

A brief history of Indian CSR

The 2013 Companies Act for the first time mandates that private corporations 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.

How did CSR work pre-2013?

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

Religious traditions of *daan*, *seva*, and *zakat* operated in India for centuries helping to shape the relationship between the privileged and the dispossessed. The vast majority of philanthropy in India has always been to religious institutions and that continues to be the case. The earliest industrialists of the 19th Century launched the practices of corporate giving via trusts, and endowed institutions controlled by members of business families.

After the First World War, a new phase of corporate philanthropy arose that drew business leaders into the political fight for independence. The close relationship between M.K. Gandhi and leading industrialists is well-known. He proposed a model of trusteeship for business in which tycoons should understand their position as fiduciaries of society's wealth.

In the period immediately after Independence, the role of the Indian State expanded greatly and the corporate sector took a backseat in development efforts. After some time, the failures of the State to end poverty and support economic growth led to dissatisfaction. The liberalisation of the Indian economy in 1991 ushered in a new globalised economic environment, with rapid growth in overall wealth and also in inequality.

The rising gap between the wealthiest Indians and those at the bottom sparked innovation in efforts by the corporate sector to address social problems. It also led the State to think about how to pull in more support from the booming business world. In the context of a shrinking State, a more globalised economy, and great divisions in economic and social worlds, the landscape of Indian CSR is fascinating