



A STUDY ON CORPORATE SOCIAL RESPONSIBILITY WITH REFERENCE TO PUBLIC SECTOR COMPANIES AND NON-PUBLIC SECTOR COMPANIES IN INDIA

Laxmi. B

Guest Faculty, Mahatma Gandhi Government College (MGGC)
Mayabunder, North and Middle Andaman
Andaman and Nicobar Island

Abstract:

The aim of this research paper is to pinpoint recent development in Corporate Social Responsibility in India. In this context, many new challenges and new concepts are adopted under CSR in India. The study's main purpose is to understand public sector and non-public sector companies' performance and their contribution. The contribution of CSR expenditure increased from 2014 to 2018 was observed during this study period. It is also noticed that the top five state CSR contributors are Maharashtra, Delhi, Karnataka, Gujarat, and Tamil Nadu in the financial year 2018-19. Therefore, it is suggested that CSR should focus more on innovation, skill enhancement, value chain building, market development, employment, local community development, and social cause. Hence, in this perspective, many firms are growing towards successful implementation of CSR and serving society through various activities for social development. Simultaneously, many companies fairly promote these CSR activities for local community development and nation buildings programs in India.

Key Word: Corporate Social Responsibility, CSR Expenditures growth in India

Introduction

Corporate Social Responsibility has become in the last twenty years an intense issue of research in Social Science. The concept of CSR was first mentioned in 1953 in the publication of “Social Responsibilities of Businessman” by William J. Bowen. However, the term CSR became only popular in the 1990s. The German Beta pharma generic pharmaceutical company decided to implement CSR. The term “CSR” is used continually, many overlapping concepts, such as corporate citizenship, business ethics, stakeholder management, and sustainability, have emerged. The main drivers for CSR have been the shrinking role of government, demands for greater disclosure, increased customer interest, growing investor pressure, competitive labor markets, and supplier relations. The companies enjoy several benefits like improved financial performance, lower operating costs, enhanced brand image, and reputation increased sales and customer loyalty, product safety, material recyclability, and greater use of renewable resources, etc. The word “company” derives from the two Latin words “cum” and “pains”, which mean “to share the food together”. CSR represents the idea of an ethical organization that has social obligations toward society. The concept of corporate social responsibility focuses on responsibility towards all stakeholders: shareholders, employees, creditors, suppliers, government, and community rather than only on the maximization of profit for shareholders. The concept of CSR has gone past donations and charity and requires the company to act on its lawful obligations and to coordinate societal, ethical, and ecological concerns into its commerce handle. Corporate Social Responsibility nowadays has become very familiar in the world of business. The concept of CSR implies that companies voluntarily integrate with social and environmental concerns. Most of the leading Corporations have sensed the importance of CSR. Corporate Social Responsibility for Indian business is a source of opportunities and Innovation and at the same time, it is the opportunity to actively contribute to sustainable development. CSR defined are as follows: According to Forbes (2010), works in two ways. The company gives back to the turn, people get to know about the company that helped them most and cater to their products and services. According to Bowen, “CSR refers to the obligations of businessmen to pursue those policies to make those decisions or to follow those lines of relations which are desirable in terms of the objectives and values of our society. In his 1991 book, Carroll Describes “Corporate Social responsibility encompasses the economic, legal, ethical and discretionary expectation that society has of organizations at a given point of time. In 2011, the Ministry of Corporate Affairs (MCA) urged businesses in India to embrace the “triple-bottom-line”

approach with respect to CSR. This entailed harmonizing the financial performance of the companies with the expectations of the society, the environment, and the many stakeholders they interface with in a sustainable manner. The CSR concept in India is governed by Section 135 of the Companies Act, 2013 along with Companies (Corporate Social Responsibility Policy) Rules, 2014, notified by the Ministry of Corporate Affairs, Government of India, outlining the criteria for CSR eligibility of a company, implementation, and reporting of their CSR Policies, and makes it mandatory for these companies to comply with the provisions relevant to CSR. In 2013, Corporate Social Responsibility (CSR) was introduced as a statutory obligation under Section 135 of the Companies Act, 2013 [15] wherein it was mandated that every company having a net worth of INR 500 crore or more, or a turnover of INR 1000 crore or more, or a net profit of INR 5 crore or more, during any financial year shall spend, in every financial year, at least 2% of the average net profits of the company made during the three immediately preceding financial years in pursuance of its CSR Policy. There are significant milestones in the evaluation of responsibility of business are as given below-

