.

BRIEF HISTORICAL SURVEY OF CSR

Modern procedure of CSR is a western concept which finds its origin in 19th century. That was the time when the world has started discussing the topic of CSR.

- In 1950's, CSR was the mere obligation of businessmen to pursue their policies, making decisions or to follow their lines of action which are desirable in terms of achieving their objectives and they were also according to the values of society. It was done casually for the welfare of people and their betterment.
- In 1960s and 1970s, the rapid growth of social movements strongly advocated labour rights, consumer protection and environmental

preservation (Corporate responsibility: economic, legal, ethical and philanthropic).⁹These rights were making the people aware and concerned about them and their resources and the rights.

- At the end of 1970s, the most comprehensive plan of CSR was proposed by Carroll.¹⁰ Three dimensional conceptual model of CSR was constructed by him that consisted of corporate responsibilities, social conflicts, social issues of business and corporate actions.
 - a) Economic responsibilities: The first and most important social responsibility of business is economic in nature. Business institutions are the basic economic unit who owes the responsibility to produce goods and services that society wants to sell them at a profit. All other business roles are predicted on this fundamental assumption.
 - b) Legal responsibilities: Without law society will become jungle, so to sort that all, legal obligations are must & they should be strictly implemented.
 - c) Ethical responsibilities: Ethical responsibilities are not defined in appropriate way and they are the one which are most difficult to deal with for business. In past few years, ethical responsibilities have been the part of such debated constituting what is ethically right and what is not. It is better to say that society has expectations of business over and above the legal requirements.
 - d) Philanthropic responsibilities: The voluntary responsibilities of any enterprises are called philanthropic responsibilities. The expectations of people from the enterprises are reflected through these responsibilities. These volunteering activities are results of the desires of the enterprise to get them involved in community activities which are not legally imposed or requested by law because generally, in an ethical way they are not to be expected from an enterprise.¹¹
- In 1980s and 1990s Carroll's CSR model was refined. The new CSR model integrates the principles of corporate responsibility of Carroll together with

⁹ Growth of CSR, available at: <https://www.coursehero.com/file/p1dvoop/Especialy-the-1960s-and-1970s-were-distinguished-by-the-rapid-growth-of-social/> (visited on October 17, 2017).

¹⁰ Carroll's concept of CSR, available at: http://www.unescap.org/sites/default/files/6%20-%20Chapter%20II_Developments%20in%20the%20concept%20of%20CSR_0.pdf (visited on December 13, 2017).

¹¹CSR Economics, available at: <http://upet.ro/annals/economics/pdf/2010/20100317.pdf> (visited on October 10, 2017).

the policies of management of social problems and the work process in a dynamic evolutionary system.¹²

- In 1991, four types of Carroll responsibilities (economic, legal, ethical and fictitious) have been linked to three institutional levels (legal, organizations and individuals) by Wood. It has reached three principles for the behavior of the company, as well as the results that led to the legitimacy, the general responsibility and the evaluation of the management.¹³ During the same period, the focus on the development of new or revised CSR concepts has given way to alternative approaches such as institutional citizenship, business ethics and stakeholder theory.
- In 21st century, more emphasis has been placed on the implementation of corporate social responsibility initiatives and on the pilot study of the impacts of CSR. Later in 2003, the four approaches of Carroll were reduced to three and the left one was economic, legal and ethical approach.
- The Companies Act 2013, for the first time mandates that private corporations to join public sector firms in annual donations for Corporate Social Responsibility (CSR). All firms with net worth above Rs. 500 crore, turnover over Rs. 1,000 crore, or net profit over Rs. 5 crore are required under Section 135 to spend at least 2% of their annual profits (averaged over 3 years) and establish a CSR committee to oversee the spending.

The Ministry of Corporate Affairs has notified section 135 and Schedule VII of the Companies Act 2013 as well as the provisions of the Companies (Corporate Social Responsibility Policy) Rules, 2014 to come into effect from April 1, 2014.

The net worth, turnover, and net profits are to be computed in terms of Section 198 of the 2013 Act as per the profit and loss statement prepared by the company in terms of Section 381 (1) (a) and Section 198 of the 2013 Act. While these provisions have not yet been notified, it has been clarified that if net profits are computed under the Companies Act, 1956 they need not be recomputed under the 2013 Act. The benefits of any external branch of the Company, including those branches operated as a separate company, will not be included in the Company's

¹² Carroll, A.B.,A (1979) "Three-dimensional conceptual model of corporate performance", Academy of Management Review, Vol. 4 No. 4, pp. 497-505 (visited on October 11, 2017).

¹³Ibid.

net profit account. In addition, dividends received from other companies in India that need to comply with CSR obligations will not be included in the calculation of the company's net profit. To formulate and monitor the Corporate Social Responsibility Policy, CSR committee must be established for the Board.

Section 135 of the Companies Act, 2013 Law requires that the CSR Committee be made up of at least three directors, including an independent director. CSR standards and private companies not included in the list and it excludes that they are not required to appoint an independent manager as part of the Corporate Social Responsibility Committee and stipulate that a committee of a private company and a foreign company, needs at least two members.

- How did CSR work pre-2013?¹⁴

Time period	Economic currents	State role	Corporate CSR
1850-1914	Industrialisation	Colonial, extraction	Dynastic charity
1914-1947	Trade barriers for new industries	Colonial, exploitative	Support freedom struggle
1947-1960	Socialism, protectionism	Five year plans	Support new state; launch own rural initiatives
1960-1990	Heavy regulations	Licence raj; development failures	Corporate trusts

¹⁴ Pre-2013 CSR working mechanism, available at: http://epgp.inflibnet.ac.in/epgpdata/uploads/epgp_content/S001610/P001769/M023917/ET/1507523543Mod22CSRandCommunityEngagementtext.pdf (visited on August 14, 2017).

1991-2013	Liberalisation	Shrinking in production; expanding in social provision	Family trusts, private-public partnerships, NGO sponsorship
2013-2017	Globalisation	Need to manage inequality; new reforms to liberalise further	Introduction of mandatory 2% rule

Table No. 1.1

The above table briefs about all the effective issue as well as the relevant status of the CSR and its associated factors to bring out the change in the society through development by the responsibilities by the corporate. In this reference the following points are being considered important from the historical perspectives-

- After the First World War, a new era of corporate philanthropy emerged that gathered business leaders into the political fight for independence. The calm and close relationship between Mahatma Gandhi and leading industrialists was well-known. He suggested a model of trusteeship for business in which investors should understand their position as fiduciaries of the wealth of society.
- The role of the Indian State increased greatly in the period immediately after independence and the backseat was taken by the corporate sector in development efforts. The state failed to end poverty, and it supported economic growth that led to dissatisfaction and the results were the total failure of the state towards their people. In 1991, the liberalisation of the Indian economy shown in a new globalized economic environment, with extreme growth in overall wealth and also in the terms of inequality.

- The gap between the richest Indians and those at the bottom has been increased, sparking innovation in the efforts of the corporate sector to address social problems. It also forced the state to consider how to attract more support from the growing business world. In the context of a modest state, a more globalized economy and huge divisions in the economic and social world, the corporate landscape of CSR was delightful.

The concept of CSR existed long back and it had various steps of development as in earlier times it was just mere obligations for the businesses to do works by taking the welfare of society into the notice. Then, social movements emerged that put their main focus on the human rights and environmental preservation. Carroll gave the plan by dividing CSR into four responsibilities named economic, legal, ethical and philanthropic. 21st century focused more on CSR initiatives like eradicating hunger and poverty, promoting education, women empowerment, environment sustainability and many more.

PHASES OF CSR DEVELOPMENT IN INDIA

Since its beginning, CSR is playing very important role in the development of country. Whether it was in its very early age or 2017, the efforts done by various companies are to be appreciated. The CSR grew from now and then so the history of CSR in India has its four phases which run almost equal to India's historical development and has emerged in different access towards CSR. Since ancient times, CSR existed in various forms and was called with different names. Here the time period is divided into four phases based on the contribution of each phase. The phases are dynamic in nature and the features of one phase overlap the features of other phases.

Phase 1 (1850 to 1914)

The first phase of CSR is well known for its charity and philanthropic nature. Under this, CSR was mainly influenced by family values, traditions, culture and religion and industrialisation. The businessmen try to spend their wealth for the welfare of the society. They set up temples and religious institutions for the society. During drought and famine businessmen opened up their stores for the poor, needy and hungry. With the beginning of the colonial era, the CSR approach underwent a

change. In times before independence, some industrialists called Tata, Birla, Godrej and Bajaj promoted the concept of corporate social responsibility through the creation of many charities, educational and health care, and even trust and development of the community. Political motives were also the main reasons behind these social benefits.

Phase 2 (1910 to 1960)

The second phase occurred when there was an Independence movement going on. Mahatma Gandhi advised rich industrialists to share their some part of wealth and provide benefits to the poor and marginalised people of the society. The concept of trusteeship was also given by him that helped in socio-economic growth. According to Gandhi ji, companies and industries were known as the 'Temples of modern India'. He tried to influence industrialists to set up trusts for colleges, research, and training institutions. The trusts got themselves involved in social reforms, like rural development, education, and empowerment of women.

Phase 3 (1950 to 1990)

This phase was symbolized by the emergence of PSUs (Public Sector Undertakings) to provide the better distribution of wealth in society. The policy on industrial licensing, taxes, and regulations on the private sector resulted in good practices of corporate, which finally brought out suitable legislation on corporate governance, labour and environmental issues. Since the success rate of PSUs was not powerful there was a natural shift in expectations from public to private sector, with them getting actively involved in socio-economic development. In 1965, academicians, politicians, and businessmen conducted a nationwide workshop on CSR in which the main emphasis was put on social accountability and transparency.

Phase 4 (1980 onwards)

In this last phase, CSR was identified as a sustainable business strategy. The era of liberalization, privatization, and globalization (LPG), together with a comparatively calmed the licensing system that amounted to a boom in the country's economic growth. This has driven industrial growth, allowing companies

to grant more social responsibility. It was merely started as charity but now it is understood and accepted as responsibility.¹⁵

The development of CSR passed through many phases like in the beginning it was just charity done by the businessman, later during independence movement it got converted into socio-economic development. After that there was an era of Public sector Undertakings and they organised various workshops on CSR in which many academicians, politicians, and businessmen took part. Last phase was the time of LPG (Liberalization, Privatization and Globalization) in which the corporations took CSR as their responsibility not merely charity. These are the phases which clearly shows how the CSR got its proper recognition and how it got converted to responsibility from Charity.

SET PROCEDURE OF CSR

The people and corporate world are inter-connected so, they always try to do one or the other thing for the societal benefits. CSR is strongly connected with the principles of sustainability. An organization should make a decision based not only on financial factors, but also considering the social and environmental consequences.

In India, CSR has traditionally seen as a philanthropic activity. The main aim of this policy is to set some guiding principles to carry out CSR activities by the company and also to set up a process of execution, implementation, and monitoring of the CSR activities which are to be under taken by the company.

Rule 4 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 elaborates about the CSR activities as:

- 1) The CSR activities shall be undertaken by the company, as per its stated CSR Policy, as projects or programs or activities (either new or ongoing), excluding activities undertaken in pursuance of its normal course of business.

¹⁵Phases of CSR Development, available at: http://www.janafoundation.org/wpcontent/uploads/2015/10/evolution_of_csr_in_india.pdf (visited on January 8, 2018).

- 2) The board of a company may decide to undertake its CSR activities approved by the CSR Committee, through a registered trust or a registered society or a company established by the company or its holding or subsidiary or associate company under section 8 of the Act or otherwise:
Provided that:
 - a) If such trust, society or company is not established by the company or its holding or subsidiary or associate company, it shall have an establishment track record of three years in undertaking similar programs or projects;
 - b) The company has specified the project or programs to be undertaken through these entities, the modalities of utilization of funds on such projects and programs and the monitoring and reporting mechanism.
- 3) A company may also collaborate with other companies for undertaking projects or programs or CSR activities in such a manner that the CSR Committees of respective companies are in a position to report separately on such projects or programs in accordance with these rules.
- 4) Subject to provisions of sub-section (5) of section 135 of the Act, the CSR projects or programs or activities are undertaken in India only shall amount to CSR Expenditure.
- 5) The CSR projects or programs or activities that benefit only the employees of the company and their families shall not be considered as CSR activities in accordance with section 135 of the Act.
- 6) Companies may build CSR capacities of their own personnel as well as those of their Implementing agencies through Institutions with established track records of at least three financial years but such expenditure shall not exceed five percent of total CSR expenditure of the company in one financial year.
- 7) Contribution of any amount directly or indirectly to any political party under section 182¹⁶ of the act, shall not be considered as CSR activity.¹⁷

The company proposes to implement its CSR activities in various sectors like:

- a) Eradicating extreme hunger and poverty.

¹⁶ The companies Act, 2013 (Act 18 of 2013), s. 182.

¹⁷Rule 4, the Companies (Corporate Social Responsibility Policy) Rules, 2014.

- b) Promotion of education.
- c) Promoting gender equality and empowering women.
- d) Reducing child mortality and improving maternal health.
- e) Combating human immunodeficiency virus.
- f) Immune deficiency syndromes, malaria and other diseases.
- g) Ensuring environment sustainability.
- h) Employment enhancing vocational skills.
- i) Social business profits.
- j) Contribution to the Prime Minister's National Relief Fund or any other funds set by Central Government.
- k) Such other matters as may be prescribed.¹⁸

Amounts to be spent on CSR activities:

- a) 2% of its average net profits made during the three immediately preceding financial year as its annual CSR budget.
- b) In the event that the Company does not spend the previous objective amount in that specific financial year, the Committee must submit a written report to the Government Council specifying the reasons why the amount is not disbursed. CSR requires companies to acknowledge that they must be publically accountable, not only for their financial performance but also for their social and environmental record.¹⁹

As per the analysis and evaluation of section 135 of Companies Act, 2013 CSR is primarily voluntary and related to the business of a company and also reports of the same company in the same financial year. Section 135 mandates 2% utilization in CSR activities by all the companies under the categories of big companies as per their net worth of Rs. 500 crore or a turnover of Rs. 1000 crore or net profit of Rs. 5 crore. The reasons of not to spend 2% on CSR activities can also be given in the year report of the company is also an issue of discussion in the research work which shows the voluntary nature of CSR activities for the companies. Though there is not any specific reference in section 135 regarding the spending of 2% amount on specific activities for the protection of the

¹⁸ CSR activities and different sectors, available at: http://www.saprlaw.com/taxblog/csr_tax.pdf (visited on September 17, 2017).

¹⁹Ibid.

environment but in policy, it has a reference with other activities like education and another kind of development. Therefore the policy of the company is also an important document for the performance of CSR though it may be voluntarily or mandatory under the provisions.

