

# EFFECTIVE COMMUNITY PARTICIPATION IN CSR PRACTICES AND COMPANIES BILL -2012

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**Abstract** -In order to display our responsibility to the nation our government of India signed in the Millennium Development Goals. According to MDG countries have to achieve within 2015 but still long way to go. The hope to achieve the MDG is through Corporate Social Responsibility activities. Any development programmes which is not able to achieve its goals without the participation of the community will not fetch a fruitful results achieve any goals. Both planning as well the execution of the CSR Programme Community Participation is inevitable. We hope our explanation provoke deeper thinking and greater rigor and attention to deal in this important area of community participation in Corporate Social Responsibility.

**Keywords:** Corporate Social Responsibility, Community Participation, Companies Bill-2012.

## CORPORATE SOCIAL RESPONSIBILITY:

The World Business Council for Sustainable Development in its publication Making Good Business Sense by Lord Holme and Richard Watts, used the following definition.”Corporate Social Responsibility is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality

of life of the workforce and their families as well as of the local community and society at large”.

Hence Corporate social responsibility is the response of the corporate to work for the betterment of both Primary and secondary stakeholders of the organisation in social, economical and environmental aspects.

## IMPORTANCE OF CORPORATE SOCIAL RESPONSIBILITY:

Without of people acceptance the organization will not able to starts its working where it is located presently. Though the profit is the ultimate goal of the business the organization need to concentrate for betterment of the people where it is actually located. In order to continuously run the organization there is a need for their sustainable support, The support is not only necessary at the time of establishing the organization but also it is very important at any time in any circumstances with whole hearted support of the local community will be able to think about running the organization as well the corporate which is able to think about the ultimate goal of the business profit.

## COMPANY BILL 2012

The government of India enacted the company act in 1956 we followed it still now. Only in December 2012 our Lok sabha members approved the new Companies Bill 2012 after a long struggle the draft got the signed from our esteemed members of Lok sabha. After 56 year we are going to get the new act which is going to help the organization as well as the both primary and secondary stakeholders.

### MAIN FEATURES OF COMPANIES BILL-2012

#### Clause 135:

(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.

The new Companies Bill makes it mandatory for companies above thresholds to spend 2% of their net profit on corporate social responsibility (CSR) activities.

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

(3) The Corporate Social Responsibility Committee shall:

1. 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 VII;
2. Recommend the amount of expenditure to be incurred on the activities referred to in clause (1); and
3. 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:

1. 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

2. 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 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: 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.

#### CLAUSE 135

The Corporate Social Responsibility committee can give the suggestion based on community participation on the board. In order to give the policy suggestion to the board need based study in the target area is very essential. Then the CSR Committee can formulate the policy. Without the community participation we will not be able to achieve the CSR

Goals. In order to achieve the CSR Goals, the provision of community participation is essential in the companies Bill -2012

### **SCHEDULE VII**

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

1. Eradicating extreme hunger and poverty;
2. Promotion of education;
3. Promoting gender equality and empowering women;
4. Reducing child mortality and improving maternal health;
5. Combating human immunodeficiency virus, acquired immune deficiency syndrome, malaria and other diseases;
6. Ensuring environmental sustainability;
7. Employment enhancing vocational skills;
8. Social business projects;
9. 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
10. Such other matters as may be prescribed.

### **SCHEDULE VII**

Though the organisation takes to involve in any CSR activity but it is also indicating schedule VII to the major activities where they want to concentrate Schedule VII is national wide needs but the CSR Committee only can give the appropriate policy to the particular village in the given year. Without

community participation the CSR Committee will be not able to find out the real problem of the village. In order to reach the CSR target the community participation is very essential.

### **THE MILLENNIUM DEVELOPMENT GOALS**

In September 2000, leaders of 189 countries met at the United Nations in New York and endorsed the Millennium Declaration, a commitment to work together to build a safer, more prosperous and equitable world. The Declaration was translated into a roadmap setting out eight time-bound and measurable goals to be reached by 2015, known as the Millennium Development Goals, namely:

1. Eradicate extreme poverty and hunger
2. Achieve universal primary education
3. Promote gender equality and empower women
4. Reduce child mortality
5. Improve maternal health
6. Combat HIV/AIDS, malaria and other diseases
7. Ensure environmental sustainability
8. Develop a global partnership for development

These goals have to be incorporated in the CSR Practices of the company

### **SPECIAL PROVISION FOR CSR**

- In order to enhance the living condition of the community people the new companies bill is providing the special provision to Corporate social responsibility
- The new companies bill have to reach the Millennium Development Goals through CSR initiatives.
- Receiving the profit is not only the organization goals but also concentrate on

the welfare activities where they are working.

➤ **Millennium Development Goals & Companies Bill 2012**

India is one of the country signed to execute the Millennium Development Goals in our country within 2015 the contrary is still we need to go a long way to achieve it. In order reach the Millennium Development Goals the government urging the corporate sector to participate in the execution of MDG.

**Community Participation**

- The continuous support of local community is very essential for organization to sustain their establishment where they situated
- The real expectation of corporate is satisfaction in Corporate Social Responsibility Programme
- Through quality output of the organization the business competitive world with the support of all levels of people and society is vital.
- Without the involvement of the local community people whatever the Corporate Social Responsibility Programmes can not be achieve its goal.
- Community participation can bring a positive impact in the Corporate Social Responsibility Programme.
- Assessment, planning, implementation, monitoring and evaluation – and all phases of a camp's life cycle through Community Participation.
- Participation should be based on assessments of existing structures which can be used to support participatory methods.

- Try to include all hierarchy people in the CSR Planning as well the execution of the programme.

**SPECIAL GROUPS:**

**PARTICIPATION OF PANCHAYAT LEADER:**

Panchayat leader is one of the influential people in the area. Panchayat leader has the chance of getting the lot of loyalty of people in the locality. Without Panchayat leader involvement there is no chance to achieve the CSR goals. Panchayat leader has the greatest responsibility to develop their own area. They share to be involved to implement the welfare schemes for the betterment of the area.

**WOMEN'S PARTICIPATION:**

Women are the vital part to contribute any programme to develop our country for better functioning of our village as well to strengthening of our village the women's involvement is very essential. If the CSR team is success in involving women it can easily achieve the objective of the corporate social responsibility.

**YOUTH PARTICIPATION:**

Youth participation is another essential dimension in Corporate Social Responsibility Programme execution. Both educated and illiterate youth can help to achieve the objectives of Corporate Social Responsibility Programme. Due to the reason that they are a future owner of the area.

**IMPORTANCE OF COMMUNITY PARTICIPATION:**

- It will create the we feelings among the community
- It will help people to get utmost satisfaction.
- It will be useful to reach the acceptance of the community people.
- It will create a good image to local area people
- People can satisfy with the feeling of recognition.
- It will create the positive attitude about organisation among the community people.

**Conclusion:**

Without the participation of the Community the organisation will not be able to reach Corporate Social Responsibility Goals.

**Reference**

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