



## Original Article

### A Fundamental Review of India's Social Responsibility Accounting

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#### Abstract

A business utilizes social responsibility accounting (SRA) to assess the impact of its activities on society. This practice systematically analyzes the influence of the company on its investors, relying on feedback from stakeholders within financial reports. It encompasses techniques and policies for gathering, analyzing, and overseeing Soical, financial, and environmental information. The phrase "social responsibility accounting" illustrates a company's connection to its societal context. Numerous organizations are currently disclosing information regarding their Soical performance to demonstrate their ethical and moral principles to both the public and investors. The research emphasizes the conceptual framework and scope of SRA alongside its current situation in India.

**Keywords:** Soical Responsibility Accounting, CSR, Financial, Soical, Environmental

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#### Introduction

The growth of globalization has acted as a catalyst for the rising importance of SRA. Soical Responsibility Accounting may also be known as Corporate Soical Reporting, Soical Accounting, Soical and Environmental Accounting, Non-Financial Reporting, Soical Accounting Practices Reporting, and Sustainability Accounting. Recently, there has been a spike in focus on corporate Soical responsibility (CSR), and the concept of being a "responsible corporate citizen" has become a fundamental idea. Companies significantly influence both the job market and financial systems, underscoring their success's importance to society. In today's climate of economic development, the corporate sector operates within a broader context. Corporations must function as accountable stakeholders in society, similar to any other organization. Leadership should prioritize the accountability of society and shareholders. The information the company shares with its stakeholders, such as investors, employees, creditors, and the community, should reflect its dedication to Soical accountability.

#### Review of Literature

(Farooq Al Ani1 & M. Firdouse Rahman Khan 2015), they identified opportunities and challenges through various SRA methodologies. The findings of the study indicated that effective SRA practices depend on the unique strategies and values specific to each organization. Anand Patil and M. Muthu Gopalkrishnan, 2019 conducted a research on SRA, offering a conceptual framework aimed at global acceptance. This research highlights the theoretical advantages of SRA, focusing on transparency and several proposed models to achieve these goals, thereby improving its effectiveness and encouraging businesses to pursue long-term financial and Soical outcomes. (Dr. Kamlesh Gupta 2021) This paper examines Soical accounting, exploring its origins, current progress, and several prominent Soical accounting methods utilized by companies in India. Dr. S.S. Kadam, 2021 analyzed the necessity, aims, features, and practices associated with Soical accounting. (Jai Tater 2022) This study outlines Soical accounting, including its history, development, relevance, challenges, and limitations.



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## Objectives of the study:

To explore the conceptual dimensions of Soical responsibility accounting.

To define the boundaries of Soical responsibility accounting and its current situation in India.

## Research Methodology

This research is explanatory in character.

The necessary secondary information was collected from various websites, periodicals, academic journals, and additional resources. Subsequently, the information was analyzed and processed to derive conclusions and results.

## History Of Soical Responsibility Accounting

Assigning a monetary value to a company's societal impact is crucial; hence, SRA is vital for assessing Soical performance and obligations. The term "Soical responsibility accounting" encompasses fundamental corporate responsibility principles alongside a firm's societal duties. It is essential for every corporation to generate a Soical responsibility balance sheet and income statement, even though these documents are not mandatory. In the United States, France, and the United Kingdom, Soical responsibility reports are often included with other financial disclosures. While Soical accounting is not widely practiced in India, several Indian firms, such as Cement Corporation of India (CCI), Tata Iron and Steel Company Ltd. (TISCO), and Indian Textile Corporation (ITC), are increasingly focusing on Soical responsibility, initiating the publication of Soical reports leveraging methods from Abt Associate and David F. Linowes to calculate the total costs and benefits of fulfilling Soical responsibilities.

The concept of Soical accounting was initially introduced by Adam Smith in various forms in 1776, and theories regarding Soical expenditures were later discussed by Karl Marx and Engels in 1844. Pigou further articulated the difference between private and community expenditures in 1920. Following its clear establishment in the 1970s, both professional and academic accounting bodies began to devote significant attention to Soical accounting. The UK witnessed the early introduction of Soical accounting when Soical Audit Ltd. was founded by the Public Interest Research Group in the early 1970s. CSR is gradually being acknowledged as a measure of success among enterprises, assessed alongside their financial achievements, as well as their Soical and environmental impacts. Traditional financial indicators such as profit and loss statements and balance sheets are insufficient in demonstrating the extent of a company's contributions to society in fulfilling its responsibilities across various societal dimensions.