RESEARCH GAPS IN CSR

While reviewing the literature available on CSR, various research gaps came into the knowledge. Without covering these gaps, it would be difficult for the Ministry of Corporate Affairs to implement this concept properly and drive out required benefits. Few of the research gaps are mentioned below:

- a) Low investments- Ministry of Corporate Affairs (MCA) had expected that CSR would generate Rs. 10,000-12,000 crore in 2014-2015 but investments worth only Rs. 4000 crore were made so far. So the ministry set up an internal committee to assess why the investments under the CSR laws have been below expectation.
- b) No penalties for defaulters- The act did not perform much well in the beginning of the first year and suffered a huge loss. It even doesn't penalise the defaulters but just mentioned the clause that the company requires to explain the reasons for its failure to spend the required amount.²⁰
- c) Multiple laws: There is no such fixed law on CSR so there occurs disparities in the mechanism. Various laws are made but the authorities are not given any kind of powers to punish the violators of the laws. Instead of multiple laws, there should be strict surveillance on the companies and their works.
- d) Implementation: As there are no fixed laws so there are variations in the implementation of the laws and it is the biggest Luciana one could see in the system. There are no CSR boards and committees to look after that. Proper implementation of the laws is the first and foremost element to be taken into consideration.

²⁰Non-compliance of CSR and reasons, available at: www.downtoearth.org.in/news/irresponsible-gaps-in-corporate-social-responsibility-50990 (visited on October 24, 2017).

- e) Funds of CSR: There are no such institutes established which would look after the amount fixed for CSR and spent on that. There are no such groups established to cross-check the expenditure shown by the company's on their websites and also on what are they spending the amount, no such criteria is fixed. This puts the concept of transparency into caution.
- f) No Uniform system: No uniform system is established by the government to fix the amount of CSR for company and even there is no portal to verify their expenditure. Lack of the institutions and agencies fixed to keep check amounts the great failure in the establishment of CSR.

When we talk about Corporate Social Responsibility (CSR), it is clearly understood that it is executed after a lot of planning and strategizing. But still, Lucians are there which won't help in satisfying the provisions of the act and there is no full stop provided to the societal questions.

Not only India, but there are many other countries of the world which believes in the CSR and its outcomes. Few of them are as under:

- 1) United States of America: The Bureau of Economic and Business Affairs team for CSR leads the Department's engagement with U.S. businesses in the promotion of responsible and ethical business practices. The main objective of the CSR office is to:
 - Promote a comprehensive approach to CSR to complement the mission of Bureau in building economic security and advancing sustainable development at home and abroad.
 - Help the American companies who are engaged in social responsibilities with guidance and support for the forward thinking and also in the social activities that compliments U.S. Foreign policy and to achieve Secretary's award for the Corporate Excellence program.
 - Frame on this teamwork and working with multinational companies, civil societies, labour groups, environmentalists, and others to encourage the adoption of corporate policies which helps the companies to do well by doing good.

2) United Kingdom: CSR is a very important part of Corporate Governance. The Companies Act of UK imposed the duty of directors to take the advice from community people and environmentalists while performing their responsibility. It is based on the success of their company which is totally relied upon the Business Reviews. CSR is considered as an integral part of bigger companies under good governance.

3) Europe Countries: The CSR agenda for action by European Commission's is:

- Raising the visibility of CSR and propagating good practices.
- Developing and tracking the levels of trust in business.
- Bettering self and co-arrangements processes.
- Increasing the market reward for CSR.
- Improving the disclosure of company regarding social and environment information.
- Further consolidating CSR into education, training and research works.
- Focusing on the importance of national and sub-national CSR policies.
- Better adjusting
- European and global approaches to CSR.

The CSR strategy of Europe is based upon guidelines and principles which were laid down by the United Global Compact, United Nations Guiding Principles on Business and Human Rights, ISO 26000 Guidance Standard on Social Responsibility and OECD Guidelines for Multinational Enterprises.

4) India: In ancient times, CSR in India has been seen as a philanthropic activity. Keeping with the Indian tradition, it was an activity that was performed by the wish of entrepreneur but not deliberated. India, became the first country in the world to have a compulsory CSR contribution legislation. The concept of CSR in India is governed by section 135 of the Companies Act, 2013. It was passed by both Houses of the Parliament with majority. It received the assent of the President of India on 29 August 2013. The CSR provisions in the Act are applicable to companies with an annual turnover of Rs. 1,000 crore and more, or a net worth of Rs. 500 crore and more, or a net profit of Rs. 5 crore and more. The new rules, which will be applicable from the financial year 2014-15 onwards, also required the

companies to set-up a CSR committee consisting of their board members, including at least one independent director. The Act encourages companies to spend at least 2% of their average net profit in the previous three years on CSR activities which are mentioned in Schedule VII of the companies Act, 2013.

5) Other countries: France, Denmark, South Africa and China have a compulsory reporting obligation on the amount spent on CSR activities.²¹

At the end, it is essential to conclude that not only India but there are many countries who implements and thinks about the concept of CSR sincerely. USA considers CSR as a mission to build economic security and fostering sustainable development in the country. The country also encourages the adoption of corporate policies which help the companies for better functioning. UK calls CSR as an integral part of good governance. In Europe, CSR is basically to improve trust levels in the business. It is also a self-regulation process. It puts great impact on education, training and research. India considers CSR as philanthropic activity. The main purpose of CSR is to spend 2% of their net profit in the previous three years on CSR activities such as eradicating hunger, promotion of education, improving health, empowering women and many more.

THE PROBLEM PROFILE

The mandatory CSR implies a responsibility on corporation and also provides a guidelines but a very few corporations are there which are performing CSR but absolute implementation is again a question. Keeping in view all the dimensions of responsibility and performance, efforts are being made to check all these on NFL's policies or practices.

There are many works done on the other NFL's of the country. Up to researcher's knowledge, researcher saw that none of the work is done in legal field in relation to the societal benefits. So the proposed study concentrates on what the problem is? And why the researcher chooses the NFL Bathinda?

The main problem is to find out whether the implication of CSR is there in the NFL or not? How much amount does NFL spends for performing CSR activities? Is it

²¹CSR Comparison, available at: <https://blog.ipleaders.in/corporate-social-responsibility-csr-laws-around-the-world/> (visited on January 5, 2018).

beneficial for the locality? The main purpose is to check the status of NFL in regard to CSR. It is also in question that whether the NFL follows the CSR (Policy) Rules while performing CSR activities.

STUDY AREA OF THE RESEARCH

The CSR policies were framed to provide benefits in the field of society, environment and education. The activities included in the field of environment are:

1. Ensuring environment sustainability.
2. Combating human immunodeficiency virus.
3. Immune deficiency syndromes, malaria and other diseases.
4. Animal health camps.
5. Women & children health camps.
6. Community health camps.
7. Awareness programmes on agricultural practices.
8. Afforestation Activities.
9. Installation of solar lights
10. Water conservation & harvesting activities
11. Soil testing
12. Construction of toilets.
13. And many more.

The NFL unit of Bathinda was commissioned on 1st Oct 1979 based on gasification technology of Feed Stock on LSHS /Fuel Oil with the annual installed capacity of 511500 MT of Urea. Subsequently as per guidelines of Government of India, in order to reduce subsidy burden & Carbon footprint, NFL revamped the Bathinda Unit on LSTK basis for changeover of Feedstock from LSHS/FO to Natural Gas and commercial production on Gas was commenced during Jan 2013.

IMPORTANCE OF THE STUDY

The main purpose of the study was to find out why and how is this study important. This study is specifically based on the CSR policy of NFL. This research helped the public to know about the concept of CSR properly and the implementation of CSR policy in NFL, Bathinda. The study also checked whether the NFL is implementing the policy properly and what are the benefits society getting out of

this NFL. How the plant was helpful for the local people and what were the benefits they were getting out of it. The study also checked the adequacy and implementation of laws and regulations relating to CSR. The study helped in curing the existing loopholes and also facilitated the government in strengthening the existing laws and formulating the new policies regarding the proper implementation of CSR policy. The research provided the valuable information to residents of Bathinda regarding the CSR implementation policy. This research was conducted to facilitate the public at large and to contribute in area of public welfare. The results were very positive and the NFL is doing good efforts for the betterment of people.

OBJECTIVES OF THE STUDY

Keeping in view the development of the concept of responsibility of company from ethical principle to legal power, the main general objectives of the present study are to understand the basic concept of CSR, its origin, development, identification of the major issues, and legal perspectives in Indian system and also to analyse all these issues in the light of the CSR responsibilities of the companies. A brief of objectives of the study are as follows:

- To give a brief overview of the specific laws and policies on CSR in India;
- To give a brief and comparative over view of CSR related provisions in India, England and United States of America;
- To discuss the major issues of CSR in reference to Company's Act, 2013;
- To see the efforts of NFL on CSR activities especially environmental activities under the policy and performance.

Specifically, the research tried to analyse the NFL's CSR policy in respect to the philosophy and responsibility and also to find out the effects of the policy with its existing mechanism.

HYPOTHESIS

Keeping in view the objectives of this research, data available from various resources and on the basis of literature review the researcher has made hypothesis which is as follows:

- i. Very first issue taken here is about the sufficiency and capacity of implementation of CSR in Indian industries.
- ii. The issue of Environmental Impact Assessment in relation to the CSR policy is available but not in its absolute implementation stage.

Both the above issues were under the Hypothecations and the testification under the purview of company law with reference to environmental law in India.

The above hypothesis was testified by visiting NFL and also with the objectives and goals of NFL CSR policy.

CHAPTER II

REVIEW OF LITERATURE

Review of literature is the second and most important part of any research, which gives an outlook on the problem concerned. The purpose of the review of literature studies the literature available on the concerned topic or the problem and also to find out the gap on the basis of analysis of the available work on the topic of research. The main focus is on the literature available on the corporate social responsibility, its genesis pre and post phase and especially on the position of Corporate Social Responsibility in India as a comparative analysis. All the sincere efforts have been made to justify the division on the basis of classification of the review of literature. Primarily a books review is the available followed by the research work review which includes the review of thesis, dissertation, research papers, write ups, research articles and the judgments of the courts. Secondly, this part of the synopsis is focusing on the review of the legislations connected with the topic. Finally, a brief analysis has been made on the basis of the review of the available literature to find out the gaps available and to find out the solution on the problem of the research. Part first under this heading covers the important literature available in books, which is as follows:

Avtar Singh in Company Law (2015) states that during his observations on the Companies Act, 2013 the main concern of this Company Legislation is to strengthen corporate governance by way of better and more responsible management and administration. In the Companies Act 1956, there was no mandatory provision for the CSR but with the amendment in 2013, the section 135 was inserted as Corporate Social Responsibility, The section 198 talks about calculation of profits and section 149 which states that a number of new concepts have been introduced. Some of them are: a provision for creating a category of independent directors and women directors. Their names have to be taken from the data bank. This is going to be the function of the directors' nomination and remuneration committee. This is for assuring that persons of real worth come to company boards and they do not indulge into the luxury of excessive

remuneration. Directors have to annex to their report their responsibility statement. For the first time there is statutory formulation of directors' duties.²²

Zafar Mahfooz Nomani in Environment Impact Assessment Laws (2010) states about the various aspects of environmental impact assessment in India. He provides a general overview of an instrument of environmental law that has been given insufficient attention because it is often seen as a simple procedural requirement. It is clearly stated that environmental impact assessment will surely help in fostering awareness of its importance and its significance in a phase of rapid economic growth. This work encompasses the theoretical and juridical dimensions of EIA law in India in the socio-legal context and doctrinal holism²³.

Harpreet Kaur in Business and Corporate Laws (2013) states that law is the epicentre of human civilization. An ordered society is based upon rule of law in the absence of which life would become nasty, brutish and short. Right to life and right to property along with the right to freedom of speech are the three building blocks of human society as we know it today. All these required a solid foundation of constitutional, civil and criminal law. Law and environment moves hand in hand for the better future. Law is a mechanism to remove uncertainties which business dislikes.²⁴

Rashmi Aggarwal in Corporate Laws in India (2016) states that the corporate laws are also known as business or mercantile laws. They are civil laws that cover the rights, duties, compliances, procedures, conduct of person or entities in business carrying the work of trade, commerce including transactions of sale, services, formation of separate legal entities, and their mandate as per the statutory provisions. Work relating to the company law is looked after by the ministry of Corporate Affairs, Government of India. A study of corporate laws includes various Acts ranging from the Indian Contract Act, 1872 and special contracts, the Sale of Goods Act, 1930, the Consumer Protection Act, 1986, the Negotiable Instruments Act, 1881 the Indian Partnership Act, 1932, the Limited Liability Partnership Act,

²²Avtar Singh, Company Law ((Lucknow, Eastern book agency, 2015).

²³Nomini, Zafar Mahfooz, Environment Impact Assessment Laws (New Delhi, Satyam Law International, 2010).

²⁴Harpreet Kaur, Business and Corporate Laws (Gurgaon, LexisNexis, 2013).

2008, the Companies Act, 2013, the Arbitration and Conciliation Act, 1996 the Information Technology Act, 2000, and intellectual property rights.

The Companies Act, 1956 had been under reconsideration in view of rapidly changing national and international economic and commercial environment, and eventually, the Companies Act, 2013 was introduced on 29th August, 2013. The Companies Act, 2013 has 470 Sections and 7 schedules as against more than 700 Sections and 15 schedules as against more than 700 sections and 15 schedules in the Companies Act, 2013.

Further the author states that corporate laws in India are based on the premises that all business decisions first and foremost must be legal decisions. The book attempts to become a definitive authority on the corporate laws in India by providing comprehensiveness insights to key legal concepts and their applications in business situations. All the provisions are explained, wherever necessary, with the help of decided cases and judgements of the High Courts and the Supreme Court of India. This will help the readers to comprehend and grasp the concepts of regulations and legal environment in a focused manner. This book is an updated and comprehensive work on corporate laws.²⁵

Karan Gupta in Introduction to Company Law (2013) states about the role of independent directors. One independent director is must to be in the committee. He clearly explains the concept of CSR and the calculation of profits etc. which is the main element for the concept of applying CSR.²⁶

C A Ravi Sethi, in Corporate Social Responsibility law with Comprehensive Commentary (2016) states that Corporate Social Responsibility has been there in country since long, but it's just the matter of conscience that our legislators who emphasised on this concept recently make it mandatory for certain class of companies vide section 135 of The Companies Act 2013.²⁷

Sanjay K. Agarwal, in Corporate Social Responsibility in India (2014) explores that CSR taught in Indian Business Schools is very little and that also is taken from the

²⁵ Rashmi Aggarwal and Rajinder Kaur, Corporate Laws in India, First Edition, (Gurgaon, LexisNexis, 2016).

²⁶ Gupta Karan, Introduction to Company Law (Gurgaon, LexisNexis, 2013).

²⁷ CA Ravi Sethi, Corporate Social Responsibility (Young Global Publications, 2016).

books published in abroad with the foreign case laws. Author also tries to bridge the gap between Indian business and the guidance available. His study do not talks about CSR as a philosophy but as a business need. It clearly separates CSR from mere philanthropy and makes it a business case. His study not only analysis CSR efforts of various large companies but also tried to identify the best CSR Strategies in Indian circumstances.²⁸

Dr. Reena Shyam, in An analysis of Corporate Social Responsibility in India (2016) states that CSR is a new concept for India which is rapidly picking up pace. CSR has become a fundamental business practice and has gained allot attention from the management of large international companies. It facilitates the alignment of business operations with social values. CSR and the taken initiatives plays very important role in socio-economic development of community. Author also highlighted the policies governing CSR in India and the Indian firms playing an excellent role in the advancement of the society.²⁹

Forest L. Reinhardt and Robert N. Stavins in Corporate Social Responsibility, business strategy, and the environment (2010) examines the concept of firms sacrificing profits in the social interest within the environmental realm, with particular focus on the case of the Unites States by addressing four key questions.

