
A STUDY OF CORPORATE SOCIAL RESPONSIBILITY PRACTICES IN INDIA IN REFERENCE TO SELECTED LEADING COMPANIES

Dr. Rajeev Kumar Gupta, Associate Professor in Commerce
S.U.S.Govt. College, Mata K Majri Indri (Karnal)

ABSTRACT:

Corporate Social Responsibility (CSR) is a management concept whereby companies integrate social and environmental concerns in their business operations and interaction with their stakeholders. In this way every hierarchical unit must have a duty regarding upliftment of society, which is broadly considered as corporate social responsibility (CSR). In this research study we investigate the situation of selected Indian companies in respect of corporate social duty to think about CSR is a essential business system of India for companies or not. At present under CSR companies done significant job and it effects in the public. There are many companies in India who are doing the very good work under CSR. Even though globally, CSR is a voluntary exercise, but in India concept of CSR has been incorporated under section 135 of Companies Act, 2013, as a mandatory requirement for certain companies. In this situation we can say that the way of improvement of society on the organizations as a lawful commitment. In the even that organization don't burn through Cash in CSR exercises, they have to give reason of not doing the excercises to the Ministry of Corporate affairs.

Keywords: CSR, Social and environment, mandatory

Introduction:

CSR is generally understood as being the way through which a company achieves a balance of economic, environment and social imperatives (“Triple-Bottom-line-Approach “), while at the same time addressing the expectations of shareholders and stakeholders. In this sense it is important to draw a distinction between CSR, which can be strategic business management concept and charity, sponsorship or philanthropy. Even though the latter can also make a valuable contribution to poverty reduction, will directly enhance the reputation of a company and strength its brand, the concept of CSR clearly goes beyond that.

A properly implemented CSR concept can bring along a variety of competitive advantages such as enhanced access to capital and makets, increased sales and profit, operational cost savings, improved productivity and quality, efficient human resource base, improved brand image and reputation, enhanced customer loyalty, better decision making and risk management processes.

According to Forbes(2010), Corporate social duty works in two ways. The organization offers back to the society. Thus individuals become acquainted with about the organization, which helped them most and took into account their items and administrations.

The Companies Act,2013 have made law relating to CSR and Section 135 of the act deals with CSR. The CSR activities is mention under schedule 7 of the act,2013.

Corporate Social Responsibility and Indian Companies Act:

Every act is a piece of art and science. An act is an art and implementation of act is science. In India, the attitude towards environment is very compassionate. But after the Liberalization, Privatization and Globalization public sector slowly shifted to private sector. Therefore the concept of Corporate Social Responsibility (CSR) developed and law makes it mandatory under the provision of companies act, 2013.

Section 135 of the companies act provides the threshold limit for applicability of the CSR to a company is as follows:

- (a) Net worth of the company to Rs.500 corer or more,
- (b) Turnover of the company to be Rs.1000 corer or more,
- (c) Net Profit of the company to be Rs. 6 corer or more

Further, the provision of CSR are not only applicable to Indian companies but also applicable to Branch and Project office of a foreign company in India.

Under the provisions of Companies Act, preference should be given to a local area where the company operates. Company may also choose to associate with 2 or more companies for fulfilling the CSR activities provided that they are able to report individually. The CSR policy in which it includes the projects and programmes which is to undertaken, prepare a list of projects and programmes which a company plans to undertake during the implementation year and also focus on integrating. Business models with social and environmental priorities an process in order to create share value.

Object of the study:

- . To find the position o Indian companies regarding corporate social responsibility.
- , To find the companies ranking among selected companies on the basis of their CSR spend.

Review of literature:

Athma and Yarragorla (2015) investigated the major differences between CPSE guidelines and sec.135 of Companies Act,2013 on Maharatna companies for the period 2011-2014. They concluded that CSR liability of Maharatna companies are more or less equal as per both CPSE guideline and sec.135 of company act,2013 and CSR provision of sec.135 is more flexible than CPSE guidelines regarding CSR.

