

A TREND OF CORPORATE SOCIAL RESPONSIBILITY EXPENDITURE IN SELECTED INDIAN COMPANIES

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Abstract

Corporate Social Responsibility (CSR) has been increasingly important in recent years, and it is now being adopted as a corporate strategy. The charitable approach that used to be prevalent in corporate behaviour is long gone. Every CSR programme has a corporate initiative behind it, rather than simply writing checks to a favourite charity institution or NGO. Because CSR involves a significant portion of a stakeholder's profit, it is not spent haphazardly. CSR spending has expanded dramatically, nearly encompassing all of the categories listed in Section 135 of the Companies Act of 2013. The paper analyses five year's expenditure from 2014-19, to find out year wise and company wise CSR expenditure of 20 companies across different activities as prescribed in Schedule VII of Indian Companies Act, 2013. An examination of the distribution of CSR activities by firms under study for the years 2014-19 reveals that mostly corporations engage in three types of activities, with the majority of them focused on education, health, and sanitation, as well as rural development projects.

Keywords

Corporate social responsibility, Companies Act 2013, prescribed CSR expenditure, health care, education, rural development.

Introduction

In the twenty first century, Corporate Social responsibility is a widely used term around the world.

In a "free society," "there is one and only one social responsibility of business—to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud" (Friedman, 1970)[1]

The businessman's decisions and actions taken for reasons at least partially beyond the firm's direct economic or technical interest...which need to be commensurate with the company's social power" (Davis, 1960) [2]

The social responsibility of business encompasses the economic, legal, ethical, and discretionary expectations that society has of organizations at a given point in time" (Carroll, 1979) [3].

"Corporate social responsibility is the commitment of business to contribute to sustainable economic development, working with employees, their families, the local community and society at large to improve their quality of life." (WBCSD, 2000) [4].

It is no longer about making more money and surviving in the global market, it's also about how to compete and expand sustainably through CSR operations. It is no longer different for firms to merely purchase and sell other goods and providing services without taking into account the environment in which they operate.

The reason for a new corporate decision making ethic builds from the fact that a business enterprise derives various benefits from the society so it should be held responsible to make contribution to the society in return. A philosophy claiming that every company whether it is private, govt. or public has a responsibility to society is known as Corporate Social Responsibility. CSR is a concept that decreases cost and hazards while also increasing brand value and reputation as well as the efficacy and efficiency of a company, improved financial performance. According to Bowen[5] CSR refers to the obligation of businessmen to pursue those policies, to make those decisions or to follow those lines of relations which are desirable in terms of objections and values of our society.

Corporations in India, like those in other nations, have a long history of engaging in social activities that go beyond satisfying a company's financial goals. CSR operations, on the other hand, have increasingly come under the scrutiny of both the public and private Sectors since the late 1990s. As governance challenges have become more prevalent, policymakers and corporate stakeholders have been more involved. The formal focus on CSR in India began in 2009 with the

Ministry of Corporate Affairs (MCA, 2009) issuing the Corporate social Responsibility voluntary guidelines which culminated in the passage of Section 135 of the Companies Act.

According to Section 135 of Companies Act 2013

1. Every company having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more, during any financial year shall constitute a Corporate Social Responsibility Committee of the Board consisting of three or more directors, out of which at least one director shall be an independent director.

2. The Board's report under sub-section (3) of section 134 shall disclose the composition of the Corporate Social Responsibility Committee,

3. The Corporate Social Responsibility Committee shall –

a. Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII.

b. Recommend the amount of expenditure to be incurred on the activities referred to in clause and monitor the Corporate Social Responsibility Policy of the Company from time to time.

4. The Board of every company referred to in sub-section (1) shall –

a. after taking into account the recommendations made by the Corporate Social Responsibility Committee, approve the Corporate Social Responsibility Policy for the company and disclose contents of such policy in its report and also place it on the company's website, if any, in such manner as may be prescribed and

b. Ensure that the activities are include in Corporate Social Responsibility Policy of the company are undertaken by the company.

5. The Board of every company referred to in sub-section (1), shall ensure that the company spends, in every financial year, at least two percent of the average net profits of the company made during the three immediately preceding financial years, in pursuance of its Corporate Social Responsibility Policy: provided that the company shall give preference to the local area and areas around it where it operates, for spending the amount earmarked for CSR activities.