Table # 1 Significant Milestone in Evaluation of Responsibility Business

Year	Events
2009	Corporate Voluntary Guidelines released to encourage corporates to voluntarily achieve high standards of Corporate Governance
2011	Endorsement of United Nations Guiding Principles on Business & Human Rights by India
2011	National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs) released to mainstream the concept of business responsibility
2012	Securities and Exchange Board of India (SEBI) mandates top 100 listed companies by market capitalization to file Business Responsibility Reports (BRR) based on NVGs.
2013	Enactment of the Companies Act, 2013
2014	Section 135 of the Companies Act, 2013 on Corporate Social Responsibility (CSR) comes in to force.
2015	High Level Committee on CSR (HLC-2015) under the chairmanship of Shri. Anil Bajjal makes recommendations on the CSR framework and stakeholder concerns.
2015	SEBI extends BRR reporting to top 500 companies by market capitalization.
2016	Companies Law Committee reviews the recommendations of HLC-2015 for adoption.
2018	The Second High-Level Committee on CSR constituted under the Chairmanship of Shri. Injeti Srinivas, Secretary, Corporate Affairs to review the CSR framework
2018	Committee on Business Responsibility reporting constituted under the chairmanship of Shri. Gyaneshwar Kumar Singh, Joint Secretary, Corporate Affairs
2018	Zero Draft of National Action Plan on Business and Human Rights released by Ministry of Corporate Affairs

2019	National Guidelines on Responsible Business Conduct released.
2019	SEBI extends BRR reporting to top 1000 companies by market capitalization

This Research paper addresses the question of practices of corporate social responsibility in different corporate sectors in India. The paper also to know the expense of CSR companies by public and the non-public sectors. This paper will explore the elements of internal and external factors affecting CSR implementation in India.

Review of Literature:

There are several studies have been conducted on different aspects in the field of corporate social responsibility in India. Hence this research paper is different from the past studies because this study basically is focused on Public Sector and Non-Public Sector expenditure contributions towards the society and understanding its importance for economic development in India. There are six research papers are reviewed in this study as follows.

1. **Linh Chi Vo (2011)** his research work on small and medium enterprise played a crucial role in the European Economy and their unique characteristics make it far from applicable for them to employ CSR theories and practices of large corporations. This study also considerable is needed to enhance SME CSR field. The purpose of this article is to contribute to this endeavor by conducting a thorough review of the literature on the subject to propose an agenda for future research. This study also suggests that more SMEs needed to contribute for CSR in India.
2. **Reena Shyam (2016)** her research paper focused on corporate social responsibility has become a fundamental business practice and has gained much attention from the management of large international companies, the mainstreaming of CSR into business could be instrumental in delivering societal value, especially in a developing country like India. The aim of this paper is to understand of concept of CSR in India and CST initiatives in Indian forms including SMES role in CSR. Therefore, it is found that there is a need for awareness about CSR amongst the general public.
3. **Sharma H, Sharma.G and Madan P (2020)** aim of this research paper is to understand the true manner in which consumers perceive CSR, their awareness level, their intention and perception towards CSR, with special reference to ITC, a diversified conglomerate in India, which witnessed the highs and lows sticking to its Social responsibility practices. The finding of the report deals with the level of awareness among people, their intention & how CSR practices of ITC affect the buying behavior of Indian consumers. This research study was carried out to know whether the results are being received from the viewpoint of the consumers. This study shows that CSR leads to results such as improved customer loyalty, readiness to pay premium prices and lower reputational risks.

4. **Sandeep Kaur (2016)** his research paper to understand the various CSR activities carried over by the Indian Banks. The paper on corporate social responsibility by the banking companies towards the social economic development. The CSR is considered as an important instrument that provides competitive advantage and improves reputation of the business concern. The banks are engaging in CSR activities mostly in the areas of Rural Development, education, Community welfare, women and children activities. There is need for better CSR activities by the Indian Banks.
5. **Poojan Bathla (2020)** the aim of this paper is to provide an understanding the CSR concept and to analyze its development in India. This research paper analyses the impact of CSR which has been put in place by the companies act, 2013 on corporate incentives, implication for resources available, delivery of social goods and the challenges of implementing CSR. It is suggested that to overcome the challenges and also resulting into its effective implementation.
6. **Nurhayati Sembiring (2019)** this research paper about Corporate Social responsibility still has a limitation in CSR. To improve the social and organizational environmental or sustainability performance. Sustainability has become increasingly significant in to the study of business over the past decades. The review of CS research to relational perspective for coordination, communication, and collaboration among those stakeholders. The concentrating on the part and significance of corporations as representative of the change in present globalized societies. In the above literature it is found that most of the studies focused on the challenges of CSR and CSR activities of Indian Banks in this context. This research paper tries to understand public and non-public sector contributions towards expenditure for national buildings in India. In this view various objectives are framed for this study as follows.

Objective of the Study

1. To understand the concept and recent development in Corporate Social Responsibility
2. To examine the CSR practices and their impact on Companies in India
3. To suggest various challenges faced by CSR in India.