First and foremost was that they should do it within the fiduciary responsibilities scope towards their stakeholders. Secondly, competition at the market place may lead some kind of restraint in accomplishment of the mission. Thirdly, continuous voluntarily engaging might not lead them towards environmental stewardship. Fourthly, firms should continue in carrying out such profit-sacrificing activities for the betterment of society. These questions were answered through the lens of economics, including observations from legal and business scholarship in this article.³⁰

Thomas P. Lyon and John W. Maxwell in Corporate Social Responsibility and the environment: A Theoretical perspective (2016) examines a variety of theoretical

²⁸Sanjay K. Agarwal, Corporate Social Responsibility in India (SAGE Publications, 2014).

²⁹ Dr. Reena Shyam, "An analysis of corporate social responsibility in India" International Journal of Research – Granthaalayah, 4 IJR 56-64 (2016).

³⁰Forest L. Reinhardt and Robert N. Stavins, Article "Corporate Social Responsibility, Business Strategy, and the Environment" (2010).

models of CSR activities. Throughout the article, writer emphasizes the importance of pressure of NGO as they are certain about public or private political outcomes. They also highlighted the need for decision makers in the public political realm to pressurize the various groups to create balance among them. The support or the funds obtained by NGO's depends upon the support from the bigger entrepreneurs. They are the one which encourages for the better living standards of the people or the disadvantaged sections of the society. This article includes notion of the public policy life cycle which is helpful in understanding the causes and consequences of CSR, surveys positive theories of CSR behaviour focusing on the market and political forces that are the main drivers of environmental CSR, welfare effects of CSR, and assessment of future research needs.³¹

Nitin kumar in Corporate Social Responsibility: An analysis of impact and challenges in India states that since ancient times India had a long tradition in the field of CSR and industrial welfare had been put to practices. The western philanthropy of business resembles the philanthropy that has been rooted in religious beliefs by the people in India. Later, the business practices could be held socially responsible that took different forms: philanthropic donations to charity, service to the community, enhancing employee welfare and promoting religious conduct. The concept of CSR is totally based on the profitability of Company.³²

Nishikant Jha and Suhas Chavan in "Role of Corporate Social Responsibility for Achieving Controlled Sustainable Development" have tried to address various issues such as - what do our policy makers need to imbibe for achieving sustainable development? How should the business houses be rewarded to encourage sustainable development through inclusive growth and also to display ethical conformance? The article has put an attempt to explore as to how can we strike a balance between optimum resources allocation, maximum revenue and bring sustainable Page 64 of 208 developments with ethical conformance? If we continue using the resources in an unplanned manner, the earth's resources will be exhausted very soon in the years to come. Many parts of the world are already

³¹Thomas P. Lyon and John W. Maxwell, "Corporate Social Responsibility and the environment: A Theoretical perspective" (2016).

³² Nitin kumar, "Corporate Social responsibility: An analysis of impact and challenges in India" (2014).

facing acute shortage of water and electricity. The rate of population is increasing and due to the rise in demand for food and clean drinking water, ground water level is reducing. Forests are being cleared to make space for residential and commercial buildings due to which the average yearly rainfall is continuously decreasing causing further shortage of ground water. It is due to these circumstances that various legal instruments like Corporate Social Responsibility Voluntary Guidelines lay stress on the link between Corporate Social Responsibility and Sustainable Development. The authors opine that the corporate should be encouraged to conduct business in a socially responsive and environmental friendly manner.³³

Paul Shrivastava in *Industrial/Environmental Crises and Corporate Social Responsibility* states that the main threats to human survival are industrial and environmental crises. The roots of these crises are found in the activities of companies, products and production systems. In order for companies to respond to such crises in a meaningful way, a more appropriate concept of CSR is needed. This article governs the current concept of Corporate Social Responsibility as a central, western and marginal thinker. It also proposes an alternative concept of corporate social responsibility, housed in economic management, sustainable development, crisis prevention and management. Using the example of Union Carbide's response to Bhopal crisis, it examines the consequences faced by people on the fault of the company who not accepted the broad social responsibilities.³⁴

Sabine Luning in *Corporate Social Responsibility for exploration: Consultants, companies and communities in process of engagements* (2012) says that over the last 15 years, large-scale mining companies have started engaging themselves in corporate social responsibility, with the objective of contributing to developing local communities affected by their operations. Large-scale mining companies got collaborated with the World Bank to form voluntary principles and set benchmarks to guide these company-community relations. Recently, it has been in the dispute that CSR is necessary in the early stages of exploration. Present day, mining

³³ Nishikant Jha and Suhas Chavan, "Role of Corporate Social Responsibility for Achieving Controlled Sustainable Development" (2011).

³⁴ Environment and CSR, available at: <https://www.infona.pl/resource/bwmeta1.element.elsevier-205f7d46-311a-3ea5-80d5-8c4348ea868> (visited on September 18, 2017).

consultants raise a process approach to company-community relations, from the beginning of early exploration to after the mining planning. This article contributes to these debates by describing how the Canadian convention of prospectors and Developers (PDAC) organises panels on company-community relations, how dynamics in heterogeneous fields of company-community relations in Burkina Faso are influenced by structural aspects such as shifts in alliances and economic trends in the mining industry. This article pursues to assess the value of CSR practices and discourse by opposing the professional arena preoccupied with CSR with social arena of company-community relations. It wants one to pay attention to the relationship between the process approach mentioned in the frameworks of consultants and the characteristics of social processes on the ground. The encountering shows that consultants and companies work with concepts of process that neglects some of the structural features of company-community engagements over time. This article clearly shows how consultants deal with variations and shortcomings of the framework. It shows how consultants show their efforts as part of a professional process aimed at improving models. This technique of postponement is considered in terms of structural features of development rhetoric.³⁵

Maimunah Ismail in *Corporate Social Responsibility and its role in Community Development: An International Perspective* states that there are various strategies which are followed by the corporations or firms to conduct their business in ethical, society friendly and for the benefits of community to practice CSR. The main focus is kept on the literature while analysing the meaning of CSR. The three theories named utilitarian, managerial and rational supports the work done by CSR and scholars are also there to suggest the areas where it could be practiced. CSR and its concept receive an international recognition as it is spread beyond the borders of the country. The role of CSR in community development is also acknowledged as the impact of CSR in community is socially, environmentally and economically

³⁵CSR for exploration, available at: https://econpapers.repec.org/article/eeeejrpolicy/v_3a37_3ay_3a2012_3ai_3a2_3ap_3a205-211.html (visited on November 16, 2017).

sound. The various researches are yet going on to analyze the better practical aspects of CSR.³⁶

Pacific F. Achieng Ogola, in Environmental Impact Assessment general procedures states that Environmental Impact of Assessment (EIA) can broadly be explained as a study of the effects of a given project, plan or program on the environment. In 1970, the legal methodological and procedural of EIA were framed by the enactment of the National Environmental Policy Act (NEPA) in the USA. There are many money lending banks and aid agencies that have EIA procedures at international levels to borrow and recipient countries. The developing countries are also in the process of formalization of EIA through legislation and many other means. Current status, legal framework, concepts, processes and principles of EIA and other associated studies are highlighted in this paper.³⁷

Norm Keith in Corporate Social Responsibility: An international perspective states that there has been increasing interests in the concept of CSR over the past decades, and the proportion that corporations should take into notice the interests of stakeholders rather than their shareholders. This idea was supported not only by the companies themselves, but also by national governments and other national organizations such as the United Nations and non-governmental organizations. Investigate your paper efforts to promote CSR by various governments and international actors.³⁸

Kruthika Prakash in Evaluating the Concept of CSR in the Companies Act, 2013 states that CSR has myriad of dimensions. It is an evaluation of issues of CSR in Companies Act 2013. The provision mandates 2% spending in CSR activities by big companies. A combined reading of section 134 indicates that it is a quasi-mandatory. In Part I, the development of CSR regulation in India till the current statutory provision in the Companies Act 2013 is recapitulation. In Part II, analysis of theories is done to determine that positive action beyond legal and economic responsibilities of a company have been purely discretionary. In Part III, 2% rule in

³⁶ CSR and Community development, available at: http://www.sosyalarastirmalar.com/cilt2/sayi9pdf/ismail_maimunah.pdf (visited on September 11, 2017).

³⁷ EIA, available at: <http://www.os.is/gogn/unu-gtp-sc/UNU-GTP-SC-10-0801.pdf> (visited on September 17, 2017).

³⁸ CSR and International Perspective, available at: <http://www.asse.org/assets/1/7/680.pdf> (visited on August 12, 2017).

the new companies Act from both a policy and doctrinal perspective is evaluated. Part IV notifies the implication of this 2% rule in India and argues that discretion given needs to remain broad.³⁹

Jayati Sarkar and Subrata Sarkar, in *Corporate Social Responsibility in India - An Effort to Bridge the Welfare Gap* states that there are various theories behind the concept of CSR. It is in the form of empirical literature. This paper makes the people aware about the concept of CSR and its dimensions that mandatory CSR was enacted and inserted in Companies Act, 2013 as section 135. The various reasons for its enactment are implications for resources availability, social goods delivery, and implemented mandated CSR's prospects and challenges. The list of 500 big companies was taken into consideration on the Bombay Stock Exchange that drew new regulations. The paper further concludes by saying that provisions of new act are very fine and thoughtfully drawn to make the balance between corporations and its stakeholders. The next one to create good relations is among society and its stakeholders. However, addressing the challenges of implementation successfully would determine how far the objectives of the new regulations are met.⁴⁰

Chitralekha Katoch & Parthsingh Chaudhari, in *Corporate Social Responsibility: Philanthropy of the Capitalists* states that idea of Corporate Social Responsibility (CSR) took birth long time ago but without far-reaching affect. The provision of CSR is a part of businesses around the globe and with time more corporations are getting conscious of the needs of the society that they form a part of and the positive consequences that such activities would lead to in future for the society as well as their own business. The Companies Act 2013 was formed on the Voluntary guidelines on CSR, presented in 2009 by the Ministry of Corporate Affairs, which provides for companies to spend on certain minimum threshold making India the first nation to mandate CSR through a statutory provision. The provision will prove highly beneficial for a developing country like India. Where social issues are never ending and government alone remains insufficient to alleviate all problems. This

³⁹ Kruthika Prakash, 'Evaluating the Concept of CSR in the Companies Act, 2013' in Prof. Nishtha jaswal, Dr. S. Ravichandran & Dr. Rajinder Kaur (eds.) *Selected Essays on Companies Act, 2013*(2014).

⁴⁰Jayati Sarkar and Subrata Sarkar, '*Corporate Social Responsibility in India - An Effort to Bridge the Welfare Gap*' (2015).

essay therefore aims to study the birth and growth of social responsibility among the corporate social responsibility among the corporate in India till the present day, also the provisions of the Act of 2013 and its social impacts and how it will help corporate India realize its social responsibilities.⁴¹

Justin Jos in Corporate Social Responsibility in the Companies Act 2013 states that the legal provisions which are mentioned in companies Act, 2013 are fantastic. They are the mandatory regulations which are inserted in act through section 135. These provisions have created frictions in the minds of corporatists which opposes the concept of philanthropy or charity which was the first and foremost objective of his concept. The provision clearly talks about the mandatory expenditure of atleast 2% of the total amount on the activities which are mentioned in the schedule VII of the Companies Act, 2013. Further, it talks about the CSR committee of the board which constitutes of at least 3 directors out of which one has to be an independent director. If the required amount is not spent, the companies are bound to give their justification for not performing the activities.⁴²

Saksham Dwivedi in Corporate Social Responsibility under the Companies Act, 2013: Review and Implications states that a lot of corporate and juristic ink has fallen in an attempt to persuade the legislature to replace the Companies Act, 1956. The efforts were fruitful and resulted in formation of Companies act, 2013 which had its own set of situations and implications. Under section 135, revolutionary legislation gave legal effect to 'Corporate Social Responsibility' which in earlier time used to be voluntary contribution. The insertion of this section in new act is a complementary effort of the government. This essay mainly focuses on the benefits of inclusion of CSR in this act. It clearly stated about the mandatory contribution of the corporate sector in the field of society, environment and education.⁴³

⁴¹ Chitralkha Katoch & Parthsingh Chaudhari, 'Corporate Social Responsibility: Philanthropy of the Capitalists', in Prof. Nishtha jaswal, Dr. S. Ravichandran & Dr. Rajinder Kaur (eds.) Selected Essays on Companies Act, 2013(2014).

⁴² Justin Jos, 'Corporate Social Responsibility in the Companies Act 2013' in Prof. Nishtha jaswal, Dr. S. Ravichandran & Dr. Rajinder Kaur (eds.) Selected Essays on Companies Act, 2013(2014).

⁴³ Saksham Dwivedi, 'corporate social responsibility under the Companies Act 2013: Review and Implications' in Prof. Nishtha jaswal, Dr. S. Ravichandran & Dr. Rajinder Kaur (eds.) Selected Essays on Companies Act, 2013(2014).

Gurjinder Singh in *Business with Responsibility* states that Corporate Social Responsibility is a big name in the corporate world these days. It is gaining significance with every passing day. Concept gained momentum when the corporations came at front foot to share their responsibilities towards society. A large number of companies and corporations were contributing towards society through donations and other philanthropic activities but they never made it compulsory on their part. With the introduction of section 135 in Companies Act, 2013 it has become mandatory for the companies to constitute committee which will formulate and recommend CSR policy. In this it is clearly stated that companies are bound to spend 2% of their average net profit in the societal benefits. This essay discusses the UN Global Compact principles and also states that CSR has a very bright future.⁴⁴

Sweta Mohanty & Hari Sankar Mahapatra in *Companies Act 2013: A Revolutionary Change in the Context of Corporate Governance* explores that the essays talks about Corporate Governance, Corporate Social Responsibility and auditor rotation with an objective to strengthen internal controls. It also analysis how transparently will companies operate and be governed with respect to the provisions of the Companies Act, 2013. The concepts introduced of independent directors and internal auditors keep a check on fraudulent practices in the Company. Although a lot of stress is put on the companies to follow the Corporate Social Responsibility Guidelines. This essay explains how the new act is designed to maintain the balance between stakeholder's interests and society at large.⁴⁵

Yeosum yoon, Zeynep Gurhan-Canli & Norbert Schwarz in *The effect of Corporate Social Responsibility Activities on Companies with Bad Reputations* says that the theories of attribution and suspicion are taken as base and three experiments were highlighted which mediated the role in determining the effectiveness of CSR activities. The image of company is improved with the sincere motives opted by them. Various methods are taken silently into consideration to make consumers aware about CSR. The companies states that this feature cause hurt to the

⁴⁴Gurjinder Singh, 'Business with responsibility' in Prof. Nishtha jaswal, Dr. S. Ravichandran & Dr. Rajinder Kaur (eds.) *Selected Essays on Companies Act, 2013* (2014).