6. In the light of the above provisions, it is also provided that if a company fails to spend such amount, the Board shall, in its report made under clause (o) of sub – section (3) of section 134, specify the reasons for not spending the amount.

As a result, policymakers, corporations, industrial associations, social sector organizations, and, last but not least, academia in India have generally polarized perspectives on Section 135. On the one side, policymakers have applauded the implementation of required CSR described by some as a "historical chance" that could be a "game changer" for India. They would collaborate with the government and civic society to achieve "national Regeneration" is achieved by long-term sustainable development. Unconventionally, some have claimed that mandatory CSR could be an instrument for a developing country like India to seek a "middle path" between a liberal and a regulatory state in order to reconcile progress with social stability. Critics of required CSR, especially corporates and business groups, argue that making CSR activities mandatory is effectively an exercise in outsourcing government social responsibility to the private sector and forcing the latter to pay for the former's shortcomings. Furthermore, if such activities are not clearly defined, required CSR creates perverse incentives for corporations to disguise their actions in order to meet mandatory obligations or discover ways to get around the legislation.

India has transitioned from a CSR regime of purely voluntary activity with voluntary reporting (years 2008), to a CSR regime of voluntary activity with mandatory reporting (years 2012), to a CSR regime of mandatory activity with mandatory reporting (year 2013). In the past, market pressures from customers, investors, stakeholders, and civil society organizations drove firm-level CSR decisions, with the government acting as a facilitator by disseminating information, issuing CSR rules, encouraging dialogue, and building public-private partnerships. In recent years, the government has taken a more proactive and direct role by making CSR reporting and CSR spending required for all businesses under Section 135. The government's latter function is becoming more aligned with the more involved role that states are playing in guiding CSR in rising economies like China (Ho, 2013)[6].

Objectives

1. To study major areas of CSR activities in top 20 Indian companies.
2. To analyze the CSR expenditure of top 20 Indian companies.
3. To analyze the gap between prescribed CSR and actual CSR spent.
4. To analyze the distribution of CSR spending among different activities as mandated by schedule VII of Indian Companies Act, 2013.

Literature review

Laura (2014) [7] investigated the CSR practices of two Maharatna businesses, Steel Authority of India Limited (SAIL) and National Thermal Power Corporation (NTPC), as well as one smaller Maharatna company. Airport Authority of India is a Miniratna company (AAI) on rural people's socioeconomic development and CSR efforts for rural areas were judged to be beneficial.

SAIL did not have a CSR policy to carry out CSR activities correctly, and the unspent amount of CSR funding was reassigned to different plants and units of SAIL rather than being carried over to the next year, according to **Kumar and Reddy (2014)[8]** who researched CSR practices in SAIL.

Omwenyo Nyameyio Enock & Kundan Basavaraji, (2013)[9] compares the CSR activities of Tata Company and ITC Company on different areas i.e. environmental friendliness, social accountability, employee's safety, human rights promotion and healthcare etc. The study also focuses on the reporting methods used by these companies. From this study, it is observed that all the two big private companies of the country are directly engaged in social responsibility in various areas, from innovation in agriculture & education to saving the environment. It is concluded that environment, education, community involvement and health care activities practiced as CSR by both companies.

Singh 2005[10] examined 200 Indian companies about the level of disclosure regarding voluntary environmental information. It was found that most reported information was related to waste management, environmental research and development, clean technology, emission to air, water and land, and compliance with environmental laws. The least reported disclosure information were environmental contingent liabilities. It concluded that disclosure was better in high polluting industries as compared to low polluting industries.

Suman Kalyan Chaudhury, Sanjay Kanti Das, Prasanta Kumar Sahoo(2011)[11], said in their study that, At present, the world over, there is an increasing awareness about Corporate Social Responsibility (CSR), Sustainable Development (SD) and Non-Financial Reporting (NFR). The contribution of financial institutions including banks to sustainable development is paramount, considering the crucial role they play in financing the economic and developmental activities of the world.

Praveen Maan[12] this article attempts to assess the current state of Corporate Social Responsibility (CSR) in India, as well as provide insight into the extent to which firms can adhere to CSR (CSR). We will attempt to shed light on Indian firms' Corporate Social Responsibility (CSR), which would be beneficial to both economic and social interests.

