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Beyond Profits: India's Journey in Social Accounting and Responsibility

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***Abstract*— *Social Cost-Benefit Analysis (SCBA) is a key evaluative tool used to determine the economic and social feasibility of proposed projects from a societal perspective. It supports national planning by guiding resource allocation across sectors. Institutions such as UNIDO and OECD have developed methodologies for quantifying social costs and benefits. This paper explores the emergence and application of social accounting in India, particularly in the aftermath of the Bhopal Gas Tragedy, which acted as a catalyst for institutional reforms. The Government of India, along with leading corporates—such as Tata Group, Infosys, ITC, Bharti Enterprises, and Indian Oil—have taken significant strides in integrating Corporate Social Responsibility (CSR) into business practices. The Companies Act, 2013, mandates eligible companies to invest 2% of their average net profits in CSR, reinforcing social accountability. This paper analyzes current trends, frameworks, and corporate initiatives contributing to social accounting practices in India.*

***Keywords*— Feasibility, Viability, Corporate Social Responsibility (CSR), Social Accounting**

I. INTRODUCTION

Social Cost-Benefit Analysis (SCBA) is a comprehensive appraisal method used to evaluate a project's overall impact on society. It involves assessing the potential costs and benefits that a community may incur or gain from a proposed initiative. SCBA serves as a structured economic framework, often applied to urban development projects, to capture a broad spectrum of social implications.

In parallel, **social accounting** provides a mechanism for organizations to assess and communicate their performance in achieving stated social or ethical objectives. While the process may be independently verified, it remains organization-driven—built on internal indicators formulated in collaboration with stakeholders, rather than externally imposed standards.

Broadly speaking, SCBA is most relevant in projects with significant societal reach, typically implemented or regulated by the government. These initiatives often affect society directly or indirectly, necessitating a thorough evaluation of their societal value. The critical benchmark for such assessments is the **Benefit-Cost Ratio (BCR)**, which must be equal to or greater than one to justify project implementation:

Benefit ≥ Cost

Social accounting, on the other hand, involves the systematic evaluation and reporting of business activities that produce social consequences. It aims to measure both the positive and negative impacts of these activities—not only on the organization itself but also on its broader community of stakeholders.

II. ORIGIN OF THE CONCEPT OF SOCIAL ACCOUNTING

The concept of social accounting has gained significant recognition and maturity in recent decades. It is increasingly regarded as a core element of effective Corporate Social Responsibility (CSR) practices. This growing importance is reflected in the attention it receives from large corporations, consultancy firms, and voluntary organizations that are committed to ethical governance and social accountability.

The intellectual roots of social accounting can be traced back to classical economists. Adam Smith, often regarded as the father of modern economics, emphasized the social responsibilities of business as early as 1776. Similarly, Karl Marx addressed the notion of social cost in his seminal 1876 work *Das Kapital*.

The contemporary framework of social accounting began to attract serious attention in the 1970s. During this period, professional and academic accounting bodies, including the predecessor of the Accounting Standards Board, the American Accounting Association, and the American Institute of Certified Public Accountants (AICPA), initiated discussions on integrating social considerations into accounting practices.

ORIGIN OF THE CONCEPT OF SOCIAL ACCOUNTING IN INDIA

In India, the concept of social accounting began to gain prominence following the catastrophic Bhopal Gas Tragedy, which served as a wake-up call for corporate accountability and environmental governance.

THE BHOPAL DISASTER

Often cited as the world's worst industrial disaster, the Bhopal Gas Tragedy occurred between the night of December 2 and 3, 1984, in Bhopal, Madhya Pradesh. The incident involved a massive leak of **methyl isocyanate (MIC)** gas from a storage tank at the Union Carbide India Limited (UCIL) pesticide plant. This deadly gas spread rapidly across densely populated areas surrounding the facility.