⁴⁵ Sweta Mohanty & Hari Sankar Mahapatra, 'Companies act 2013: A Revolutionary Change in the Context of Corporate governance' in Prof. Nishtha jaswal, Dr. S. Ravichandran & Dr. Rajinder Kaur (eds.) *Selected Essays on Companies Act, 2013* (2014).

company more when they learn it from the company sources. This effect can be overcome by costing more on CSR than on advertising it.⁴⁶

Tribune News Service in their news Wander-Jatana wins rural volleyball touney writes that the National Fertilizers Limited (NFL), Bathinda, under its CSR programme organised the two-day tournament on March 10 and 11. Total 12 teams from various villages of the Malwa region, along with their names representing their villages, participated in this tournament. The team which won was awarded with a trophy and a cash award of Rs. 6,100 by the chief guest, KB Verma, executive director NFL, Bathinda. Added to this, all the teams who participated were awarded a consolation prize of Rs. 1,050 each. Naib Singh Brar, vice-president of Bathinda Volleyball Association and president of Employees Union of NFL Bathinda along with Shammi Sharma, secretary of Bathinda Volleyball Association and the joint secretary of the Punjab Volleyball Association spread out their support to the tournament. Senior officials of the NFL, SC Singla, Jangir Singh, R.S Goli, Surendra Sharma, Vinod Mittal, Vikram Rawat and others were present on the occasion.⁴⁷

Sunit Dhawan in his news Multinational Co. adopts Mewat village to look after *local residents' eye-care*, education for 3 yrs explores that With a view to paying back to the community in its area of operation, and Canon India has adopted Ferozepur Named village in Nuh (Mewat) district, under its Corporate Social Responsibility (CSR) initiative. The adoption aims to provide support to the village in eye-care, education and environment for a three years time period. This project is an attempt to build a progressive self-sufficient rural society. The project aims to improve school enrolment and provides a quality education to children within the age-group of 6-14 years. The firm supports activities such as establishment of a learning centre with education aids, improving quality of drinking water, rainwater harvesting, improving the ratio of girl children, teachers' training and improving the teacher-children ratio by giving additional teachers to the school. Along with education and environment, the firm plans to work in eye-care. As part of the project, a center for sustainable eye care in the village will be established. The

⁴⁶ Yeosum yoon, Zeynep Gurhan-Canli & Norbert Schwarz, 'The effect of Corporate Social responsibility Activities on Companies with Bad Reputations' (2005).

⁴⁷Tribune News Service, "Wander-Jatana wins rural volleyball touney" The Tribune March 12, 2012.

centre will support the detection of patients, the provision of medicines and glasses and the organization of surgical operations in Noida's main hospital. The centre will open four days a week with two days of awareness programs and registration camps in the schools of the town and the surrounding areas. As part of I Care's initiatives for 2012, Canon India organized visual exploration camps in six states of India. He also participated in UNICEF's "Awaaz Do" campaign to promote the right to education.⁴⁸

Tribune News Service in their news Computer education for 300 girls under *HPCL's project* states that computer classes for 300 students of Class VIII and IX of KL Arya Girls Senior Secondary School and Tulsi SD Girls Senior Secondary School were organised by Hindustan Petroleum Corporation Limited's (HPCL) under the Corporate Social Responsibility programme called Project Unnati. The education was provided freely. The main objective of these classes was to spread computer literacy among girl students from and under privileged sections studying in these aided and municipal schools. The project will hold five computer classes per week for these girls for almost the two and a half months. HPCL has engaged the services of NIIT teachers to provide classes. To help these students, course material has especially been printed in Hindi for easy understanding of the students. Two teachers from each school will also be trained as resource persons. These schools, which did not even have sufficient classrooms, now will have computers with a good laboratory. Four computers each to both schools will also be donated under the project. HPCL is involved in carrying out these projects every year and this year also. They are planning to undertake projects worth Rs 30 crore. 3,000 schools are covered under this programme all across the country every year. In Jalandhar, this project is to run for two schools. After the completion of course, the students will undergo through a 40-hour course followed by an online test and certificates will also be issued by NIIT.⁴⁹

Ambika Sharma in her editorial Plan to invest 2% profit on CSR states that the new Companies Act, 2013, makes it compulsory for all the companies who owes a turnover of Rs 1,000 crore or net profit of Rs 5 crore or more to spend 2% of their

⁴⁸ Sunit Dhawan, "Multinational co. Adopts Mewat village to look after local residents' eye-carer, education for 3 yrs" The Tribune November 12, 2012.

⁴⁹ Tribune News service, "Computer education for 300 girls under HPCL's project" The Tribune November 17, 2012.

net profit for the preceding three years on Corporate Social Responsibility (CSR). The big MNCs should be identified by the state to invest in social activities. Some smaller units are also there which are undertaking exemplary works on CSR as voluntary basis. There is perfect example for that. A Baddi-based electronics manufacturing unit set up a nature park at Mandi district by spending nearly Rs. 50 lacs and also got many national awards for their appreciable work.

Second example is set by Ambuja Cements Ltd. They are working very honestly under CSR and they adopted 48 government schools to make the conditions of schools as well as students better. Various health check-up programmes of the villagers at daily routine are also an integral part of this. Many NGOs are also the member to such a Nobel cause.⁵⁰

In Mohd. Ahmed (minor) v. Union of India & Ors,⁵¹ petitioner a young boy of 7 years is represented by his father. Petitioner suffers from a rare genetic disease called Gaucher. If this disease is left untreated, the petitioner may not survive. He is the fourth and only child of his parents. Treatment is very costly & the petitioner's father being a rickshaw puller cannot afford the expenses. It was a lifelong treatment which each month costs Rs. 6-7 lacs. For the first month treatment, he availed the financial assistance from Delhi Arogya Kosh. While the petition was in pendency, hospital, Drug Company & lawyers come forward to help voluntarily. Before the final hearing is commenced, the counsel for the petition draws the courts attention towards Section 135 of the companies Act, 2013 which states that company having a net worth of more than Rs. 500 crore or turnover of Rs. 1000 crore or a net profit of Rs. 5 crore have to spend at least 2% of its average net profits on CSR activities covered under Schedule VII of the Companies Act, 2013.

Prior to this act, it was included 'reducing child mortality & combating HIV, AIDS, malaria & other diseases'. Ministry of Corporate Affairs later notified by giving an affidavit that schedule VII states 'preventive health care' which includes health care area & the treatment of diseases etc. MCA stated that a pharmaceutical company donates medicines under section 135 when it is read with Schedule VII

⁵⁰ Ambika Sharma, "Plan to invest 2% profit on Corporate Social responsibility" The Tribune September 10, 2013.

⁵¹ MANU/DE/0915/2014.

of the act as CSR Activity. But it cannot be taken as normal courses of business. This clarifies that activities carried out by company under schedule VII is not done with motive of profit. This affidavit was taken on record and accepted by the court.

The court held that though right to life under article 21 of Indian constitution cannot be violated. No person can be denied of treatment even if he is poor. Govt. is bound to provide treatment for rare & chronic disease to the poor and vulnerable sections of the society. This petition was disposed of with the directions of the govt. of Delhi. It clearly stated that the govt. will provide the petitioner with enzyme replacement therapy at AIIMS whenever he requires & that also free of cost.

Amrita Jadhav and Amita C.Koli (2011), in "Corporate Social Responsibility and Women Empowerment", attempted to trace the correlation between women empowerment as a Corporate Social Responsibility issue and development of a nation. As Corporate Social Responsibility shows responsible side of big corporate houses towards society shouldering and helping to resolve social issues, women related issues need special attention from active members of society (government, media, NGOs and corporate). It is in this field that corporate can be instrumental, as it can financially support important projects aimed at weaker sections of the society. The authors opine that women related issues such as negative discrimination also affect professional development of women. They further discuss that women in India face many obstacles like female infanticide, illiteracy, financial dependence of women on male counterparts, malnutrition of girl child, rape, and death due to dowry and so on. They conclude that if every corporate house irrespective of its size contributes efficiently then it will accelerate the development of women as a result it will develop nation as well as the world.⁵²

Bhavana Vaidya (2011), in "Corporate Social Responsibility and Education in India", proposes that the main drivers for Corporate Social Responsibility are enlightened self-interest, Social investment, transparency and trust, and increased public expectations of business. The author suggests that if companies invest in one good cause, it can act as a big step towards treating many of the social woes, particularly through investments in health, education, knowledge management,

⁵² Amrita Jadhav and Amita C. Kohli, "Corporate Social Responsibility and Women Empowerment" (2011).

etc. The reason according to the author may be that the corporate have the ability, strategic thinking, manpower and money to promote extensive social change. She views that effective partnerships between corporate, NGOs and government will place India's social development on a faster track. She opines that to prepare educational institutions to cater effectively to changing economic and industry needs, our educational policy should encourage increased collaboration between industry and universities to mould the course design accordingly. She suggests that Government should also encourage industry based research institutions and colleges through tax incentives and deregulated environment for research. Education, according to the author, is the most eligible and socially rewarding effort for any corporate to be looked when discharging its social responsibility. Supporting education as a cause can transform our country into a true knowledge power and assist in realizing a future of prosperity and growth.⁵³

Chandrahauns R.Chavan and Balkrishna Parab (2011) in "Corporate Social Responsibility and Governance in Educational Institutions", view the aspects of Corporate Social Responsibility and governance in the context of an educational institution. They begin their study by exploring the key term. Further they attempt to assess the need to discuss Corporate Social Responsibility and importance of governance issues on the same lines. The study has elaborated on the themes of decentralization, role of teachers in governance and development of teacher-leaders. They found that good governance acts as a source of achieving competitive advantage and acts as a stepping stone to achieve inclusive progress. The authors have laid stress on teacher-leader philosophy to enable shared and distributive leadership within schools and colleges.⁵⁴

Meghana Patil and Mahalaxmi Krishnan (2011), in "Corporate Social Responsibility and Society Strategic Use of Corporate Social Responsibility for Sustainability", have tried to identify the strategies of the organization to implement Corporate Social Responsibility effectively. Strategic Corporate Social Responsibility seeks to create tangible business benefits, simultaneously being financially self-sustaining and less prone to eliciting outcries about squandering

⁵³Bhavana Vaidya, "Corporate Social Responsibility and Education in India" (2011).

⁵⁴ Chandrahauns R.Chavan and Balkrishna Parab, "Corporate Social Responsibility and Governance in Educational Institutions" (2011).

shareholder wealth. Addressing both environmental and human sustainability issues can help to address issues including the earth's diminishing supply of non-renewable resources and capacity to absorb the waste from our production and consumption. Human sustainability involves creating an equitable, developmental and healthy workplace for employees, as well as adding value to stakeholders including suppliers, customers, and other community members. The authors suggest that such value-added initiatives can be delivered to external stakeholders through Corporate Social Responsibility activities having educational, health, career, and energy-saving, pollution-reducing, or environmental beautification opportunities. This research study has revealed that institutionalizing Corporate Social Responsibility in business strategy has multiple long term benefits for the organizations. They conclude that positive orientation towards societal responsibility can help create tangible gain and sustainable competitive advantage.⁵⁵

Nilesh R. Berad (2011), in "Corporate Social Responsibility – Issues and Challenges in India", attempts to focus on the finding & reviewing of the issues and challenges faced by the corporate while practicing Corporate Social Responsibility Activities in India. The author noted that corporate social responsibility in India is at a very broad stage. In addition, lack of understanding, insufficiently trained staff, coverage, policies, etc., increase access and effectiveness of CSR programs. A large number of companies perform these activities superficially and encourage / highlight activities in the media. The success of corporate social responsibility is a key part of our corporate development strategy. The researcher believes that it is important for the corporate sector to identify, promote and apply successful policies and practices that achieve tripartite results. It was also recommended that appropriate measures be taken to address the issue of creating effective bridges between all relevant stakeholders for the successful implementation of Corporate Social Responsibility initiatives.⁵⁶

⁵⁵Meghana Patil and Mahalaxmi Krishnan, "Corporate Social Responsibility and Society Strategic Use of Corporate Social Responsibility for Sustainability" (2011).

⁵⁶Nilesh R. Berad, "Corporate Social Responsibility – Issues and Challenges in India" (2011).

Securities Exchange Board of India: CSR is just a listing agreement of SEBI. It talks about corporate governance. It is only a voluntary guideline. There is no such mandatory provision of CSR stated in the SEBI.

There are various laws and policies framed by the legislators. In Companies Act 1956, there was an optional provision of CSR but 2013, companies act got amended and a mandatory provision of CSR was inserted into it. Section 135 clearly stated that every company having the net worth of Rs, 500 crore or more or turnover of Rs. 1000 crore or more or net profit of Rs. 500 crore or more during any financial year has to spend at least 2% of its average net profits made on CSR. If the company fails in doing so, the directors have to justify their reason for the failure in writing. The company must give preference to its local areas for the spending of their CSR.

When the researcher reviewed various books by different authors, different articles and News Paper reports written by different scholars and various theses written by research scholars the researcher realize that, the concept of Corporate Social Responsibility is vast and comprehensive in nature. The history of concept is as old as the history of mankind. It is clearly understood from the literature of review that even though CSR is an old area of research there are still a number of un-interpreted research questions & scope for new researches. The understanding & definition of CSR varies from researcher to researcher along with their country of origin, industry and the time period of the study.

The literature also confirms that the global normative definition has not yet arrived. Each research study uses different factors that contribute to CSR depending on the industry in question. The common factor is the environment, society, employees and customers. The concept of CSR was recognized after the amendment of the Company's 1956 law. Currently, the concept of corporate social responsibility is very prominent. Each company that complies with the requirements of Section 135 of the Companies Act of 2013 is obliged to spend at least 2% of the average net profit of the company during the three years immediately preceding the financial years. The amount can be spent on education, the environment or the community.

CHAPTER III

RESEARCH METHODOLOGY

The study states with the concept and development of Corporate Social Responsibility (CSR). Certain specific objectives have been taken to be achieving the research. Keeping in view these objectives and taking in to consideration the hypothesis, the researcher stated to testify the idea of research which is with a specific procedure set in the research methodology and is as follow. In order to fulfil the objectives of the study direct interview with the employer of National Fertilizers Ltd. Bathinda was conducted.

As per the objectives of work, researcher moved accordingly. The main focus was on review of literature in which the books, research work, research papers were reviewed. This gave strength to idea of research and also to formulate problem in a good way. Then a comparative study was done on the theme of research (India, US and UK). Here, legal and policy measures were consolidated and analysis was also made to reach at a conclusion on sufficiency of laws & policies on CSR issues. This gave an idea that why there is a move to ethical values to legal principles. Further, NFL was visited with set of questions to collect the data as per the requirements of research work and that is analysed to reach specific conclusion with a discussion on each and every aspect of research in issue.

The research design is basically descriptive, but initially an exploratory research was conducted to test the practicality of the research idea. As the objectives are concerned with knowing the intrinsic impact (behavioural impact) and expectations, it was quite difficult to collect data on these sensitive issues. First of all, it was important to know whether or not corporate sector has any intrinsic impact on society, here intrinsic impact implies the impact of corporate sector's practices on behaviour of the people. A deep study of data collection tools and techniques suggested the hidden issue questioning technique of in depth interview for the initial data collection. Interview was conducted of Senior Manager of the NFL. This part of data collection was mainly concerned with corporate impact, though it was also useful in gaining insight into societal expectations.

There were total 8 items in the questionnaire which were dealing with the CSR policy and even their own NFL's Policy and the related officials responded very calmly and adequately.

Then, on the basis of interpretation conclusive remarks are made with suggestions. In this research, all the required tools, legal methods were applied and a mixed approach of research i.e. Doctrinal and Non-doctrinal was adopted. Secondary sources of data collection were also used and this research is done by extensive ways and finally the help is also taken from internet sources.