(Prabhavathi)[13] The study selected 41 listed banks and focuses on the key provisions of Companies Act, 2013 and on the actual spending on CSR by banking sector for financial years 2012-13 and 2015-16. The study concluded that banking sector has increased after Companies Act, 2013.

Prabhandhan[14] this paper tries to identify how Indian Companies have contributed towards CSR activities and categorize the companies on the basis of CSR activities as laid down under Companies Act, 2013.

Madhu Bala (2014)[15] the purpose of the study was to identify the CSR practices and study the Difference/ similarities in CSR practice components among 50 private Indian companies, 51 MNCs and 29 public sector companies. The study found that there is no remarkable difference in components of CSR practices of Private Indian Companies, Multinational Corporations and Public Sector Companies. The difference lies only in priority/ preference to follow CSR practices.

Kavitha S. [16] the research paper analyzed how exactly CSR activities are undertaken by the Axis Bank Foundation, and its accountability and reporting of CSR and utilization of funds towards the progress of society. The study concluded that Axis Bank is allocating the funds, identifying CSR activities and reporting the CSR activities through CSR audited report prepared by CSR committee.

Research Methodology

The study is based on Descriptive research design, consisting of review of literature collected from secondary sources particularly from concerned Annual Report, Web sites, newsletters and data from various journals.

For this study top 20 companies are selected as given in CSR journal 2019 and data is compiled from their annual reports. While compiling, data for years 2014-19 is taken into account to give a clear picture of the recent trends in the field of CSR. Data is analysed using simple statistical tools and presented in the form of figures and table.

Discussion

Every person living on the planet has a responsibility to contribute to environmental and social concerns in order to ensure a safer, richer, and more enjoyable environment for future generations. Governments, businesses, and civil society organizations must all work together to achieve these objectives. CSR is a response by businesses and corporate entities to contribute to social and environmental problems before required laws were enacted in India. CSR is not a new concept in the industry, and there are numerous examples of organizations that have made CSR contributions over the years.

According to data collected from the National CSR Portal maintained by the Corporate Affairs Ministry, the investment in CSR in the first year of its implementation was Rs. 10,066 crores contributed by 16,548 companies in the year 2014–15 to Rs.20,099 crores contributed by 25,093 companies in the year 2018-19 in India.

TABLE 1: Year wise CSR expenditure of 20 companies in different sectors

Sectors in which projects are covered	2014-15 (crore)	2014-15 (%)	2015-16 (crore)	2015-16 (%)	2016-17 (crore)	2016-17 (%)	2017-18 (crore)	2017-18 (%)	2018-19 (crore)	2018-19 (%)	Total CSR expenditure (2014-19)	%
Preventive Health care, sanitation, poverty alleviation	1925.56	49.05	1122.46	27.04	1321.93	28.82	1615.72	28.82	1935.61	28.54	7921.28	31.17
Promoting education	866.67	22.07	1246.3	30.03	1570.35	30.21	1693.67	30.21	1621.89	23.92	6998.88	27.54
Promoting gender quality, empowering women	26.17	0.66	26.36	0.63	75	0.86	48.58	0.86	56.8	0.83	232.91	.91
environment sustainability	260.54	6.63	562.62	13.5	587.81	8.94	501.054	8.94	483.11	7.12	2395.13	9.42
Protection of national heritage art & culture	25.38	0.64	162.69	3.92	235.39	1.14	63.97	1.14138	387.15	5.709916	874.58	3.44
Measures for benefit of armed forces	3	0.076421	29.46	0.709878	0.75	0.180208	10.1	0.180208	6	0.088492	49.31	0.91
Promote rural sports	35.56	0.905842	12.44	0.299758	74.09	1.823317	102.19	1.823317	114.44	1.687828	338.72	1.33
Cont. to PM's national relief fund	10.46	0.266454	0	0	0	0.602539	33.77	0.602539	150.32	2.217008	194.55	0.76
Contributions to R&D projects, public funded universities	3	0.076421	0	0	0	0	0	0	0	0	3	0.11
Rural development projects	538.78	13.72468	602.43	14.51635	701.94	15.41871	864.16	15.41871	1277.59	18.84265	3984.9	15.68
Slum area development	3	0.076421	0	0	0	0.000892	0.05	0.000892	0	0	3.05	0.01
Disaster management	3	0.076421	1.09	0.026265	0.83	0	0	0	0	0	4.92	0.01
others	264.53	6.738536	304.35	7.333717	399.76	11.81097	661.96	11.81097	662.52	9.771235	2293.12	9.02
Total	3925.63	100	4150.01	100	4951.94	100	5604.62	100	6780.31	100	25412.57	100

