

Chapter 9

CSR in Indian Tourism and Hospitality Industry: A Special Reference to Aviation and Hotel Industry and CSR Initiatives by Punjab, Haryana, and Himachal Tourism

Savneet Kaur
Guru Gobind Singh College for Women, India

ABSTRACT

Corporate Social Responsibility means that a company should be responsible for its actions in society in the form of - social, ethical, and environmental. Tourism industry is one of the fastest growing service sectors around the world. It provides jobs to under skill, semi skilled and skilled worker on various designations. This research article explores the concept of corporate social responsibility in hospitality industry in which selected hotels and airlines in India are discussed. CSR initiatives of Punjab, Haryana and Himachal Tourism were explored. The article is based on critical literature review and analyzed to establish the connection between tourism and the physical and social environments.. Results showed a stronger focus on environmental issues than on the social or economic dimensions of CSR. Although a large number of airlines and hotels publishing CSR reports discussed their achievement of major goals only a much smaller number have provided detailed information relating to specific initiatives implemented in order to contribute to these goals.

INTRODUCTION

Corporate Social Responsibility is a management concept which involves a company's integration of social and environmental concerns in their business operations and interactions with their stakeholders. Through CSR a company achieves balance of economic, environmental and social imperatives and addresses the expectations of shareholders and stakeholders. CSR should not be confused with charity because the concept of CSR clearly goes beyond that even though the latter can also make a valuable contribution to poverty reduction. CSR is one of the new provisions introduced by the Companies Act

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2013. This concept rests on the ideology of give and take. Companies take resources in the form of raw materials, human resources etc from the society. By performing the task of CSR activities, the companies are giving something back to the society.

LEGAL PROVISIONS REGARDING CSR IN INDIA

Ministry of Corporate Affairs has recently notified Section 135 and Schedule VII of the Companies Act as well as the provisions of the Rules, 2014 (CRS Rules) which have come into effect from 1 April 2014. Section 135 of the Companies Act provides the threshold limit for applicability of the CSR to a Company. The provisions of CSR are not only applicable to Indian companies but also applicable to branch and project offices of a foreign company in India. The Regulations state that:

- Every qualifying company is required to spend at least 2% of its average net profit for the immediately preceding 3 financial years on CSR activities.
- The qualifying company will have to constitute a committee (CSR Committee) of the Board of Directors (Board) consisting of 3 or more directors.
- The CSR Committee shall formulate and recommend a policy to the Board which should indicate the activities to be undertaken.
- The CSR Committee recommends the amount of expenditure to be incurred on the activities referred by it and monitor the CSR Policy of the company.

Activities Under CSR

The activities that can be undertaken by an organisation to achieve its CSR obligations include:

- Eradicating extreme hunger and poverty
- Promotion of education
- Promotion of gender equality and women empowerment
- Reducing child mortality and improving maternal health
- Combating human immunodeficiency virus, acquired, immune deficiency syndrome
- Ensuring environmental sustainability
- Providing employment enhancing vocational skills, social business projects
- 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 welfare of the Scheduled Castes, the Scheduled Tribes and other backward classes.

Area to be Covered

The Companies Act says that preference should be given to local areas and the areas where the organisation operates. It mentions that CSR Committee should prepare the CSR Policy in which it should include the projects and programs which are to be undertaken. The organisation can also make the annual report of CSR activities in which they should mention the average net profit for the 3 financial years and also prescribed expenditure for CSR. If the company is unable to spend the minimum required expenditure

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