SOURCES OF DATA

The data has been collected from both the primary and secondary sources. But to cover the objectives in specific intends to use primary data collected by an interview schedule to know the legal dimensions of NFL, Bathinda in regard to the CSR policy was also done which genuinely gave a fruitful results. The secondary sources of the data consist of information from various books, journal, articles and newspapers.

THE METHODOLOGY OF PRIMARY SURVEY

The major part of the study has been satisfied through an interview conducted in NFL Bathinda through the primary survey questionnaire titled "Corporate Social Responsibility and its compliance mechanism with reference to Environment Protection in India: A case study of National Fertilizers Limited, Bathinda". The questionnaire was filled by the Mr. Sanjeev Arya, Sr. Manager (Public Relations) of NFL, Bathinda and Mr. Devender Singh (PR Department).

CHAPTER IV

CONTRIBUTION OF CORPORATE SECTOR IN ENVIRONMENT PROTECTION

Development is needed to improve the environment.⁵⁷ Economic & social development is essential for ensuring a favourable living and working environment for man and for creating conditions on earth that is necessary for the improvement of the equality of life. Companies are discharging their waste and the environment is the only sufferer which ultimately led to the harsh survival of humans, animals, flora, fauna and marine life. To cope this all, the companies took initiatives to prevent the environment & do some works which amounts to the ultimate benefits of society. All those initiatives are part of CSR.

In first instance, CSR was known for its charity and philanthropic nature. In this, at the time of droughts and famine big businessmen open up their stores for the poor and hungry people. In second instance, it occurred during the independence movement. In this time the companies were known as 'Temples of modern India'. In third instance, PSUs emerged & ensured the better distribution of wealth in society. It paved a way in the socio-economic development. In fourth & last instance, there emerged an era of LPG. In this, the companies were taken as mandate to deal with all and compulsory CSR was imposed.

The main purpose of this CSR is to make country a better and safer place to live and survive with dignity. It also enabled the poor people to get higher education, proper meals, empowering women, reduction in child mortality & improvement in maternal health. It also ensured environment sustainability & employment enhancing vocational skill and many more societal activities.

As the companies discharge their waste so for that they have to pay the amount or spend some amount on the benefits of society. The concept of CSR got its statutory importance with the amendment in Companies Act 1956 and section 135 came into existence in Companies Act 2013.

There are various factors which amounts to the environment pollution like industrial waste, nuclear tests, over population, exploitation of resources and many more. To prevent from these all, various laws and policies are framed & if there

⁵⁷ Principle 8, United Nations Conference on Human Environment, 1972.

occur any need, they are even amended time to time. This clearly proves that the law is dynamic in nature

The companies discharge their waste which amounts to the environment pollution. The pollutants may vary from company to company. But their effects on the society are same and dreadful. Environment is getting deteriorated which leads to the pollution and ecological imbalances. To cope with this, Environment (Protection) Act, 1986 was enacted. Companies are treated as an artificial person so it is difficult to punish them so the various doctrines like polluter pay principle, precautionary principle, strict liability, public trust, inter-generational and many more are framed by the law makers. This means ethically companies hold more responsibility towards the environment rather than being selfish. The era of Liberalization, Privatization and Globalization (LPG) gave worst results.

Before companies act 2013, it was the ethical duty of the companies to practice CSR but with the amendment in Companies Act 2013, it became mandatory for the companies to spend atleast 2% of their profit on the societal welfare let it be in the field of education, environment, health care's, social empowerment, sports and culture etc. But the amount spend should be used for the welfare of people and the preference would be given to the local areas.

NFL has its own CSR policy whose main purpose is to provide benefits to the society. It outlines the company's philosophy and responsibility as a corporate citizen of India and also lays down various guidelines and mechanism for undertaking socially useful programmes for welfare & sustainable development.

While carrying out the CSR projects, NFL keeps in mind the interests of the needy, socially and economically backward part of the community. It is taken into consideration that majority of the programmes are executed in and around the areas adjoining NFL plants.

Schedule VII of the companies Act, 2013 states about the various activities taken into consideration by the NFL. The activities are:

- Promotion of Education.
- Eradicating hunger, poverty and malnutrition.
- Promoting gender equality and empowering women.
- Employment enhancing vocational skills.
- Promoting Health Care.

- Drinking water facility.
- Rural Development.
- Use of Non-Conventional Energy Sources.
- Conservation of Natural Resources/Maintaining Ecological.
- Pollution Control.
- Supplementing Development programmes of the Government.
- Disaster Relief.
- Ensuring Environmental sustainability.
- Promote Community Plantation and Horticulture Development.
- Relief to victims of Natural Calamities like Earthquake, Cyclone, drought and flood situation in any part of the country.
- Contribution to Swachh Bharat Kosh, Clean Ganga Fund or any other fund set up by the central government or State governments for socio-economic development and relief and funds for the welfare of the SC, ST, OBC, minorities and women.
- Any other activity as per DPE Guidelines/ Company Act 2013.

CONTRIBUTION OF CORPORATE SECTOR ON NATIONAL LEVEL

The most common areas covered by companies in India include health, education, livelihood, environment and rural development. Among all, companies prefer to take education as their CSR purposes. Only few initiatives are done for health, livelihood, environment and rural development.

- Education: Most of the corporate focus on the domain of education. According to the studies, it is stated that 44 out of 50 companies prefer to focus on education. It may be in the form of providing infrastructures, books, stationeries etc. Nearly 88% of the companies focus on the education.
- Health care: Corporate sector tries to invest into health sector their CSR amount. It may be in the form of organising various health camps, providing free medicines, vaccinations or awareness programmes. It may also include the free-checkups of the local people. 74% of the companies focus on health care.

- Environment: Companies are also aware about the loss they are doing to the environment so; nearly 76% of the companies take initiatives to protect the environment. Plantation drives, promotion of Afforestation, conservation of water and making people aware about the importance of the natural resources are the current topics and issues taken into consideration.
- Livelihood: 88% of the companies take initiatives to provide vocational trainings and even organise the vocational training programmes to make the livelihood of people better. They even provides the support in the income generation activities so as to make people live in better conditions.
- Rural Development: 68% of the companies have been working towards the betterment of the people living in rural areas by providing them with the infrastructural facilities and also by constructing toilets etc for the schools and the village.

CONTRIBUTION OF CORPORATE SECTOR AT INTERNATIONAL LEVEL

The service sector has resulted in the increase of world economics at large extent. For example: 58% of USA's GDP was generated due to services sector. In today's time, the economy of USA dominates the economy of other nations like Australia, France, Japan, Hong Kong etc. It is also noted that contribution of service sector has increased in last five decades. The service sector provides country with wealth creation etc. The service sector is growing rapidly in almost every country which leads to the emergence of many service companies.

CONTRIBUTION OF CORPORATE SECTOR

Section 135 of the Companies Act 2013: Corporate Social Responsibility⁵⁸

(1) Every company having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during any financial year shall constitute a Corporate Social Responsibility Committee of the Board consisting of three or more directors, out of which at least one director shall be an independent director.

(2) The Board's report under sub-section (3) of section 134 shall disclose the composition of the Corporate Social Responsibility Committee.

⁵⁸CSR activities in India, *available at*: http://www.janafoundation.org/wp-content/uploads/2015/10/evolution_of_csr_in_india.pdf (visited on January 8, 2018).

(3) The Corporate Social Responsibility Committee shall,—

- (a) Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII⁵⁹;
- (b) Recommend the amount of expenditure to be incurred on the activities referred to in clause (a); and
- (c) Monitor the Corporate Social Responsibility Policy of the company from time to time.

(4) The Board of every company referred to in sub-section (1) shall,-

- (a) After taking into account the recommendations made by the Corporate Social Responsibility Committee, approve the Corporate Social Responsibility Policy for the company and disclose contents of such Policy in its report and also place it on the company's website, if any, in such manner as may be prescribed; and
- (b) Ensure that the activities as are included in Corporate Social Responsibility Policy of the company are undertaken by the company.

(5) The Board of every company referred to in sub-section (1), shall ensure that the company spends, in every financial year, at least 2% of the average net profits of the company made during the three immediately preceding financial years, in pursuance of its Corporate Social Responsibility Policy:

Provided that the company shall give preference to the local area and areas around it where it operates, for spending the amount earmarked for Corporate Social Responsibility activities:

Provided further that if the company fails to spend such amount, the Board shall, in its report made under section 134(3) (o), specify the reasons for not spending the amount.

Explanation- For the purposes of this section “average net profit” shall be calculated in accordance with the provisions of section 198.

Comment: Every company that would have net worth of Rs 500 crore or more, or turnover of Rs 1000 crore or more or a net profit of Rs 500 crore or more during any financial year shall have to constitute a corporate social responsibility committee with a board consisting 3 or more directors, out of which one has to be an independent director. The CSR Committee shall formulate and recommend to

⁵⁹Schedule VII, The Companies Act 2013 (Act 18 of 2013).

the board activities to be undertaken by the company as specified in schedule VII. The amount of expenditure should also be recommended. The board should also monitor the CSR policy of every company. The policy and the activities are to be disclosed on the company's website.

The board have to make sure that the company must spend at least 2% of the average net profits of company made during three immediately preceding financial years for its CSR policy.

Company must give preference to its local areas for the spending of CSR amount. If the company fails to do so, then it must justify its reasons for not doing so.

Section 2(57)⁶⁰ of the Companies Act 2013: Net Worth

"Net Worth" means the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation.

Section 2(91)⁶¹ of the Companies Act 2013: Turnover

"Turnover" means the aggregate value of the realisation of amount made from the sale, supply or distribution of goods or on account of services rendered, or both, by the company during a financial year.

Section 198 of The Companies Act 2013 read with Rule 2(1)(f) of The Companies (Corporate Social Responsibility Policy) Rules, 2014

Section 198: Calculation of profits⁶²

(1) In computing the net profits of a company in any financial year for the purpose of section 197,-

(a) credit shall be given for the sums specified in sub-section (2), and credit shall not be given for those specified in sub-section (3); and

⁶⁰The companies Act, 2013 (Act 18 of 2013), s. 2 (57).

⁶¹*ibid*, s. 2(91).

⁶²*ibid*, s. 198.

(b) The sums specified in sub-section (4) shall be deducted, and those specified in sub-section (5) shall not be deducted.

(2) In making the computation aforesaid, credit shall be given for the bounties and subsidies received from any Government, or any public authority constituted or authorised in this behalf, by any Government, unless and except in so far as the Central Government otherwise directs.

(3) In making the computation aforesaid, credit shall not be given for the following sums, namely:-

(a) Profits, by way of premium on shares or debentures of the company, which are issued or sold by the company;

(b) Profits on sales by the company of forfeited shares;

(c) Profits of a capital nature including profits from the sale of the undertaking or any of the undertakings of the company or of any part thereof;

(d) Profits from the sale of any immovable property or fixed assets of a capital nature comprised in the undertaking or any of the undertakings of the company, unless the business of the company consists, whether wholly or partly, of buying and selling any such property or assets:

Provided that where the amount for which any fixed asset is sold exceeds the written-down value thereof, credit shall be given for so much of the excess as is not higher than the difference between the original cost of that fixed asset and its written down value;

(e) Any change in carrying amount of an asset or of a liability recognised in equity reserves including surplus in profit and loss account on measurement of the asset or the liability at fair value.

(4) In making the computation aforesaid, the following sums shall be deducted, namely:-

(a) All the usual working charges;

(b) Directors' remuneration;

(c) Bonus or commission paid or payable to any member of the company's staff, or to any engineer, technician or person employed or engaged by the company, whether on a whole-time or on a part-time basis;

(d) Any tax notified by the Central Government as being in the nature of a tax on excess or abnormal profits;

- (e) Any tax on business profits imposed for special reasons or in special circumstances and notified by the Central Government in this behalf;
 - (f) Interest on debentures issued by the company;
 - (g) Interest on mortgages executed by the company and on loans and advances secured by a charge on its fixed or floating assets;
 - (h) Interest on unsecured loans and advances;
 - (i) Expenses on repairs, whether to immovable or to movable property, provided the repairs are not of a capital nature;
 - (j) Outgoings inclusive of contributions made under section 181;
 - (k) Depreciation to the extent specified in section 123;
 - (l) The excess of expenditure over income, which had arisen in computing the net profits in accordance with this section in any year which begins at or after the commencement of this Act, in so far as such excess has not been deducted in any subsequent year preceding the year in respect of which the net profits have to be ascertained;
 - (m) Any compensation or damages to be paid in virtue of any legal liability including a liability arising from a breach of contract;
 - (n) Any sum paid by way of insurance against the risk of meeting any liability such as is referred to in clause (m);
 - (o) Debts considered bad and written off or adjusted during the year of account.
- (5) In making the computation aforesaid, the following sums shall not be deducted, namely:-
- (a) income-tax and super-tax payable by the company under the Income-tax Act, 1961, or any other tax on the income of the company not falling under clauses (d) and (e) of sub-section (4);
 - (b) Any compensation, damages or payments made voluntarily, that is to say, otherwise than in virtue of a liability such as is referred to in clause (m) of sub-section (4);
 - (c) Loss of a capital nature including loss on sale of the undertaking or any of the undertakings of the company or of any part thereof not including any excess of the written-down value of any asset which is sold, discarded, demolished or destroyed over its sale proceeds or its scrap value;

(d) Any change in carrying amount of an asset or of a liability recognised in equity reserves including surplus in profit and loss account on measurement of the asset or the liability at fair value.

Rule 2 (1) (f)⁶³: "Net profit" means the net profit of a company as per its financial statement prepared in accordance with the applicable provisions of the Act, but shall not include the following, namely :-

- (i) any profit arising from any overseas branch or branches of the company' whether operated as a separate company or otherwise; and
- (ii) any dividend received from other companies in India, which are covered under and complying with the provisions of section 135 of the Act:

Provided that net profit in respect of a financial year for which the relevant financial statements were prepared in accordance with the provisions of the Companies Act, 1956, (1 of 1956) shall not be required to be re-calculated in accordance with the provisions of the Act:

Provided further that in case of a foreign company covered under these rules, net profit means the net profit of such company as per profit and loss account prepared in terms of clause (a) of sub section (1) of section 381 read with section 198 of the Act.

Comment: Section 198: Calculation of Profits

In calculation of net profits credits shall be given for the bounties and subsidies received from any government or any public authority.

But the credits shall not be given for:

- Profits which are issued or sold by the company.
- Profits on sales by the company of forfeited shares.
- Profits of a capital nature.
- Profits from the sale of any immovable property or fixed assets.
- Any change in amount of an asset includes surplus in profit and loss.

While doing any calculations, the following sum shall be deducted:

- All the usual working charges
- Directors remuneration
- Any bonus or commission paid or payable to any member of the company's staff.

⁶³ Rule 2 (1) (f), The Companies (CSR Policy) Rules, 2014.

- Any tax notified by central government
- Any tax on the business profits.
- Interests on debentures issued by the company.
- Interests on mortgages executed by the company
- Interests on unsecured loans and advances.
- Expenses on repair of movable or immovable assets.
- Any compensation or damages to be paid in virtue of any legal liability.
- Any sum paid by way of insurances against the risk of meeting any liability.
- Any debts

In making computation, the following sum shall not be deducted:

- Income tax payable by company
- Any compensation, damages or payments made voluntarily
- Loss of a capital nature including loss on sale etc.
- Any changes including surplus in profits.