One of the objective is to analyse the major areas of CSR expenditure of companies under study, table 1 shows the CSR expenditure by the companies in different sectors from year 2014-15 to 2018-19. It was analysed that two major areas of CSR expenditure are preventive health care, sanitation and poverty alleviation and promoting education over the years under study. In the year 2018-19 share of expenditure on preventive health care was 28.54 percent and 23.92 percent on promotion of education. The next major sector was rural development project with 18.84 percent share in CSR expenditure in the year 2018-19. It is observed that share of expenditure on protection of national heritage, art and culture has gradually increased from 0.64 percent in 2014-15 to 5.71 percent in 2018-19. The table also shows that the companies contributed negligible amount on R&D projects, slum area development and disaster management sectors.

TABLE 2: company wise CSR expenditure for five years (2014-19) in different sectors

	MAHANADI COALFIELDS		POWERGRID		HOUSING DEVELOPMENT FINANCE CORPORATION		INFOSYS		RELIANCE INDUSTRIES LTD	
Sectors in which projects are covered	TOTAL SPENT	% OF TOTAL SPENT	TOTAL SPENT	% OF TOTAL SPENT	TOTAL SPENT	% OF TOTAL SPENT	TOTAL SPENT	% OF TOTAL SPENT	TOTAL SPENT	% OF TOTAL SPENT
Preventive Health care, sanitation, poverty alleviation	373	33.34	270.2	28.06	482.63	56.49	302.85	21.15	956.5	25.02
Promoting education	554.9	49.61	120.6	12.52	201.9	23.63	324.54	22.67	1582	41.39
Promoting gender quality, empowering women	1.91	0.171	0	0	2.78	0.325	28.12	1.964	0	0
environment sustainability	24.17	2.16	40.68	4.22	17.09	2	514.93	35.96	4.84	0.126
Protection of national heritage art & culture	10.32	0.92	363.7	37.78	5.95	0.69	84.7	5.915	30.68	0.80
Measures for benefit of armed forces	0	0	0	0	0	0	44.66	3.119	0	0
Promote rural sports	36.33	3.24	5.8	0.60	1.22	0.14	0	0	142	3.71
Cont. to PM's national relief fund	0	0	0	0	0	0	0	0	0	0
Contributions to R&D projects, public funded universities	0	0	0	0	0	0	0	0	0	0
Rural development projects	117.2	10.48	85.39	8.86	20	2.341	167.2	11.68	1071	28.01
Slum area development	0	0	0	0	0	0	0	0	0	0
Disaster management	0	0	1.29	0.134	0	0	0	0	0	0
others	0.73	0.065	66.93	6.952	4.46	0.522	39.26	2.742	4.9	0.12
TOTAL	1119	100	962.7	100	854.35	100	1431.9	100	3822	100

As table 2 shows that **Mahanadi Coalfields Ltd.** spent total of Rs. 1119 crore on CSR from 2014-15 to 2018-19 of which around 50 percent of its total CSR on promotion of education, 33.3 percent on preventive health care, poverty alleviation and sanitation programs, 10.48 percent on rural development projects. Implementing partners of Mahanadi Coalfield are NBCC services and state government for promoting education, Central Public Works Department and state government for preventive health care sector and state government for rural development. Project location for all these major areas is Odisha.

Major sectors of CSR expenditure of **Power Grid Ltd.** are Protection of National Heritage, Art and culture (37.78 percent), preventive Health Care (28.06 percent) and promotion of education (12.52 percent). Description of various projects undertaken in protection of national heritage art and culture are construction of National Heritage Centre, Taj Mahotsav and Madhubani paintings. **Housing Development Finance Corporation** spent 56.49 percent of CSR expenditure on preventive health care sector and 24 percent on promoting education. Major projects undertaken under Preventive Health care and sanitation sector are health care surgeries for children, support programs for detection, prevention of cancer and creation of sanitation infrastructure in schools and community under Swach Bharat Abhiyan.