- **Date:** December 2–3, 1984
- **Location:** Bhopal, Madhya Pradesh, India
- **Cause:** Methyl Isocyanate gas leak from a UCIL storage tank
- **Non-fatal Injuries:** Over 558,000 individuals affected

More than half a million people were exposed to toxic chemicals, resulting in extensive human suffering and long-term environmental degradation. The gas infiltrated nearby shanty settlements, leading to immediate deaths, widespread injuries, and profound health consequences that continue to affect survivors decades later.

Investigations suggest that **poor maintenance**, **inadequate safety protocols**, and **management negligence** led to a backflow of water into the MIC storage tank, triggering the fatal chemical reaction. Both government officials and civil society organizations have long criticized the disaster response and the lack of corporate responsibility.

LONG-TERM HEALTH IMPACTS OF THE BHOPAL TRAGEDY

The lingering health effects of the disaster are numerous and include:

- **Ocular Damage:** Chronic irritation, vision impairment
- **Respiratory Disorders:** Tuberculosis, pulmonary fibrosis
- **Neurological Conditions:** Memory loss, numbness, cognitive dysfunction
- **Psychological Disorders:** Post-Traumatic Stress Disorder (PTSD)
- **Child Health Issues:** Stunted growth, developmental and intellectual delays

The Bhopal tragedy highlighted the urgent need for institutionalizing **social and environmental accountability**, paving the way for the development of social accounting practices in India.

Corporate Contributions to Social Responsibility

1. Reliance Group

Founded by Dhirubhai H. Ambani, Reliance Group is India's largest private sector enterprise, operating across energy, petrochemicals, textiles, and retail. Reliance Industries Limited, a Fortune Global 500 company, has implemented significant CSR initiatives.

In education, the company launched the Reliance Dhirubhai Ambani Protsahan Scheme to support academically meritorious students from underprivileged backgrounds and established the Dhirubhai Ambani International School in Mumbai, a leading institution in India.

In healthcare, the Dhirubhai Ambani Hospital at Lodhivali provides free emergency medical care to road traffic accident victims. The company also undertakes extensive awareness and treatment programs for HIV/AIDS and organizes regular blood donation camps.

For its workforce, Reliance focuses on safe and quality working conditions through training and awareness initiatives. It also supports women entrepreneurs by offering resources and assistance. The company reported CSR spending of ₹760.58 crore.

2. Procter & Gamble (P&G)

With a global presence in over 180 countries, Procter & Gamble (P&G) impacts the lives of billions through its brands like Pampers, Tide, Ariel, Oral-B, and Gillette. In India, P&G has launched impactful CSR programs.

The 'Shiksha' initiative, launched in 2005, has helped over 280,000 underprivileged children gain access to education, supporting more than 140 schools nationwide. P&G has donated over ₹22 crore to this cause.

Under its healthcare program 'Drishti,' P&G funded corneal transplants to restore vision for 250 blind girls, contributing ₹1 per pack of Whisper sold. The company also invests in understanding consumer needs and trains employees to ensure high service quality.

3. Google

Founded by Larry Page and Sergey Brin in 1998, Google's CSR focus revolves around users, employees, and communities. Guided by its philosophy 'Focus on the user and all else will follow,' Google integrates CSR into its corporate culture.

Employee well-being is promoted through generous compensation, engaging workspaces, and collaborative environments. Google Grants provides free AdWords advertising to select nonprofits, while the company also supports global relief efforts such as earthquake recovery programs.

4. Mahindra & Mahindra

Established in 1945, Mahindra & Mahindra (M&M) is a leading Indian automobile manufacturer. The company is deeply committed to CSR, particularly in education and community health.

The 'Project Nanhi Kali' initiative has supported over 1.1 million underprivileged girls in ten states by providing both academic and material assistance. M&M also operates Mahindra Pride Schools for skill development and the Lifeline Express for mobile healthcare.