Rule 2 (1) (f): Net Profits

The net profit of a company as per its financial statement would be according to the applicable provisions. It shall not include:

- Any profit arising from any overseas branch or branches of the company.
- Any dividend received from other companies in India.

Section 134⁶⁴ of the Companies act 2013: Financial Statement, Board's Report, etc.

(1) The financial statement, including consolidated financial statement, if any, shall be approved by the Board of Directors before they are signed on behalf of the Board at least by the chairperson of the company where he is authorised by the Board or by two directors out of which one shall be managing director and the Chief Executive Officer, if he is a director in the company, the Chief Financial Officer and the company secretary of the company, wherever they are appointed, or in the case of a One Person Company, only by one director, for submission to the auditor for his report thereon.

(2) The auditors' report shall be attached to every financial statement.

⁶⁴ The Companies Act, 2013 (Act 18 of 2013), s. 134.

(3) There shall be attached to statements laid before a company in general meeting, a report by its Board of Directors, which shall include—

(a) The extract of the annual return as provided under sub-section (3) of section 92;

(b) Number of meetings of the Board;

(c) Directors' Responsibility Statement;

(d) a statement on declaration given by independent directors under sub-section (6) of section 149;

(e) in case of a company covered under sub-section (1) of section 178, company's policy on directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of a director and other matters provided under sub-section (3) of section 178;

(f) explanations or comments by the Board on every qualification, reservation or adverse remark or disclaimer made—

(i) by the auditor in his report; and

(ii) by the company secretary in practice in his secretarial audit report;

(g) Particulars of loans, guarantees or investments under section 186;

(h) Particulars of contracts or arrangements with related parties referred to in sub-section (1) of section 188 in the prescribed form;

(i) The state of the company's affairs;

(j) The amounts, if any, which it proposes to carry to any reserves;

(k) The amount, if any, which it recommends should be paid by way of dividend;

(l) Material changes and commitments, if any, affecting the financial position of the company which have occurred between the end of the financial year of the company to which the financial statements relate and the date of the report;

(m) The conservation of energy, technology absorption, foreign exchange earnings and outgo, in such manner as may be prescribed;

(n) A statement indicating development and implementation of a risk management policy for the company including identification therein of elements of risk, if any, this in the opinion of the Board may threaten the existence of the company;

(o) The details about the policy developed and implemented by the company on corporate social responsibility initiatives taken during the year;

(p) in case of a listed company and every other public company having such paid-up share capital as may be prescribed, a statement indicating the manner in which

formal annual evaluation has been made by the Board of its own performance and that of its committees and individual directors;

(q) Such other matters as may be prescribed.

(4) The report of the Board of Directors to be attached to the financial statement under this section shall, in case of a One Person Company, mean a report containing explanations or comments by the Board on every qualification, reservation or adverse remark or disclaimer made by the auditor in his report.

(5) The Directors' Responsibility Statement referred to in clause (c) of sub-section (3) shall state that—

(a) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;

(b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;

(c) The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

(d) The directors had prepared the annual accounts on a going concern basis; and

(e) The directors, in the case of a listed company, had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively. Explanation.—For the purposes of this clause, the term “internal financial controls” means the policies and procedures adopted by the company for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information;

(f) The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

(6) The Board's report and any annexure thereto under sub-section (3) shall be signed by its chairperson of the company if he is authorised by the Board and

where he is not so authorised, shall be signed by at least two directors, one of whom shall be a managing director, or by the director where there is one director.

(7) A signed copy of every financial statement, including consolidated financial statement, if any, shall be issued, circulated or published along with a copy each of—

(a) any notes annexed to or forming part of such financial statement;

(b) the auditor's report; and

(c) the Board's report referred to in sub-section (3).

(8) If a company contravenes the provisions of this section, the company shall be punishable with fine which shall not be less than fifty thousand rupees but which may extend to twenty-five lakh rupees and every officer of the company who is in default shall be punishable with imprisonment for a term which may extend to three years or with fine which shall not be less than fifty thousand rupees but which may extend to five lakh rupees, or with both.

Comment: Section 134: Financial Statements, Board's Report etc.

The financial statement shall be approved by Board of directors before they are signed by the chairperson of the company.

The auditor's report shall be attached to every financial statement.

The report placed in general meeting shall be attached with financial statement which includes:

- The extract of annual return
- Number of meetings of board.
- Statement of Directors' responsibility.
- A statement on declaration given by independent director.
- Company's policy on directors' appointment and remuneration.
- Explanations by board on every disclaimer.
- Particulars of loans, guarantees or investments.
- Particulars of contracts or arrangements with related parties.
- The state of Company's affairs.
- The amount which it proposes to carry to any reserves.
- The amount recommended to be paid.
- Materials changes and commitments affecting the financial position of the company.

- The conservation of energy, technology absorption, foreign exchange earnings etc.
- A statement indicating development and implementation of a risk management policy.
- The details about the policy developed and implemented by the company on corporate social responsibility initiatives taken during the policy.

In case of one Person Company, the report of directors containing explanations or comments by the board on every qualification, reservation or remarks should be made by the auditor in his report.

The directors' responsibility statement shall state that:

- While preparing annual accounts, the accounting standards had been followed.
- The directors had selected and applied such accounting policies that fairly states about the affairs of the company at the end of financial year and the profit as well as loss of the company.
- The director has taken proper and sufficient care for maintaining the accurate accounting records for safeguarding the assets of the company.
- The directors had prepared the annual accounts on a going concern basis.
- In the case of listed company, the director had to lay down internal financial controls to be followed by the company.
- The director has to prepare proper systems to ensure compliance with the provisions of all applicable laws and keep check that they are followed effectively.

Any annexure to the board's report shall be signed by the Chairperson of the company.

If a chairperson is not authorized then the report shall be signed by 2 of its directors.

A signed copy of every financial statement shall be published along with a copy each of:

- Any notes annexed to financial statement.
- The auditor's report.
- The boards' report.

If any company contravenes the provisions of this section, the company shall be fined with the amount not less than Rs. fifty thousand and extend up to Rs. 25 lacs. Every officer of the company in default shall be punishable with the imprisonment for a term which may extend to three years or with both.

Rule 5⁶⁵ of the Companies (Corporate Social Responsibility Policy) Rules, 2014:
CSR Committees,-

The companies mentioned in the rule 3 shall constitute CSR Committee as under.-

- (i) an unlisted public company or a private company covered under sub-section (1) of section 135 which is not required to appoint an independent director pursuant to sub-section (4) of section 149 of the Act, shall have its CSR Committee without such director;
- (ii) a private company having only two directors on its Board shall constitute its CSR Committee with two such directors:
- (iii) with respect to a foreign company covered under these rules, the CSR Committee shall comprise of at least two persons of which one person shall be as specified under clause (d) of sub-section (1) of section 380 of the Act and another person shall be nominated by the foreign company.
- (iv) The CSR Committee shall institute a transparent monitoring mechanism for implementation of the CSR projects or programs or activities undertaken by the company.

Comment: Rule 5: CSR Committee

Every company not having an independent director shall have its own CSR Committee.

A private company having only two directors on its board shall constitute its CSR Committee with two such directors.

In case of foreign company, the CSR Committee shall comprise of at least two directors out of which one shall be according Indian provisions and another would be nominated by the foreign company.

There should be transparent monitoring mechanism for implementation of CSR projects, programmes or activities undertaken by the company.

⁶⁵ Rule 5, The Companies (Corporate Social Responsibility Policy) Rules, 2014.

Section 2 (47) of The Companies Act 2013 read with Section 149 (6) of The Companies Act 2013

Section 2(47)⁶⁶: “independent director” means an independent director referred to in sub-section (5) of section 149.

Section 149 (6)⁶⁷: An independent director in relation to a company, means a director other than a managing director or a whole-time director or a nominee director,—

(a) Who, in the opinion of the Board, is a person of integrity and possesses relevant expertise and experience;

(b) (i) who is or was not a promoter of the company or its holding, subsidiary or associate company;

(ii) Who is not related to promoters or directors in the company, its holding, subsidiary or associate company;

(c) who has or had no pecuniary relationship with the company, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year;

(d) none of whose relatives has or had pecuniary relationship or transaction with the company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to two per cent. or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;

(e) who, neither himself nor any of his relatives—

(i) holds or has held the position of a key managerial personnel or is or has been employee of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;

(ii) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of—

⁶⁶ The companies Act, 2013 (Act 18 of 2013), s. 2(47).

⁶⁷ *Ibid*, s. 149 (6).

- (A) a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or
- (B) any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to ten per cent. or more of the gross turnover of such firm;
- (iii) holds together with his relatives 2% or more of the total voting power of the company; or
- (iv) is a Chief Executive or director, by whatever name called, of any non-profit organisation that receives 25% or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds two per cent or more of the total voting power of the company; or
- (f) who possesses such other qualifications as may be prescribed.

Section 134 (3) (o) of the Companies Act 2013: Penalty for Non-Compliance

This clause casts duty on the Board of Directors to furnish a report to the shareholders of the Company in general meeting. This report shall comprise of all details relating to CSR activities undertaken during the year. It must be noted that any shortfall in the CSR expenditure should be disclosed here by the Board. CSR committee constituted by the company plays important role in preparing the CSR report to be furnished by the Board in the general meeting.

Another point worth mentioning here is if Board fails to furnish the report mentioned above then there are certain penalties to be levied on the company and the officer in default.

Comment: Section 2 (47) to be read with section 149 (6):

Section 2 (47): deals with the term independent director.

Section 149 (6): An independent director in relation to company means, another director than a managing director who:

- In the opinion of board is a person of integrity and possess a relevant expertise and experience.
- Is not a promoter of any other company.
- Is not related to promoters or directors in the company.
- Has or had no pecuniary relationship with the company.

- Whose none of the relative has pecuniary relationship or transaction with the company.
- Neither he himself nor his relatives holds any position of an employee in the company.
- Is not been employee or partner in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed.
- Must not hold together with his relatives 2% or more of the total voting power of the company.
- Neither is a chief executive nor director of any non-profit organisation.

These clause castes duty on the board of directors to furnish a report to the shareholders of the company in general meeting. This report shall comprise of all details relating to CSR activities undertaken during the year.

Section 134 (8)⁶⁸ of the Companies Act 2013:

If a company contravenes the provisions of this section, the company shall be punishable with fine which shall not be less than fifty thousand rupees but which may extend to twenty-five lakh rupees and every officer of the company who is in default shall be punishable with imprisonment for a term which may extend to three years or with fine which shall not be less than fifty thousand rupees but which may extend to five lakh rupees, or with both.

Comment: Section 134 (8): if a company contravenes the provisions, the company shall be punishable with fine which shall not be less than Rs 50 thousand but may extend upto Rs. 25 lacs. Every officer of the company who is in default shall be punished with imprisonment of term which may extend to 3 years or with both.

Rule 6⁶⁹ of the Companies (Corporate Social Responsibilities Policy) Rules, 2014:

- 1) The CSR Policy of the company shall, inter-alia, include the following, namely-
 - a) a list of CSR projects or programs which a company plans to undertake falling within the purview of the Schedule VII of the Act,

⁶⁸ The Companies Act, 2013 (Act 18 of 2013), s. 134 (8).

⁶⁹ Rule 6, The Companies (Corporate Social Responsibility Policy) Rules, 2014.

specifying modalities of execution of such project or programs and implementation schedules for the same; and

b) monitoring process of such projects or programs:

Provided that the CSR activities does not include the activities undertaken in pursuance of normal course of business of a company.

Provided further that the Board of Directors shall ensure that activities included by a company in its Corporate Social Responsibility Policy are related to the activities included in Schedule VII of the Act.

(2) The CSR Policy of the company shall specify that the surplus arising out of the CSR projects or programs or activities shall not form part of the business profit of a company.

Comment: Rule 6: CSR Policy

The CSR policy shall contain:

- A list of CSR projects and programs which company is going to undertake.
- Monitoring process of such projects or programs.
- CSR activities do not include the activities undertaken in pursuance of normal course of business of a company.
- Board of directors shall ensure that activities included by company for CSR should be according to Schedule VII of the act.

The surplus amount arising out of CSR shall not be the part of the business profit of the company.

Rule 4 of The Companies (Corporate Social Responsibilities Policy) Rules 2014 read with Schedule VII of The Companies Act 2013.

Rule 4⁷⁰: The CSR activities shall be undertaken by the company, as per its stated CSR Policy, as projects or programs or activities (either new or ongoing), excluding activities undertaken in pursuance of its normal course of business.

Schedule VII⁷¹: Activities which may be included by companies in their Corporate Social Responsibility Policies Activities relating to:—

- (i) eradicating extreme hunger and poverty;
- (ii) promotion of education;
- (iii) promoting gender equality and empowering women;

⁷⁰ Rule 4, The Companies (Corporate Social Responsibility Policy) Rules, 2014.

⁷¹ Schedule VII, The Companies Act, 2013 (Act 18 of 2013).

- (iv) reducing child mortality and improving maternal health;
- (v) combating human immunodeficiency virus, acquired immune deficiency syndrome, malaria and other diseases;
- (vi) ensuring environmental sustainability;
- (vii) employment enhancing vocational skills;
- (viii) social business projects;
- (ix) contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government or the State Governments for socio-economic development and relief and funds for the welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women; and
- (x) such other matters as may be prescribed

Comment: Rule 4 to be read with Schedule VII:

Rule 4: CSR activities

The CSR activities shall be undertaken by the company as stated in CSR Policy.

Schedule VII: list of activities to be part of CSR:

- Eradication of hunger and poverty.
- Promoting education.
- Promoting gender equality and women empowerment.
- Reducing child mortality and improving maternal health.
- Combating human immunodeficiency virus, acquired immune deficiency syndrome, malaria and other disease.
- Ensuring environmental sustainability.
- Employment for enhancing vocational skills.
- Social business projects.
- Contribution to Prime Ministers National Relief Fund.
- Many more matters.

Section 135 (5)⁷² of The Companies act 2013: Quantum of Expenditure

The Board of every company referred to in sub-section (1), shall ensure that the company spends, in every financial year, at least two per cent. of the average net profits of the company made during the three immediately preceding financial years, in pursuance of its Corporate Social Responsibility Policy:

⁷² The Companies Act, 2013 (Act 18 of 2013), s. 135 (5).

Provided that the company shall give preference to the local area and areas around it where it operates, for spending the amount earmarked for Corporate Social Responsibility activities:

Provided further that if the company fails to spend such amount, the Board shall, in its report made under clause (o) of sub-section (3) of section 134, specify the reasons for not spending the amount.

Explanation- For the purposes of this section “average net profit” shall be calculated in accordance with the provisions of section 198.

Comment: Section 135 (5) : Quantum of Expenditure

The board of every company shall ensure that the company spends at least 2% of the average net profits of the company made during the three immediately preceding financial years on Corporate Social Responsibility.

DISCLOSURE OF CORPORATE SOCIAL RESPONSIBILITY UNDER DIFFERENT PROVISIONS

Rule 8⁷³ of Companies (Corporate Social Responsibilities Policy) Rules 2014

(1) The Board's Report of a company covered under these rules pertaining to a financial year commencing on or after the 1st day of April, 2014 shall include an annual report on CSR containing particulars specified in annexure

(2) In case of a foreign company, the balance sheet filed under sub-clause (b) of sub-section (1) of section 381 shall contain an Annexure regarding report on CSR.