Major areas of CSR expenditure of **Infosys Ltd.** are environment sustainability with around 36 percent share and around 20 percent on Preventive health care and promotion of education sector each. The company invested in solar infrastructure support including inverters, tracklets and transformers; water bodies rejuvenation through direct implementation in state of Karnataka, Telangana, Tamil Nadu and Odisha.

In **Reliance Industries Ltd.** maximum contribution of CSR expenditure is toward promotion of education (41.39 percent) followed by rural development projects (28percent) and preventive health care sector (25 percent). It set up Jio Institute under institutions of Eminence which is working on planning the academic program, curriculum research, and Research Centre and campus development. For rural development sector the implementing partners are Reliance foundation and gram panchayat and the projects are located in Andhra Pradesh, Gujarat, Haryana, Madhya Pradesh and Maharashtra.

Table 3 shows that **TCS** has contributed 44percent of total CSR expenditure under others category. It has contributed major amount of money to TCS foundation for social activities Pan India. Company has spent 36 percent in preventive health care sector. It runs integrated hospital management system which involve Cancer institute at Chennai and Tata Medical Centre at Kolkata.

ONGC has spent 42 percent of CSR expenditure in preventive, healthcare and poverty alleviation sector. The company invested major CSR amount in establishing in multi-specialty hospital in Assam to take care of people of North East. It spent around 22percent in others sector by investing in shore projects, Projects of exploration groups, plants and administrative office.

Major part of **Wipro's** CSR expenditure i.e. 70 percent goes in promotion of education. The company through its implementing partners Wipro Software Technology Academy and Vellore institute of technology runs different programs to assist science students for post graduate degree in engineering and technology. The other major sector in which the company has contributed is environment sustainability i.e. 28 percent. The company contributed in conservation of energy in Karnataka, Maharashtra, and Telangana. It also runs biodiversity projects like butterfly park and wetland biodiversity zone.

Indian Oil Corporation has spent 31 percent in promotion of education which includes establishment of skill development institute in 2016 with an objective to provide opportunities to unemployed and underprivileged youth of Odisha. The company also contributed for supporting Kendriya Vidyalayas. The company contributed money in Swarna Jayanti Samudayik hospital in Mathura and AOD hospital in Digboi under preventive health care sector where total CSR expenditure is 25percent.

TABLE 3: company wise CSR expenditure for five years (2014-19) in different sectors

	TCS		ONGC		WIPRO		IOC		HDFC	
Sectors in which projects are covered	TOTAL SPENT	% OF TOTAL SPENT	TOTAL SPENT	% OF TOTAL SPENT	TOTAL SPENT	% OF TOTAL SPENT	TOTAL SPENT	% OF TOTAL SPENT	TOTAL SPENT	% OF TOTAL SPENT
Preventive Health care, sanitation, poverty alleviation	760.3	36.27	1075	41.92	4.72	0.527	420.06	25.23	266.2	14.89
Promoting education	395.2	18.85	306.1	11.934	629.86	70.31	521.17	31.3	210.5	11.78
Promoting gender quality, empowering women	1.09	0.052	73.14	2.85	0	0	0	0	0	0
environment sustainability	11.06	0.528	244.7	9.539	251.79	28.11	331.08	19.88	3.42	0.19
Protection of national heritage art & culture	0.3	0.014	58.59	2.2841	0	0	134.86	8.09	0	0
Measures for benefit of armed forces	0	0	0	0	0	0	0	0	0	0
Promote rural sports	0	0	25.61	0.99	0	0	9.93	0.59	0	0
Cont. to PM's national relief fund	4.44	0.212	0	0	0	0	0	0	0	0
Contributions to R&D projects, public funded universities	0	0	0	0	0	0	0	0	0	0
Rural development projects	0	0	223.7	8.71	2.38	0.266	104.11	6.252	1336	74.80
Slum area development	0	0	0	0	0	0	0	0	0	0
Disaster management	0	0	0	0	0	0	0	0	0	0
others	923.9	44.07	555.7	21.66	0	0	0	0	0	0
TOTAL	2096	100	2565	100	895.83	100	1665.3	100	1786	100

HDFC bank spent 75 percent of its CSR in rural development sector under its Flagship program – Holistic Development Program to provide tools and means to grow and prosper to rural communities. This program cover 17 states Pan India and benefits more than 3.6 lakhs people in almost 1100 villages. The bank contributed 15 percent under preventive healthcare, sanitation and poverty alleviation sector by spending on eradication of poverty and conducting more than 1500 sanitation drives to build 22490 sanitation units.