Headquartered in Mumbai, M&M reported a CSR expenditure of ₹85.57 crore in 2016–17, surpassing the mandatory requirement of ₹83 crore based on net profits from the previous three years. In 2015–16, the company invested ₹185.11 crore in CSR projects.

5. ITC Group

ITC is committed to creating shared value by integrating economic growth with social and environmental development. The company's CSR initiatives reflect this holistic approach.

The ITC e-Choupal network spans 6,100 internet kiosks, reaching over 35,000 villages and enabling small farmers to access market and weather information. Its forestry program has created over 120 million person-days of employment and supports agroforestry for rural communities.

The initiative is aligned with ITC's philosophy of 'Sab Saath Badhein,' symbolizing inclusive and sustainable growth for rural India.

Top 10 Indian Companies Leading in Corporate Social Responsibility (CSR)

1. Tata Steel

Tata Steel manages its CSR initiatives through three key organizations—Tata Steel Rural Development Society (TSRDS), Tata Steel Family Initiatives Foundation (TSFIF), and the Tribal Culture Society (TCS). These bodies focus on community development, using the Human Development Index (HDI) as a tool to monitor progress in villages.

2. Tata Chemicals

Tata Chemicals prioritizes environmental conservation, notably the protection of endangered species like the whale shark. The company allocates ₹12 crore annually to CSR, with wildlife preservation as a core focus.

3. Mahindra Group

Mahindra's 'Nanhi Kali' program is dedicated to the education of underprivileged girls. The company's CSR philosophy blends strategic philanthropy with sustainability and shared value creation.

4. Maruti Suzuki

Through its 'Making it Matter' initiative, Maruti Suzuki invests in community development and road safety. Efforts include building household toilets, upgrading government schools, and ensuring separate sanitation facilities for girls.

5. Tata Motors

Tata Motors shows strong environmental commitment by implementing green projects that focus on conserving and regenerating local ecosystems.

6. Siemens

To promote public health awareness, Siemens India launched the 'Fit4Life' program. This initiative aims to instill fitness consciousness among employees and the wider community.

7. Larsen & Toubro (L&T)

L&T contributes to public health through various CSR activities, particularly emphasizing maternal and child healthcare and HIV/AIDS awareness programs.

8. Coca-Cola India

Coca-Cola India supports diverse community welfare programs, emphasizing education, health, and water sustainability. Their initiatives include 400 rainwater harvesting systems, clean drinking water for over 100 schools, and contributions to disaster relief and eco-friendly packaging reforms.

9. Steel Authority of India (SAIL)

SAIL actively promotes cultural preservation and education. It supports maintenance of historic sites like Lodhi Gardens and celebrates regional heritage through events like the Chhattisgarh Lok Kala Mahotsav, involving over 600 artists annually. Additionally, it hosts rural sports festivals and has established numerous school libraries and sanitation facilities.

10. Infosys

Infosys has made significant contributions to educational infrastructure by supplying computers to schools and helping establish 60,000 libraries and numerous hygiene facilities such as Nirmala Shouchalayas.

III. CONCLUSION

Corporate Social Responsibility (CSR) and adherence to high ethical standards are no longer discretionary—they are essential duties for modern businesses. The principle that "what cannot be measured cannot be improved" underscores the importance of structured evaluation mechanisms like CSR and social accounting. CSR encourages organizations to take accountability for their actions and to generate meaningful, positive outcomes for a broad range of stakeholders, including consumers, employees, investors, and the larger community.

In this context, social accounting serves as a vital tool for assessing the broader societal impact of projects. It enables decision-makers to evaluate whether a given initiative is likely to produce net benefits or impose undue costs on society. Institutions such as the United Nations Industrial Development Organization (UNIDO) and the Organisation for Economic Co-operation and Development (OECD) have contributed significantly to this field by developing frameworks for the measurement and reporting of social costs and benefits. As India continues to integrate these practices, social accounting will play a key role in advancing sustainable and responsible business conduct.

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