Section 134 (3) (o) of The Companies Act 2013: The details about the policy developed and implemented by the company on corporate social responsibility initiatives taken during the year.

Comment: Rule 8: Disclosure of CSR under different provisions

The board's report on a company shall include an annual report on CSR containing particular specified in annexure.

In case of foreign company, the balance sheet filed shall contain an annexure regarding report on CSR.

Rule 9⁷⁴ of the Companies (Corporate Social responsibilities policy) Rules 2014: Display of CSR activities on its website, -

⁷³ Rule 8, The Companies (Corporate Social Responsibility Policy) Rules, 2014.

The Board of Directors of the company shall, after taking into account the recommendations of CSR Committee, approve the CSR Policy for the company and disclose contents of such policy in its report and the same shall be displayed on the company's website, if any, as per the particulars specified in the Annexure.

Comment: Rule 9: Display of CSR activities on its website

The board of directors of the company after taking into account the recommendations of CSR committee shall disclose contents of such policy in its report and the same shall be displayed on the company's website.

NATIONAL VOLUNTARY GUIDELINES ON SOCIAL, ENVIRONMENTAL AND ECONOMIC RESPONSIBILITIES OF BUSINESS

National voluntary guidelines are applicable to all businesses irrespective of size, sector or location. These guidelines were designed with the aim of assisting enterprises to become responsible entities much before the CSR Act (Companies Act -2013) came into force. In fact various propositions from NVG have been taken into consideration for structuring the Companies Act. The principles behind the guidelines are as follows:⁷⁵

Principle 1: Ethics, transparency and accountability are the three pillars with which businesses should be conducted and governed.

Principle 2: To contribute towards the sustainability of life cycle, businesses should provide goods and services which are safe.

Principle 3: Wellbeing of all the employees should be promoted by the businesses.

Principle 4: The interests of stakeholders should be respected by the businesses and special care should be taken of disadvantaged, vulnerable and marginalised groups. They must act responsive to stakeholders.

Principle 5: Human rights should be respected and promoted by the businesses.

Principle 6: To respect, protect, and restore the environment, businesses should make efforts.

⁷⁴*Ibid*, Rule 9.

⁷⁵CSR activities in India, *available at*: http://www.janafoundation.org/wp-content/uploads/2015/10/evolution_of_csr_in_india.pdf (visited on January 8, 2018).

Principle 7: When the businesses are engaged in influencing public and regulatory policy, they should do it in a responsible manner.

Principle 8: An inclusive growth and equitable development should be supported by businesses.

Principle 9: To provide value to their customers and consumers in responsible way, businesses should engage themselves properly.⁷⁶

To conclude this all, it is stated that National Voluntary Guidelines are applicable on all the businesses whether they are of big or small sizes. They are even not based on the sector or location. Before framing guidelines, various principles were taken into consideration like, the relationship of businesses with ethics, transparency and accountability. The main focus was to be kept on well-being of employees. Those principles must respect and promote human rights. The ultimate purpose of these guidelines is to provide benefits to the customers and people

⁷⁶Ibid.

CHAPTER V

DATA ANALYSIS AND SURVEY REPORT

The concept of social responsibility is a phenomenon which can be traced back to the ancient Chinese, Egyptians and Sumerians. In 19th century, CSR finds its origin. The world started discussing about the topic of CSR in this time. It has been discovered by various scholars that while doing business transactions and for the smooth progress of trade and commerce the wider goals of public interest are taken into consideration. Jesus stated that wealth encourages greed and selfishness and it does not lead to the true happiness.

In every research, analysis of data occupies an important place. Data analysis is the process of applying statistical and logical techniques to describe, clarify, intensify, summarize and evaluate data in a systematic way. In order to form some sort of finding or conclusion, data gathered from different sources must be reviewed and analyzed. Analyses have been used in this chapter on gathered data to derive some meaningful information. The chapter includes objective wise analysis and interpretation of the results.

INTERVIEWS IN-DEPTH

Interviews in depth are the main part of the qualitative method of analysis through which the researcher can recognize and examine the respondents' perception about a particular subject. It is easier for the researcher to understand about how the respondents or the stalwarts of the company feel by delve yawning into the respondent's mind. Hence, the technique chosen to undergo this investigation was executed with the help of questioning method. Senior Manager (Public Relations) of National Fertilizers Limited Bathinda had been interviewed personally by the researcher to understand his views and also the work done by them.

“Learn everything that is good from others, but bring it in, and your own way adsorb it; do not become others” Swami Vivekananda

From the discussions major observations and inferences can be drawn.

SECONDARY DATA

The secondary data was collected through the Progress Report on CSR Activities by checking the website of NFL Bathinda.

The number of activities taken for consideration for analysis is as follows:

- 1) Health
- 2) Literacy
- 3) Poverty Eradication and Hunger
- 4) Environment Management
- 5) Water Management
- 6) Financial Inclusion
- 7) Rural Development and Model Village
- 8) Women Empowerment
- 9) Programme for Girl Child
- 10) Sports Initiative
- 11) National Heritage
- 12) Measures for Armed Forces Veteran
- 13) Skill Development Leading to Employment
- 14) Global Compact/ Human Rights
- 15) Occupational Safety and Zero Fatality
- 16) Facilities for Tribal Community
- 17) Initiatives for Physically and Mentally Challenged
- 18) Solar Power PV Installation

NFL has five gas based Ammonia-Urea plants at Nangal & Bathinda plants in Punjab, Panipat plant in Haryana and two plants at Vijapur at District Guna, in Madhya Pradesh. The Panipat, Bathinda & Nangal plants were repaired to feed stock conversion from Fuel Oil to Natural Gas which is an eco-friendly fuel during 2012-13 / 2013-14. Vijapur plants of the company were also repaired for energy savings & capacity increase during 2012-13. It is the 2nd largest producer of Urea in the country. It produces a share of about 16% of total Urea in the country.⁷⁷

The company earns and tries to put their great and valuable efforts for the benefits for the people of the country. Every year the amount is spent on the CSR activities and those amounts are framed in the form of table. Every year progress report of National Fertilizers is framed in common of all the five units and it is easily available on the website of the company. It is a Public Sector Undertaking company. Progress reports of NFL's CSR are given below:

Progress Report on CSR Activities during the year 2013-2014⁷⁸

Sr. No.	Location	Activity/ Project	Expenditure (Rs. In lacs)	No. Of Beneficiaries
1	Dist. Roopnagar, Punjab	Construction of women empowerment Centre	0.35	3000
2	Dist. Khandwa, M.P.	Women Empowerment Programmes	0.54	80
3	Dist. Roopnagar, Punjab	Women Empowerment Programmes	4.00	30
4	Dist. Bathinda, Punjab	Women Empowerment Programmes	0.71	30

⁷⁷ National Fertilizers Limited, available at: <http://www.nationalfertilizers.com/> (visited on March 14, 2018).

⁷⁸*Ibid.*

5	Hyderabad, Andhra Pradesh	Installation of Solar heaters	8.40	40
6	Dist. Khandwa, M.P.	Installation of Solar Lights	1.25	700
7	Dist. Bathinda, Punjab	Installation of Solar Lights	2.71	5000
8	Dist. Panipat, Haryana	Installation of Solar Lights	4.35	87960
9	Dist. Mayurbhanj, Odisha	Promotion of Education	10.00	1800 students
10	Dist. Mayurbhanj, Odisha	Promotion of Education	10.00	350 students
11	Block Baliapal, Odisha	Promotion of Education	2.83	350 students
12	Dist. Bathinda, Punjab	Promotion of Education	1.31	172 students
13	Dist. Bathinda, Punjab	Promotion of Education	0.89	400 students
14	Dist. Gwalior, Madhya Pradesh	Afforestation activities	0.05	
15	Dist. Bilaspur, Chhattisgarh	Afforestation activities	0.50	
16	Delhi	Children health	4.56	
17	Odisha	Towards relief fund for Phailen cyclone in Odisha	3.37	
18	Dist. Mayurbhanj, Odisha	Construction of community Centre & girls hostel	18.06	500
19	Dist. Panipat, Haryana	Capacity Building for Health & Hygiene	6.20	500

	Total Expenditure		80.08	
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Table No. 5.1

Progress Report on CSR Activities during the Year 2014-2015⁷⁹

Sr. No.	Location (District)	Activity/Project	Expenditure (Rs. In lacs)
1	Tehri Garhwal & Chamoli (Uttarakhand)	Installation of solar lights	20.00
2	Nangal (Punjab) Bathinda (Punjab) Panipat (Haryana) Barabanki (U.P) Dhar (M.P)	Soil testing	6.50
3	Nangal (Punjab)	Skill Development & Training	3.15
4	Balasore (Odisha)	Promotion of Education	4.44
5	Shrinagar, Anantnag (J& K)	Flood Relief Aid	0.20
	Total expenditure		34.29

Table No. 5.2

Expenditure on CSR Activities during the year 2015-2016⁸⁰

Sr. No.	Location (District)	Activity/ Project	Expenditure (Rs. In Lacs)

⁷⁹Ibid.

⁸⁰Ibid.

1	Ropar (Punjab) Una (H.P)	Construction of 35 toilets for girls in schools	51.41
2	Nangal (Punjab)	Two skill development programmes in the trade of Beauty Culture and tie-dye, hand embroidery & fabric painting	1.22
3	Bathinda (Punjab)	Construction of toilets in schools	1.37
4	Bathinda (Punjab)	Soil testing	0.017
5	Guna (M.P.)	Construction of 20 toilets for girls in schools	24.52
6	Udham Singh Nagar (Uttarakhand)	Rural Development project	10.39
7	Panipat (Haryana)	Construction of toilets in schools	19.83
8	Chennai (Tamil Nadu)	Relief work in Chennai Floods	4.00
9	Bathinda (Punjab) Noida (U.P)	Distribution of artificial limbs, aids and devices to disabled persons	12.50
	Total Expenditure		125.25

Table No. 5.3

Expenditure on CSR Activities during the year 2016-2017⁸¹

Sr. No.	Project/ Activity	Sector of the project	Location	Amount outlay budget of the project	Amount spent on the project	Cumulative expenditure	Amount spent direct or through impleme
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⁸¹*Ibid.*

				(Rs. In lacs)		e up to report ing perio d	nting agency (Name of the agency)
1	Constru ction of 20 girls toilet in Dist. Guna (M.P)	Health & Hygiene	Vijaipu r (M.P)	41.40	1.75	26.27	State govt. MP
2	Procure ment of AAS equipm ent for soil testing	Health & Hygiene	Nangal (Punja b)	20.00	13.38	13.38	Direct
3	Installati on of 50 solar lights on Ruthiyai Road in Vijaipur, M.P	Health & Hygiene	Vijaipu r (M.P)	19.12	6.37	6.37	State govt. MP
4	Cancer awaren ess & screenin g camps	Health & Hygiene	Bathin da (Punja b)	0.30	0.30	0.30	Homi Baba Cancer hospital, Sangrur

	in Bathinda						
5	Employment enhancing and vocational training programme in Bathinda	Skill development	Bathinda (Punjab)	3.00	1.80	1.80	Kamson education & welfare Society
6	Installation of solar lights in village Sivan in Bathinda	Environment & rural Development	Bathinda (Punjab)	3.30	3.38	3.38	Direct
7	Soil testing and preparation of soil health cards and fertility	Environment	Haryana, Madhya Pradesh	9.90	9.90	9.90	Direct

	Map						
8	Distribution of limbs, Aid & devices to disabled persons	Health & Hygiene	Noida (Uttar Pradesh) Bathinda (Punjab)	50.00	37.24	49.74	ALIMCO
9	Installation of solar lights & distribution of solar lanterns in Uttarakhand	Environment & Rural Development	Uttarakhand	38.00	38.00	38.00	UREDA
10	Construction of 14 toilets in Una (HP) & Ropar (Punjab)	Health & Hygiene	Una (HP) Ropar (Punjab)	42.00	42.00	42.00	Sulabh International Social Service Organisation

11	Two training programmes for women in beauty culture and cutting & stitching	Skill Development	Nangal (Punjab)	4.50	5.22	6.45	NITCO N
12	Construction of toilets in govt. Schools in Bathinda	Health & Hygiene	Bathinda (Punjab)	8.50	5.48	6.85	State govt, Bathinda
13	construction of toilets in govt. Schools in Panipat	Health & Hygiene	Panipat (Haryana)	25.11	3.47	23.30	Direct
14	Construction of 6 bio-toilets in govt. Schools	Health & Hygiene	Bathinda (Punjab)	22.50	23.00	23.00	CBS Technologies Pvt. Ltd

	in Bathinda						
15	Management of soil health & productivity	Environment & Rural Development	Nuh (Haryana) Indore (MP)	53.60	28.04	28.04	Direct
16	Distribution of aids, devices & artificial limbs to disabled persons in Ferozabad, UP	Health & Hygiene	Ferozabad (U.P)	15.00	15.00	15.00	ALIMCO
17	Distribution of aids, devices & artificial limbs to disabled persons in Nangal	Health & Hygiene	Nangal (Punjab)	27.50	27.44	27.44	ALIMCO

	(Punjab)						
				Total expenditure	261.77		

Table No. 5.4

The above mentioned data is of all the five units of NFL. My research works deals only with the NFL unit at Bathinda, so I'll mention that data entirely different from all the other units. The results of my interview are mentioned below:

The questionnaire was framed and got answered by the senior Manager (Public Relations) Mr. Sanjeev Arya of National Fertilizers Limited, Bathinda.

The first and foremost point asked was about the functioning of CSR Cell in the NFL. To which he replied that CSR Cell at the unit level is there to concentrate on the welfare and beneficial works to society, environment and education in and around the area of operation.

The second point was to share their viewpoint on the effectiveness of CSR Activities. They responded that it puts great effect on the society and the people of underprivileged sections are getting benefits out of that.