TABLE 4: Company wise CSR expenditure for five years (2014-19) in different sectors

	REC		HINDUSTAN PETRO CORP		TATA STEEL		HINDUSTAN ZINC		BHARAT PETRO	
Sectors in which projects are covered	TOTAL SPENT	% OF TOTAL SPENT	TOTAL SPENT	% OF TOTAL SPENT	TOTAL SPENT	% OF TOTAL SPENT	TOTAL SPENT	% OF TOTAL SPENT	TOTAL SPENT	% OF TOTAL SPENT
Preventive Health care, sanitation, poverty alleviation	270.1	44.33	257.1	37.88	561.13	54.29	152.26	25.55	319	36.69
Promoting education	71.65	11.76	169.2	24.93	256.73	24.84	282.42	47.39	150.2	17.28
Promoting gender quality, empowering women	4.96	0.81	0.75	0.11	0.38	0.039	15.47	2.59	17.16	1.974
environment sustainability	86.06	14.13	143.9	21.19	29.45	2.84	9.68	1.624	45.29	5.20
Protection of national heritage art & culture	12.8	2.101	25	3.68	53.62	5.18	20.74	3.48	35	4.026
Measures for benefit of armed forces	0	0	1.65	0.24	0	0	0	0	0	0
Promote rural sports	0	0	4.39	0.64	32.79	3.17	34.37	5.767	0	0
Cont. to PM's national relief fund	100	16.41	68.19	10.04	0	0	0	0	0	0
Contributions to R&D projects, public funded universities	0	0	0	0	0	0	0	0	0	0
Rural development projects	59.33	9.73	0	0	67.2	6.50	46.46	7.79	65.42	7.525
Slum area development	0	0	0	0	0	0	0	0	0.05	0.005
Disaster management	0	0	0	0	0	0	0	0	0	0
others	6.27	1.03	108.8	16.02	32.25	3.12	40.69	6.828	195.4	22.48
TOTAL	609.2	100	678.7	100	1033.5	100	595.95	100	869.3	100

Rural Electrification Corporation Ltd. contributed 44 percent in preventive health care, sanitation and poverty alleviation sector by investing in Swachh Bharat Abhiyan by setting up of sanitation facilities in government schools, providing infrastructure support for kitchen to provide mid-day meals to school children, distribution of aids and assistive devices to 8000 disabled people. The company also contributed 14 percent under environment sustainability sector. This expenditure includes setting up LED based solar street lightings, solar micro grids, contribution to Clean Ganga fund.

HPCL contributed 37.8 percent in preventive health and sanitation sector. Various activities were undertaken in Swachh Bharat Abhiyan by creating sanitation infrastructure in schools, provision of clean drinking water. The company runs Satya Sai heart hospital and project Dhanwantari to meet basic medical needs of people living in Delhi, Karnataka, Maharashtra, Rajasthan and west Bengal. The company invested 25 percent of CSR funds in promotion of education by providing hygienic and nutritious food, education infrastructure and amenities to poor school children. The company also provide training and skill development to needy people in order to earn their livelihood.

Tata steel spent 54.2 percent on preventive health care sector under which the company runs Maternal and New Born Survival Initiative (MANSI) for pregnant women, mothers and children; Regional Initiative for Safe Sexual Health by Today's Adolescents (RISHTA); Outreach Clinical Health Care services etc. the company contributed 24.8 percent in promotion of education sector under which it has launched training projects for farmers in Jharkhand and Odisha. The company runs residential bridging school and 30 model schools.