Research Methodology:

This research paper is based on secondary sources of data have been collected from the Ministry of Corporate Affairs, journals, research articles, and government annual reports. The secondary sources of data are collection from 2014 to 2019. This research papers us of statistical tools such as percentage and trend line to show growth rates.

Analysis and Interpretation:

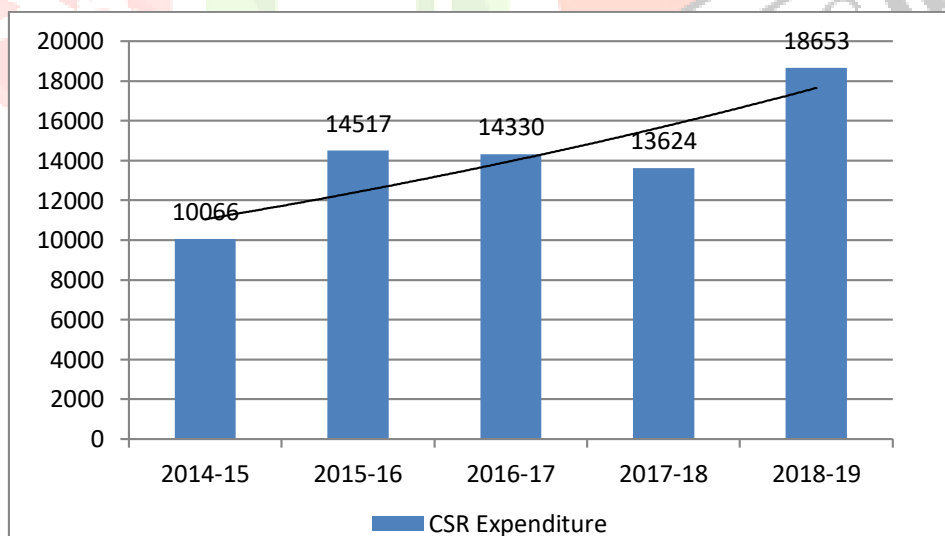
This section of the study deals with analysis and interpretation. This section is to understand the expenditure of corporate social responsibility for the period from 2014 to 2019 in India. CSR use in different activities such as education, health, infrastructure, waste management works, and many awareness programs will benefit common people and uplifting social and economic development were recognized for last few decades all over globally. Therefore many countries are focused on CSR for welfare development purposes. The below shows an expenditure of Corporate Social Responsibility details is as follows.

Table # 2 Corporate Social Responsibility Expenditure in India

Year	CSR Expenditure (In Crores)
2014-15	10066
2015-16	14517
2016-17	14330
2017-18	13624
2018-19	18653

(Source: Ministry of Corporate Affairs, period from 2014 to 2019)

Figure # 1: Corporate Social Responsibility Expenditure in India



The above Table # 1 reveals the performance of corporate social responsibility in India. FY 2014-15 reveals Rs.10,066 crores expenditure for various welfare purposes. In the subsequent FY, 2015-16 up to Rs.14,517 is recorded. In the financial year, 2018-19 new heights touched CSR expenditure to Rs. 18,653 crores. The Corporate Social Responsibility expenditures in India between 2014 to 2019, CSR spending across the country recorded a growth rate of more than 85%, compounded annually. As per the Ministry of Corporate Affairs more than Rs. 71,190 crores were spent under CSR initiatives from the financial year 2014-15 to FY 2018-19, out of which more than 78 percent was focused on five sectors like education about 30 percent, Health Care 17 percent, Rural Development 11 percent, Environment Sustainability 7 percentage, and poverty, eradicating Hunger, Malnutrition 6 percentage. During this study period of five years, corporates have contributed a cumulative of Rs.71,000 crores to corporate social responsibility in India. During this period it is noticed that expenditure on CSR increased from 2014 to 2018 CSR expenditures of more than Rs.18,653 Crores were recorded. From the above trend line, it is evidence that expenditure on corporate social responsibility is consistent with growth recorded in India.

