

Corporate Social Reporting: - Review of Indian Scenario

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Abstract

The transformation of the emphasis from 'shareholder' to 'stakeholders' in the area of corporate reporting has taken a new turn. The corporate sector has now to watch the interest of its 'stakeholders' viz. employees, consumers, shareholders, general public and the government. The traditional objective of profit maximisation is no longer valid so long as the primary utility of a business house as representing and safeguarding the interests and well-being of its 'stakeholders' is not well taken care of. Thus, the corporate sector, all over the world, is now under great pressure from its 'stakeholders' to report to them, as to what extent it has been successful or otherwise in safeguarding their interests. Social reporting is a step towards this direction.

In India the conceptual thinking about the corporate social reporting has grown at a faster rate than what has been done in practice. As a matter of fact social accounting has not been widely practiced in India though the need was felt by a High Powered Expert Committee on Companies and MRTP Act about 25 years ago. The committee recommended that a provision should be made in Indian Companies Act that every company alongwith director's report shall also give a social report, which will indicate both in quantity and monetary terms the various activities relating to social responsibility which have been carried out by the company in previous year. There are a few large scale companies in India which have recently increased their voluntary disclosures of information about their social performance in annual reports.

Key words: Corporate Social Reporting, Social Responsibility, Social Report

There have been few times in our history, when the inter-relationship between business & society has been more complex, more dynamic, and more significant to the future of both business & society. For the first time in our history, questions are being raised about the fundamental functions society expects its business institution to perform. At no time in our history has there been more wide spread criticism of business. It seems that the social landscape has begun to tilt away from business. The difference between social responsibility and traditional business decision-making is that the traditional decision-makers confine themselves primarily to narrow economic and technical value. But social responsibility extends thinking to social values as well. It also requires thinking in terms of the whole social system, rather than the narrow interest of a single enterprise, group or a person.