Hindustan Zinc Ltd. Contributed 47 percent in promotion of education sector under which it spent 9.9 crore in 2018-19 in HZI Mining Academy to provide vocational training to youth. The company runs Shiksha Sambal project to create opportunities for meritorious students. The company has spent 25.5 percent in preventive healthcare sector under which it runs mobile health vans to provide affordable medical care; Angdaan Mahadan campaign organized workshops for doctors and nursing staff and other health initiatives.

Bharat Petroleum Ltd. Spent 36.6 percent in preventive health care Centre under which the company started various activities for community and children by organizing primary health care camp in 25 villages, provides affordable sanitary napkins, surgery for leprosy patients etc.

TABLE 5: company wise CSR expenditure for five years (2014-19) in different sectors

Sectors in which projects are covered	ITC		NTPC		L&T		HCL		MARUTI	
	TOTAL SPENT	% OF TOTAL SPENT	TOTAL SPENT	% OF TOTAL SPENT	TOTAL SPENT	% OF TOTAL SPENT	TOTAL SPENT	% OF TOTAL SPENT	TOTAL SPENT	% OF TOTAL SPENT
Preventive Health care, sanitation, poverty alleviation	508.4	34.73	703.9	43.95	159.37	27.08	49.52	11.02	162.8	26.40
Promoting education	230.7	15.76	394.3	24.62	256.14	43.52	196.87	43.79	235.8	38.24
Promoting gender quality, empowering women	79	5.39	3.08	0.19	0	0	2.07	0.46	0	0
environment sustainability	346	23.64	241.1	15.05	19.86	3.374	18.06	4.017	40.17	6.51
Protection of national heritage art & culture	12.65	0.86	21.77	1.35	0	0	1.42	0.316	0	0
Measures for benefit of armed forces	0	0	0	0	0	0	0	0	0	0
Promote rural sports	33.14	2.26	11.48	0.71	0	0	0	0	0	0
Cont. to PM's national relief fund	0	0	12.9	0.80	0	0	0	0	6.02	0.97
Contributions to R&D projects, public funded universities	0	0	0	0	0	0	0	0	0	0
Rural development projects	239.4	16.35	202.5	12.64	8.03	1.36	169.27	37.65	31.95	5.18
Slum area development	0	0	0	0	0	0	0	0	0	0
Disaster management	0	0	0	0	0	0	0.63	0.14	0	0
others	14.43	0.986	0	0	145.16	24.66	11.69	2.6	139.7	22.66
TOTAL	1464	100	1602	100	588.56	100	449.56	100	616.5	100

Table 5 shows that **ITC** has spent 34.7 percent of CSR in preventive health care sector. The company continues to work in preventive health care sector for improving public health and hygiene by constructing individual household toilets, 26 RO water purification plants in 2018-19, encourage healthy hygiene habits in children of 12 states under Swasth India Mission. Under rural development sector the company introduced different projects like sustainable agriculture knowledge empowerment and farm productivity enhancement by spending 16.3 percent of CSR funds during 2014-19.

NTPC spent 44 percent of CSR fund in setting up of burns unit at AIIMS Patna, AIIMS Bhubaneshwar, and King George Medical University Lucknow, Eye hospital in Dadri, Mobile Health clinics, Medical camps and dispensaries. The company contributed 24.6

percent of CSR funds in promotion of education by constructing medical college at Odisha, engineering college in MP, school and hostel in UP for Tribal children.

L&T contributed 43.5 percent of CSR funds in promotion of education under which it runs 9 skill training institute to provide free construction skill training to unorganized workforce, infrastructure support for education by providing drinking water and sanitation facilities, donation of computers and solar lamps. The company contributed 27 percent in preventive health care center. It set up multi-specialty health centers, health camps, blood donation camps etc.

HCL spent 43.7 percent of its CSR funds in promotion of education by creating an environment to provide quality education to children of UP, Delhi, Tamil Nadu, West Bengal and Karnataka.

Maruti Ltd. Spent 38 percent of CSR funds in promotion of education under which it contributed to upgradation and management of ITIs, skill enhancement in automobile trade, International Automobile Centre of Excellence. The company contributed 26 percent on preventive health care and sanitation sector under which it set up automated water dispensing units, undertaken solid and liquid waste management initiatives, sewer lines, bore wells, water tanks, portable drinking water ATMs. Etc.

