Introduction

Public relation and MNC’s are stated as the engine of economic and social growth. This statement has gained more importance in the recent times. Traditionally, the various sources of capital for developing countries were- either the demand of their output (raw material) by industrial countries or foreign aid or loans from foreign banks. However, now-a-days, the official development assistance flows are steadily declining. Beside others, Foreign Direct Investment as a source of funds has gained very high importance, in recent years.

CSR is a link to sustainable development: businesses feel that there is a need to integrate social, economic and environmental impact in their operation; and CSR is a way to manage business: CSR is not an optional add on to business, but it is about the way in which businesses are managed.

Foreign Direct Investment (FDI) is an investment involving a long-term relationship and reflecting a lasting interest and control of a resident entity in one economy in an enterprise resident in an economy other than that of the foreign direct investor. Individuals as well as business entities may undertake FDI. Such investments involve both the initial transaction between the two entities and all subsequent transactions between them and among foreign affiliates. FDI flows comprise equity and non-equity forms of investment. The equity capital flows comprise the foreign direct investor’s purchase of shares of an enterprise and also include the foreign direct investor’s share in reinvested earnings. Besides, the equity form of FDI also includes short or long term intra-company loans and debt transactions between foreign direct investor and the affiliates. The non-equity forms of FDI include investments through such activities as subcontracting, management contracts, turnkey arrangements, franchising and licensing and products sharing.
Foreign Direct Investment involves the ownership and control of a foreign company in a foreign country. In exchange for this ownership, the investing country usually transfers some of its financial, technical, managerial, trademark and other resources to the recipient country. CSR-focused businesses would proactively promote the public interest by encouraging community growth and development, and voluntarily eliminating practices that harm the public sphere, regardless of legality. Essentially, CSR is the deliberate inclusion of public interest into corporate decision-making, and the honoring of a triple bottom line: people, planet, profit.

The international transfer of funds need not be prerequisite for this exchange. The Government of India, in March 2003 revised the FDI definition in line with international practices. The revised FDI data now includes ‘equity capital’ including that of unincorporated entities, non-cash acquisition against technology transfer, plant and machinery, goodwill, business development, control premium, and non-competition fees. It also includes ‘re-invested earnings’ including that of incorporated entities, unincorporated entities and reinvested earnings of indirectly held direct investment enterprises.

Besides, ‘other capital’ including short-term and long-term inter-corporate borrowings, trade-credit, supplier credit, financial leasing, financial derivatives, debt securities, and land and buildings are factored in. FDI is seen as a mean to supplement domestic investment for achieving a higher level of economic and social growth and development. FDI offer benefits to domestic industry as well as to the consumer by providing opportunities for technological upgradation, access to global managerial skills and practices, optimal utilization of human and natural resources, making industry internationally competitive, opening up exports market, providing backward and forward linkages and access to international quality goods and services. Nearly all leading corporates in India are involved in corporate social responsibility (CSR) programmes in
areas like education, health, livelihood creation, skill development, and empowerment of weaker sections of the society. Notable efforts have come from the Bayer, Germany, Britannia, UK, caterpillar Inc, USA, dell computers, USA, Procter and Gamble, USA, Uniliver, UK.

Foreign investment and technology play an important role in the economic development of a nation. India has been named among the top ten Asian countries paying increasing importance towards corporate social responsibility (CSR) disclosure norms. India was ranked fourth in the list, according to social enterprise CSR Asia's Asian Sustainability Ranking (ASR), released in October 2009.

The economic health of the transition countries in Eastern Europe, Russia and Central Asia is well-off due to these inputs. Even the communist countries like China have welcomed the foreign investment to make their economies better. Most of the advanced countries of today developed due to the foreign investment, which played a vital role in making them high-income countries. Economic growth is proportional to the capital formation. Less developed countries having less income and low saving have not been able to take their economies to take-off stage. Hence, domestic resources are supplemented with foreign investment to make the development plan ongoing for better and healthier economy. CSR-focused businesses would proactively promote the public interest by encouraging community growth and development, and voluntarily eliminating practices that harm the public sphere, regardless of legality. Essentially, CSR is the deliberate inclusion of public interest into corporate decision-making, and the honoring of a triple bottom line: people, planet, profit.

Foreign investment gives the facility of imports of capital goods, raw materials and technical knowledge for the growth of an economy. If investment is made in export oriented industries it promotes exports of host countries and facilitates imports to a large extent. If it is in cost
reducing industries, customers get cheaper products which results in general increase in the real incomes of the people. The investments, if used, for structural development leads to the development and growth of all other kinds of industries. Besides giving a general boost up to the industrial development, increased FDI leaves favourable impact on the balance of payment position of a country.

International Financial Markets have got a higher degree of strength in liberalisation. Globalization has opened the doors almost all over the world for utilizing international financial flows, which have been outpacing the flow of goods and services among trading countries. Developing countries are the recipients of funds from the international markets due to time availability of external finance in the required amount for their development.

World Investment Report, 1995 prepared by United National Conference on Trade and Development and Published by UN, New York and Geneva is based on Annual review of the trends in FDI in various places. It shows that international investment by transnational corporations supersedes trade and is the best mechanism for international business integration. It has become a major engine in global growth of the economies.

Today, Corporate Social Responsibility has become a world wide concept whereby organisations consider the interests of society by taking responsibility for the impact of their activities on customers, employees, shareholders, communities and the environment in all aspects of their operations. It is one of the most important global issues with serious challenges and implications on almost all sectors. Surging economies, including India, are coping with issues related to poverty, child rights, community welfare etc and are a hotbed for an innovative CSR Scenario which is still shaping up.
The following are key focus areas being incorporated into business practices: Partnership with NGOs and Government, Community development, Environmental management, Workplace safety

Action in CSR in India largely spans a diverse set of thematic areas – health, education, livelihood, poverty alleviation, environment, water, housing, energy and microfinance. However some other areas like women empowerment, child development and infrastructure also appeared

Focusing on priorities • Allocating finance for treating CSR as an investment from which returns are expected • Optimising available resources by ensuring that efforts are not duplicated and existing services are strengthened and supplemented• Monitoring activities and liaising closely with implementation partners such as NGOs to ensure that initiatives really deliver the desired outcomes • Reporting performance in an open and transparent way so that all can celebrate progress and identify areas for further action. A long term perspective by organisations, which encompasses their commitment to both internal and external stakeholders will be critical to the success of CSR and the ability of companies to deliver on the goals of their CSR strategy.