Laura(2014) “Studied the CSR practices of Two Maharatna company viz. Steel Authority of India Ltd.(SAIL)and National Thermal Power Corporation(NTPC) and one miniratna company viz. Airport Authority of India(AAI) on socio-economic development of rural people and conducted that those CSR activities done for rural development had a positive impact on overall development of society and business.

Bhupinder and Vikas Kumar Joshiya(2012), in his study “Issues and challenges of corporate social responsibility in India” over a time CSR extended to incorporate both monetary and social interests. Organizations have turned out to be more straight forward in book-keeping and show public reporting because of weights from different partners. In this paper CSR status, difficulties of CSR, arrangements for CSR in India are explained.

Research methodology:

In this research work mixed approach is used in which Quantitative and Qualitative approaches are used. For selection of companies for this study 10 leading reputed companies are selected on the basis of expenses made on.

Results and discussion:

Table:1 Showing CSR spent by top 10 companies in the year 2014-2015

S.No.	Name of company	Actual CSR Spent (Rs.in corer)	Prescribed CSR(Rs.in corer)	Percentage of actual to prescribed CSR
1.	Reliance Industries Ltd.	760.60	533	142.69
2.	ONGC	495.20	660	75.00
3.	Infosys	240.00	243	98.76
4.	TCS	219.00	285	76.84
5.	ITC	214.00	213	100.47
6.	NTPC	205.00	283	72.44
7.	NMDC	189.00	210	90.00
8.	Tata Steel	171.00	168	101.79
9.	ICICI Bank	156.00	172	90.70
10.	WIPRO	133.00	128	103.91
	Total	2782.70	2895	96.12

As per the data released by the Government a total of Rs.6338 corer rupees were spent on CSR activities by 460 companies in 2014-2015. The companies implemented a total of 1790 projects. It is clear from the above table that total share of selected companies in CSR spent during the year 2014-2015 is Rs.2782.70 against the prescribed CSR of Rs.2895. In terms of percentage share of selected companies is 43.90 percent in overall CSR spent by all 460 companies, that indicates huge difference between selected companies and other companies. Out of selected companies performance of top three companies in terms of percentage regarding CSR spent during the year 2014-2015, first Reliance Industries Ltd. 142.68 percent, Second Wipro 103.91 percent and third ICICI Bank 101.79 percent. It is also find that average percentage of all companies is 96.12 percent over prescribed limit. So it is stated that all 10 selected companies performed very well in terms of spent of CSR. The lowest performer company is NTPC and its percentage is 72.44 percent.

Table 2 Showing CSR spent by 10 selected companies in the year 2015-2016

S.No.	Name of company	Actual CSR Spent (Rs.in corer)	Prescribed CSR(Rs.in corer)	Percentage of actual to prescribed CSR
1.	Reliance Industries Ltd.	652	558	116.85
2.	ONGC	221	594	37.20
3.	Infosys	202	256	78.90
4.	TCS	294	360	81.66
5.	ITC	248	247	100.40
6.	NTPC	492	350	140.57
7.	NMDC	210	193	108.80
8.	Tata Steel	213	150	142.00
9.	ICICI Bank	172	212	81.13
10.	Power Finance Corporation	196	145	135.17
	Total	2900	3065	94.62