TABLE 6: actual CSR expenditure Vs Prescribed expenditure for 20 companies year wise (INR CRORE)

YEAR	2014-15	2015-16	2016-17	2017-18	2018-19
ACTUAL CSR EXP.	3925.63	4150.01	4951.94	5604.62	6780.31
PRESCRIBED CSR	3477.4	4327.13	4931.17	5221.83	5997.28
%	112.8898	95.90676	100.4212	107.3306	113.0564

Table 6 shows that except in 2015-16, the companies under study have spent mostly more than their prescribed CSR. As per www.csrbox.org with increasing number of companies spending more than the prescribed amount on the CSR and in India being the first country to make CSR mandatory for long lasting social impact, there will be several learning cycles over time with this experiment. As per **India's CSR Reporting Survey, 2019 by KPMG** more than half of the companies have stated 'long term programs' or 'exploring opportunities' as the reason for not being able to spend the prescribed amount of 2 per cent CSR amount, other reasons are delay in implementation and delay in regulatory clearances.

Conclusion

While recognizing the potential benefits of Section 135 in enhancing the relationship between business and society in India, there will be some concerns and obstacles that must be addressed through the establishment of appropriate mechanisms throughout the implementation of the new CSR guidelines. First, one should be cautious about whether the new CSR Rules would create too much money, making it difficult for businesses to pick viable projects on a long-term basis. It's critical to remember that businesses must contribute 2% of their annual net income. This could put pressure on the company's management to find, select, and implement further initiatives, as well as monitor its existing CSR operations, all of which will grow in scale and scope over time.

Second, there's the question of how CSR-related expenses, which corporations may already be incurring, should be treated. Would reclassifying them as CSR expenses be sufficient to meet the legal requirements?

Can firms that operate educational institutions or large healthcare facilities for their employees in excess of what the law demands, for example, claim the additional facilities as CSR spending under Section 135? Will this be permitted if such amenities are also available to non-employees? Certain types of expenditures that firms have been spending have previously been questioned as to whether they will qualify as items toward fulfilling the defined CSR objective. In response to this, the Ministry of Corporate Affairs issued a circular dated June 18, 2014 (MCA, 2014b) specifying that "the activities undertaken in pursuance of the CSR policy must be relatable to Schedule VII of the Act and the activities mentioned in the Schedule VII must be interpreted liberally capturing the essence of the subjects enumerated therein."

Third, there's the issue of coordinating CSR projects across enterprises in a given region to avoid duplication and overinvestment in similar CSR projects. This is especially true given the Rules' recommendation that firms prioritize local communities in their CSR investment.

An examination of the distribution of CSR activities by firms under study for the years 2014-19 reveals that most corporations engage in no more than three types of activities, with the majority of them focused on education, health, and sanitation, as well as rural development projects. Smaller companies may be better suited pooling their CSR resources in cases where big investments are required, such as in hospitals and schools, as this may enable them to collectively undertake such initiatives. Formal partnerships or consortiums can be formed to improve collaboration among enterprises in a given region.

Finally, an unexpected consequence of mandatory annual CSR spending may be the accumulation of social welfare programs in and around geographical areas where larger and better performing corporations are concentrated. High amounts of CSR investment by such corporations can disproportionately help particular regions/states, while other areas with less corporate sector activity may fall farther behind. To avoid such unexpected outcomes at the macro level, a coordinating organization at the federal or state level would be required to ensure that corporate social responsibility expenditure is coordinated for the benefit of all.

To summarize, India's CSR regulations do not abdicate the government's obligation to the private sector. When measured against the government's total social sector spending, the anticipated yearly amount of CSR spending by corporations is only about 2% of what listed businesses would have spent if the Section 135 criteria were applied. Rather, the new CSR regulations should be viewed as a government effort to have the private sector play a supporting role in achieving the broader society goal of inclusive development. The flexibility granted to enterprises in picking and monitoring projects under the new CSR standards is likely to increase efficiency and effectiveness in project implementation without the CSR Rules coming into substantial conflict with the primary goal of

maximizing shareholder profit. The CSR laws appear to be well balanced in terms of social and economic incentives, and one can only hope that the private sector would readily assist the government in contributing to the nation's inclusive growth.

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