The third question was about CSR Activities of NFL since its adoption. The reply was:

Year	Activity	Amount (in lacs)
2013	Installation of solar lights	2.71
2014	Soil testing for soil health cards	6.50
2015	Construction of toilets in schools	1.37
	Soil testing	0.17

2016	Cancer awareness and screening project	0.30
	Vocational training programme	1.80
	Installation of solar lights	3.38
2017	Installation of solar lights	9.25
	Total Expenditure	25.48

Table No. 5.5

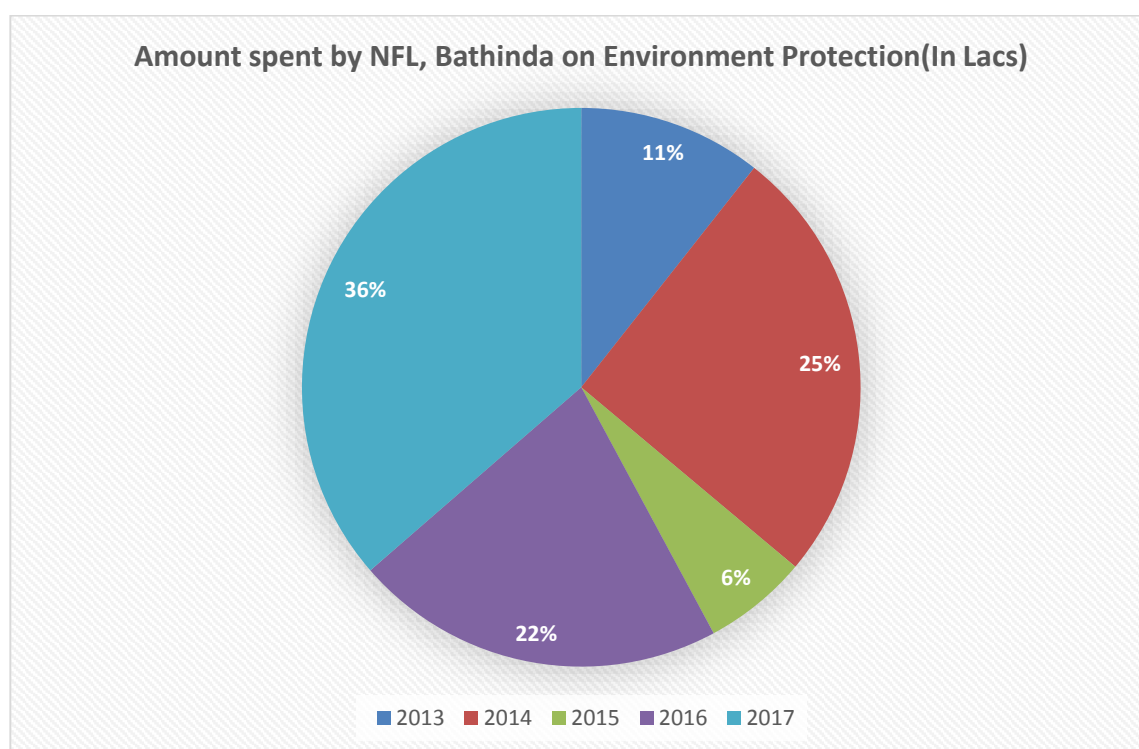


Figure no. 5.1

The data was collected of CSR activities done in the field of environment by NFL, Bathinda during the years of 2013 to 2017. The data is processed in tabular form Table no. 5.6 and depicted in the form of Pie-Chart Figure no. 5.1.

The highest amount spent was in 2017. The amount spent was Rs. 9.25 lacs on installation of solar lights at Bathinda (Punjab) which amounted to 36% of the total amount.

In year 2014, the amount spent was Rs. 6.50 lacs which were spent on soil testing for health cards at Nangal & Bathinda (Punjab). It amounted to the 25% of the total amount till date spent by the NFL, Bathinda.

In year 2016, the amount spent was RS. 0.30 lacs, Rs. 1.80 lacs and Rs. 3.38 lacs on Cancer awareness and screening project, vocational training programme and installation of solar lights respectively at Bathinda (Punjab). It amounted to the 22% of the total amount spent till date on CSR by NFL, Bathinda.

In year 2013, the amount spent was Rs. 2.71 lacs which were spent on installation of solar lights at Bathinda (Punjab). It amounted to the 11% of the total amount till date spent by the NFL Bathinda.

The least amount is spent in year 2015. The amount of Rs. 1.37 lacs and Rs. 0.17 lacs were spent on Construction of toilets in schools and soil testing respectively at Nangal & Bathinda (Punjab) which in total amounted to the 6% of the total amount.

Till date the amount spent by NFL, Bathinda in the field of environment is Rs. 25.48 lacs.

The fourth question was regarding the implementation of CSR. The answer was:

- a) Corporate Social Responsibility Policy Rules, 2014
- b) CSR Policy of NFL
- c) Schedule VII of Companies Act, 2013 (Section 135)

The fifth question was about the modal, monitoring & evaluation system of CSR Activities.

Modal if any followed during CSR Activities	Monitoring process (i.e. how NFL is monitoring or making assessment of CSR as per objectives)	Evaluation on effect of the policy/ Law Implementation (Is any agency or individual is involved for the evaluation)
2013	1) On-site survey is conducted by the agency 2) Feedback forms are to	Human Development Society (Impact Assessment Agency)

	be filled by beneficiaries	
2014	1) On-site survey is conducted by the agency. 2) Feedback forms are to be filled by beneficiaries	Human Development Society (Impact Assessment Agency)
2015	1) On-site survey is conducted by the agency. 2) Feedback forms are to be filled by beneficiaries	Human Development Society (Impact Assessment Agency)
2016	1) On-site survey is conducted by the agency. 2) Feedback forms are to be filled by beneficiaries	Human Development Society (Impact Assessment Agency)
2017		Assessment is yet to be done

Table No. 5.6

The next question was about the amount utilized by NFL on CSR Activities. The answer was that as the section 135 of the companies' act, 2013 states that a minimum of 2% of average profit of last three years is to be spent on CSR Activities. Generally, NFL Bathinda spends 2.10-2.15% of average profit of last three years on CSR.

When asked about their experience during environment protection planning and their opinion on the effectiveness of CSR activities for environment protection he replied that CSR is not just a statutory obligation to NFL. They take it as a tool for emotional motivation and employee engagement towards the upliftment of society & nearby environment.

CHAPTER VI

FINDINGS AND SUGGESTIONS

This chapter includes the outcomes of research work. After conducting interview and making inferences, some meaningful facts have come into the knowledge. Such facts are mentioned here. While conducting research, it was noticed that many more things can be added at various steps into the research. The ideas are mentioned in this chapter under the heading of suggestions. The chapter also includes findings of review of literature, findings of survey, findings and their relevance and implications for the society, suggestions and conclusion.

Corporate Social Responsibility not only talks about how an organization spends its money, but it is also talks about how the organization earns that money. Corporate Social Responsibility can be viewed as an approach fixed in the business practices extracting from ethical values and inherent respect for the community, employees, shareholders, the environment, and the society at large. Corporate Social Responsibility sometimes even goes beyond legislation. Corporate Social Responsibility is not only about compliance to laws or philanthropy, but also about the societal benefits arising out of it, that may be in the form of education, rural development, livelihood, health care or environment. One cannot survive in unhealthy environment so to make it fit for the survival efforts must be taken to improve it. It might be in the form of cash or kinds.

There is no universal approach to Corporate Social Responsibility. Organizations shall be free to adopt what suits their activities the best. However it often effects cultural transformation in a company as it consolidates Corporate Social Responsibility concepts into its operations and decision making. It should be conducted in such a way that it delivers sustainable value to the society for the coming generations. In this way only, a company can have a powerful and relevant Corporate Social Responsibility vision. Corporate Social Responsibility should synergize with the economic, social and environmental bottom-line wellness. Then only the goals set by the Ministry of Corporate affairs shall be reached and achieved.

Even the unwanted effects of economic development on health, natural resources and the environment raised the concerns of the World Commission on Environment and Development in the 1980s and it resulted in the form of the Brundtland Report in 1987. The report mainly focused on the protection of the environment, economic growth and social justice. It also identifies sustainable development that "meets the needs of the present without sacrificing the ability of future generations to meet their own needs."⁸² Therefore, the reality of sustainable development itself demonstrates that corporate social responsibility is closely linked to it. The idea of social responsibility as a source for a deep-rooted economic success, initiates questions as to whether organizations can dedicate their time and resources for it.

Findings of Review of Literature

- CSR is a broader concept than it is generally understood as it includes quality of life of the people getting benefits out of it.
- CSR is a dynamic concept as it keeps on changing with the change in socio-economic conditions.
- Business is responsible for its every impact, whether it is physically measurable or not. Such impacts also include the impact on social and individual behaviours.
- It is society that purely decides the extent of social responsibility of business.
- Corporate Impacts have reached the level where existing works are not sufficient and there is a need to frame the objectives of the studies in the light of changed scenario again.
- Societal expectations are a dynamic phenomenon. They cannot remain constant over a period of time, so regular studies are needed in this area to cope up with their expectations.
- There are various loopholes in the laws enacted so there are no particular law made and no such mechanism is adopted for that. We found multiple laws on CSR.

⁸² Our common future, Report: *Brundtland Report* (World Commission on Environment and Development, 1987).

- Sections of CSR are silent on the implementation of laws and policies because there are no boards to do the checking of amount and the process of transparency also exists in the files. Proper mechanisms should be made and adopted for the better results.
- There is no uniform system for the expenditure of CSR amount because it is a new concept that is added in the company's law by the amendment and yet many people are not aware about it.
- No proper list of NGOs is provided by the government for the assessment of CSR amount. CSR boards do not have powers to punish the defaulters. No high penalties are imposed on the defaulters. CSR to be collaborated with research institutes so that the amounts should be used wisely.

Findings of Survey

Survey is the one of most important part of any research work so main focus was kept on it. While conducting an interview various facts came into the knowledge of researcher. Few of them are given below:

- Society is more concerned about immeasurable impacts of business than measurable impacts. Such impacts can also be termed as underlying impact or behavioural impact, as they are related to behavioural aspect of society.
- In the light of changed social requirements, society wants businessman to design their CSR ideology again.
- CSR initiatives should be based on societal expectations, not towards the convenience of the company and its owners.
- There is a lot of difference between the various countries on the same topic and that is CSR. Motive of each country is same but the means of implementation are different. No country except India has mandatory CSR.
- At international level we can say that USA considers CSR as a mission to build economic security and fostering sustainable development in the country. The country also encourages the adoption of corporate policies which help the companies for better functioning. UK calls CSR as an integral part of good governance. In Europe, CSR is basically to improve

trust levels in the business. It is also a self-regulation process. It puts great impact on education, training and research. India considers CSR as philanthropic activity. The main purpose of CSR is to spend 2% of their net profit of the previous three years on CSR activities such as eradicating hunger, promotion of education, improving health, empowering women and many more.

- NFL tries its best in providing the societal benefits as they are doing various efforts in the field of environment protection through CSR:
 - a) Installation of solar lights
 - b) Soil testing for soil health cards
 - c) Construction of toilets in schools
 - d) Cancer awareness & screening projects
 - e) Vocational training programs
 - f) And many more
- The mode of monitoring and evaluation is clearly stated as:
 - a) On-site investigation is conducted by the agency.
 - b) Feedback forms are to be filled by beneficiaries.
- Impact Assessment Agency involved for evaluation of NFL's CSR is Human Development Society.

The findings of this research's relevance and Implications for Society

This research tries to create awareness among general public. In general people consider CSR as something that is done by business to serve the society and society feels indebted to them. This research clearly explains that CSR is based on societal expectation and on the corporate impact. Soon or later, people will understand that it is their right to receive benefits from the business because if they have to operate in society, it is must to take approval of society. The research is very helpful to the society because it explains that their job can affects their personal life so it becomes easy for them to figure out the issues that occurred due to their professional life and according to that they can improve the things. Society can in actual comes to the knowledge that whatever companies tries to take out, are they compensating it with their responsibility of mandatory CSR. If the company fails to do that, they are answerable to the people who were to be the part of beneficiaries. People don't have to be relied upon their advertisements;

they can even look into their annual reports and judge them and their product quality.

Suggestions

It is mandatory for every company to follow CSR and NFL is doing its best in its implementation. But few of the suggestions are as follows:

- The amount of CSR should be spent on the area where the NFL is situated and on the front foot, beneficiaries should be the localities of Bathinda district.
- There must be 100% accuracy results in the implementation of CSR.
- There shall be no escaping routes for the companies who do not practice CSR properly and honestly.
- There must be some monitoring bodies who shall state that till date how much amount is spent on the CSR in the field of environment.

On the basis of the research findings some suggestions in general are presented by the researcher. These are given as under;

- Companies may conduct an opinion survey on their stakeholders to know about their expectations from the company and according to that they can design their CSR strategy.
- Companies may appoint a psychologist as a member of their CSR committee so as to assess the impact of their practices on social and individual behaviours.
- Before telecasting or being published the advertisements, the companies must be approved by their CSR committee. The committee may examine the impact of such advertisements on different sections of society and if they are in favour of society then only they should be permitted to do so otherwise not.
- The code of conduct followed should be based on the ethics and that should be tried to practice at each and every level of the organization.
- Uniform system of laws should be adopted so as to avoid the conflict in multiple laws on CSR.
- CSR committees should be granted with powers to punish the defaulters.

- There are no sections framed for the implementation and yet they remain silent on these aspects.
- CSR committees to be collaborated with research institutes for the better results and also for the well spent of the CSR amount.
- List of NGOs for the evaluation of CSR amount should be decided and uploaded by the government to create more transparency.

Conclusion

The social responsibility of business in current scenario has been evaluated/ anatomized by the present work. A vital thing about the social responsibility of business is being responsive/ amenable and interest of corporate sector about acceptance and recognizing their impact on the society. Therefore it automatically creates a sense of responsibility. Failing in doing so the social expectations make them fulfil their obligation towards society. Their impact on the society may be ignored by the corporate in short run but the society never ignores such impacts. This deliberately converts into social pressure. In fact it is the social pressure that leads to the evolution of CSR. The present work is a genuine effort to draw the attention of academicians, scholars and corporate sector towards the changing pattern of corporate impact and consequent change in societal expectations. From the beginning the research was inclined toward behavioural and psychological aspect of Corporate Social Responsibility. As the research was passing through its different phases like review of literature, survey, data collection, analysis and interpretation it became exquisitely interesting to work on this aspect. On the basis of the findings of literature review, survey and data analysis it can be concluded that it is high time when invisible and inherent impact of business should form an important element of CSR. As corporate impact and societal expectations both have changed a lot. Each and every corner of society and human life is now affected by business. This impact cannot be ignored any more. Corporate feedback shows that still there is no unanimity on accepting behavioural aspect of CSR. There is a need to understand and redefine CSR while keeping the broader definition in view. On the basis of work done and review of research articles it can be concluded that a new framework for CSR can be developed.

Both traditional as well as non-traditional approaches of social responsibility may be included in this framework.

As my research work is concerned with CSR & its direct advantage to environment, therefore the work is focusing on the same. It also came out that the CSR amount may more be distributed for the protection of environment and control & management of various kinds of pollution. Therefore, again it is my suggestion which can cover maximum issues that a specific fund from CSR need to be segregated/ collected for universal benefit.

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ANNEXURE-I

Performa for information on “Corporate Social Responsibility and its compliance mechanism with reference to Environment Protection in India: A case study of National Fertilizers Limited, Bathinda.¹

Name of the officer: (Optional)

Designation: (Optional)

Schedule of the inquiries (NFL Authority/ officials)

1. Please tell in brief about the functioning of CSR Cell?

.....

2. Please share your viewpoint on the effectiveness of CSR Activities?

.....

3. CSR activities of NFL since its adoption (For research purpose only)

Sr. No.	Year (Financial)	Activities in General	Budget	Activities specific on Environment	Budget	Please tick, whether the activities were as per CSR Law (√/-)	Please tick, whether the activities were as per CSR Policy NFL (√/-)
	2013						
	2014						

¹ All the information collected shall be used for research purpose only. It would be kept confidential.

	2015						
	2016						
	2017						

4. What to remember while implementing CSR?

.....

5. Please share about the modal, monitoring & evaluation system as per below given table

Modal if any followed during CSR Activities	Monitoring process (i.e. how NFL is monitoring or making assessment of CSR as per objectives)	Evaluation on effect of the policy/ Law Implementation (Is any agency or individual is involved for the evaluation)
2013		
2014		

2015		
2016		
2017		

6. Please share (if possible) about the amount utilized by NFL, was it equal to the amount fixed for CSR Activities in particular year/activities?

.....

7. Please share your experiences during environment protection planning and also give your opinion on the effectiveness of CSR activities for environment protection?

.....

8. Remarks:

.....

☆ Please add additional pages if required