## Purpose of Soical responsibility accounting and its scope:

SRA's major goal is to improve society by ensuring that companies provide a range of services while keeping an eye on their operations. A few are mentioned below:

- **Efficient Use of Natural Resources:** Assessing a company's appropriate use of natural resources is the main goal of Soical accounting.
- **Employee assistance:** Determine whether the organization can support employees by offering free transportation, decent working conditions, and opportunities for their children to receive an education.
- **Contribution to society:** Industry-related environmental contamination has a detrimental effect on society. It must thus determine whether the company can improve society by planting trees, creating new parks in industrial regions, or even constructing new clinics.
- **Customer service:** According to Soical accounting, this is the part of a business that benefits society, such as when it provides premium goods at reasonable prices.
- **Investor support:** Evaluate if the company gives investors accurate accounting information, since protecting natural resources is linked to a number of goals.

However, Brummet (1973) highlighted five possible areas for the formation of corporate Soical objectives since it can be used for a wide range of Soical activities. Every aspect of the contributions made by CSR initiatives can be tracked and reported in order to encourage corporate responsibility.

- **Net Income Contribution:** Turning a profit is the top priority for any business. As the company's Soical initiatives gain popularity, the value of its profit will not decline. Within the legal parameters of "profit in a Soically acceptable manner," corporations are required to make a profit.
- **People Resource Contribution:** This metric demonstrates how the business impacts its people resources. Organizational activities include hiring practices and policies, training, experience building, work enrichment, compensation and compensation, occupational health, job safety, and employee-organizational alignment.
- **Public Contribution:** This metric evaluates how an organization's activities impact those who are not affiliated with it. The organization's activities include general charity, general community volunteer work, and the employment and training of disadvantaged individuals.
- **Environmental Contribution:** This metric assesses how a company's operations affect the environment.
- **Product or Service Contribution:** This section's main emphasis is on the industry standards for businesses' goods and services. It covers the welfare role of the product or service in addition to its usefulness, longevity, safety, and serviceability. They also include things like customer happiness and truthfulness in product advertising.

## Soical Responsibility Accounting Is Needed

In India, there is an increasing demand for SRA.

- The management fulfills its Soical responsibilities by educating the public, government, and members.
- The business is subject to a number of legal obligations, such as Soical security and welfare laws.
- Management receives feedback on its programs and policies aimed at improving societal well-being.
- From the viewpoints of investors, governmental organizations, Soical groups, and public interest groups, Soical accounting is also essential.
- The company uses Soical accounting to show that it is not Soically unfair in spite of moral, cultural, and environmental degradation.

## India's Soical Responsibility Accounting:

The Sachan Committee acknowledged the need for Soical disclosures in its 1978 report. It was not implemented since it was a new idea for India. Being the first company in India to use SRA, Tata Iron Steel's main goal was to evaluate and document the extent to which the company had achieved its Soical and community goals. India may have been the first country in the world to require corporate Soical responsibility (CSR), which cleared the way for the Companies Bill, 2011 to be reintroduced during the monsoon season. CSR will become mandatory for the first time in any country's history if legislation is passed after the Parliamentary Standing Committee on Finance has accepted all suggestions. In August 2012, Parliament passed a resolution requiring CSR. Companies with a minimum net worth of Rs. 500 crore or yearly turnover of at least Rs. 1,000 crore were mandated by the declaration to allocate 2% of their average net income over the previous three years to corporate Soical responsibility. The proposed Firms Bill of 2009 had a voluntary CSR component, despite the fact that corporations were required to report their CSR spending to shareholders. Additionally, it was recommended that the company's board of directors have at least one female member. (Times of India, October 16, 2012) Businesses are realizing that supporting non-profit-founded organizations is insufficient and that employee volunteering for a cause helps the organization and the individual by improving managerial abilities and increasing income.

## Conclusion:

In the 1960s, public expectations and aspirations sparked a debate over the role of business in society, which led to the creation of SRA. The concept of CSR and the viability of implementing commitment through the use of the Soical accounting technique were at the heart of this debate. Soical accounting is becoming more and more important to effective management in India and beyond. The majority of companies engage in community development initiatives, sound corporate governance, and internal and external stakeholders in an effort to win over their customers. To improve the company's reputation and brand image, managers at all levels must be aware of the extent and content of Soical accounting.

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