As per data released by the Government a total of Rs.6578 corer were spent against prescribed of Rs.7143 corer. In terms of percentage it was 92.1 percent. It was 2.1 percent higher than 2014-2015. Total share of selected top 10 companies CSR spent during the year 2015-2016 is Rs.2900 corer against prescribed CSR Rs.3065. In terms of percentage it is 116.85 percent. Share of selected 10 companies in actual CSR spent is 44.08 percent it is 0.18 percent higher in comparison to 2014-2015. It indicates that share of selected companies is quite higher in comparison to other companies. It is also noted that in 2015-2016 Power Finance Corporation replace the WIPRO in top 10 selected companies. In 2015-2016 top 3 companies in CSR spent are 1. Tata steel 142 percent 2. NTPC 140.57 percent, 3. Power Finance Corporation 135.17 percent and lowest performer companies on CSR spent is ONGC i.e. 37.20 percent. It is also clear from the above data out of 10 selected companies 6 companies spending on CSR in terms of percentage is more than 100 percent against the prescribed limit of CSR spent. Overall CSR spent percentage is 116.86 percent that is higher in comparison to 2014-2015 i.e. 96.12 percent. So it is clearly found that as per the data analysis selected 10 companies performance is very good in terms of CSR spending.

Table 3 Showing breakup of the CSR Spend sector wise in 2014-2015 and 2015-2016 in percentage

S.No.	Sector	2014-2015	2015-2016
1	Healthcare and Wash	32	33
2	Education and Skill	29	31
3	Environment	13	12
4	Rural Development	12	08
5	Others	14	16
	Total	100	100

From the above table it is clear that sector wise allocation of CSR spent in both the year quite similar. It is also found that maximum allocation given to Healthcare and Wash sector and in second Education and Skill Development program. In others many small sector includes like Gender equality, Urban slum development, Heritage and art culture, PM Relief Fund, Rural sports, Armed forces etc. This data indicates that CSR spent play important role in Health, Education, Environment and rural development related activities.

Table 4 Showing the performance rank of selected companies on the basis of scale design

Ranking Scale for the year 2014-15	Ranking Scale for the year 2015-16
<p>Very High performer Reliance ITC Tata Steel Wipro</p> <p>High performer Infosys TCS ICICI Bank ONGC NMDC</p> <p>Medium performer NTPC</p> <p>Low performer -</p>	<p>Reliance ITC Tata Steel - NTPC NMDC Power Finance Corporation</p> <p>Infosys TCS ICICI Bank</p> <p>ONGC</p>

To study the adaptation and implementation of Corporate Social Responsibility a 4 point scale design to allot rank to selected 10 companies on the basis of their CSR spend during the year 2014-15 and 2015-16 in terms of percentage against the prescribed CSR as shown in Table 1 and 2. Very High category allotted to those companies whose spending percentage is 100 or more and High category allotted to those companies whose percentage is above 75 but below 100 and Medium category to those whose percentage is more than 50 but below 75 and low category given to those companies whose percentage is below 50. On the basis of such ranking above table indicates that Reliance Industries, ITC and Tata Steel maintain their category in both the year. In the year 2015-16 three more companies added i.e. NTPC, NMDC and Power Finance corporation. In 2nd category that is High performer, in this category ONGC, Infosys, TCS, NMDC, ICICI bank are included in the year 2014-15 but in the year 2015-16 in this category Infosys, TCS and ICICI Bank are included. In 3rd category i.e. Medium only NTPC included in the year 2014-15 but in the year 2015-16 no company falls in this category. In 4th category i.e. Low in the year 2014-15 no company falls in this category but in the year 2015-16 ONGC belongs to this category.

Findings:

- In this study it is found that top selected companies share is 42 to 43 percent in both the year regarding CSR spent.
- It is also found that out of selected companies 3 companies performance is very high in both the year and NMDC improve their ranking from High to very high in the year 2015-2016.
- It is also found that Infosys, TCS, and ICICI Bank ranking is High in both the year and NTPC improve their category from medium to very high in the year 2015-2016 and one of the selected company ONGC falls their ranking from High to Low.
- On the basis of sector wise allocation more emphasis on Health and Education sector nearly 60-62 percent total CSR spending belongs to these two sector and remaining belongs to different other sector.
- It is also found that out of 10 selected companies ONGC, NTPC, NMDC and Power Finance Corporation belongs to government sector; it indicates the government vision is very positive regarding CSR implementation.

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