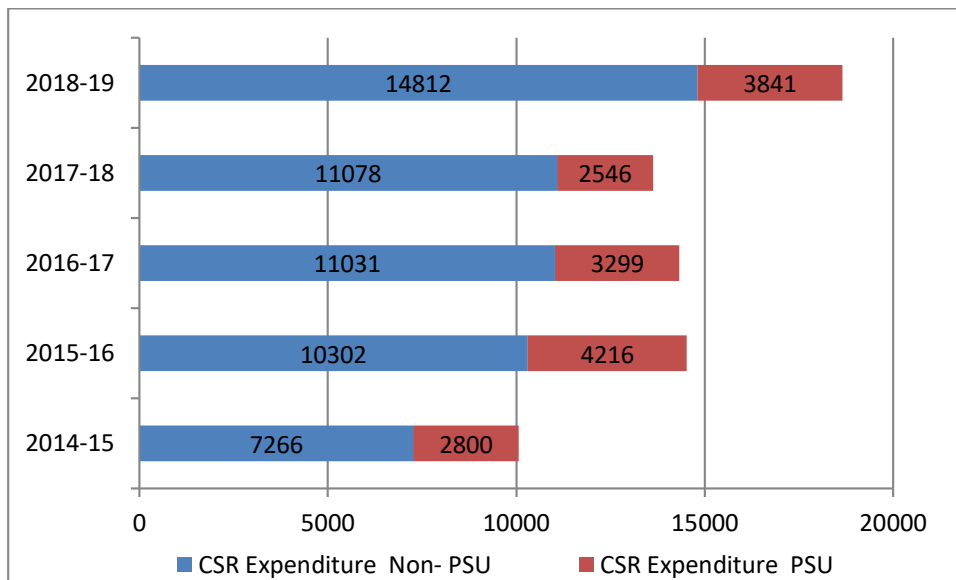
Performance of CSR by Non-PSU and PSU in India

This section of the study based on performance of Corporate Social Responsibility of Non- PSU and PSU in India. During the period from 2014-15 to 2018-19. The details of CSR expenditure are as follows.

Table # 3 Performance of CSR : Non-PSU and PSU

Year	CSR Expenditure (In Crores)	
	Non- PSU	PSU
2014-15	7266	2800
2015-16	10302	4216
2016-17	11031	3299
2017-18	11078	2546
2018-19	14812	3841

(Source: Ministry of Corporate Affairs)

Graph # 2 CSR - Non-PSU and PSU in India

From the above table # 3 shows the performance of CSR expenditure by Non-PSU and PSU in India for the period from 2014 to 2019. The CSR spent by the private sector has doubled since FY 2014-15 has seen the highest growth 19 percent over the last four years. The CSR spending by central and state government companies have grown by 8.2 percent over the same period. It is observed from the above evidence that Non- government companies i.e. private sectors contribute to 79 percent of CSR expenditures in the FY 2018-19 is 19 percent was contributed by the Union Government companies and another 1.5 percent was contributed by State Government Companies. The CSR expenditure for PSU and Non-PSU companies was Rs. 1.33 crores in FY 2018-19. The listed companies contributed to 61 % of CSR expenditure in FY 2018-19 while the share of unlisted companies has consistently improved from 33 % in FY 2014-15 to 39 % in FY 2018-19. The large contributor companies from this group include IOCL, ITC, Tata Steel, Wipro Limited, BPCL, NMDC, HPCL, oil India, Hindustan Zinc, and L& T with each contributing Rs. 100 crores and above. The top five state CSR contributors are Maharashtra, Delhi, Karnataka, Gujarat, and Tamil Nadu. From 2014 to 2019 CSR expenditure of Non- PSU recorded at 7,546 crores and CSR Expenditure of PSU is 1,041 crores increased. This shows that Non- PSU consistently increased compared to PSU companies in India.

Conclusion and Suggestion:

The research paper concludes that expenditures of Corporate Social Responsibility of India consistently improved were recorded during the study period. It is also found from the study that private companies contribute to CSR more than government companies in India. From this study, it is also clear that there is a need for spreading awareness about the effective implementation of CSR for businesses to develop on a sustainable basis. Many firms are growing towards successful implementation of CSR and serving the society through various activities, many companies have now realized the relevance of the CST and towards effective implementation steps towards society uplifting. The CST plays a great role in solving social problems like education opportunities, medical management, and other problems in India. Thus many companies serve society economically and sustainably to uplift the current and bring a change on a large scale. Hence, CSR provides social benefits along with company recognition and national growth.

Reference:

1. Nurhayati Sembiring (2019) Corporate Social Responsibility to improve Environmental and Social Sustainability Performance: A Review and Research Direction, International Conference on Natural resources and Technology
2. Reena Shyam (2016), An analysis of Corporate Social responsibility in India, International Journal of Research Granthaalayah, Volume.4, May 2016
3. Poojan Bathla (2020) Corporate Social Responsibility Implementation in India Opportunities and Challenges, Annual International Conference Proceedings,
4. Sandeep Kaur (2016) A study on corporate Social Responsibility in Indian Banking Sector, International Journal of Current Research, Volume 8
5. Sharma H, Sharma.G and Madan P (2020) A study of Corporate Social responsibility and Consumer Behavior with special reference to ITC, Journal of Xi'an University of Architecture and Technology
6. Linh Chi Vo (2011). Corporate social responsibility and SMEs: a literature review and agenda for future research. Problems and Perspectives in Management, 9(4)
7. NITI Aayog, Social Impact Assessment of Corporate Social Responsibility in India, Evaluation Period FY 2014-15, April 2021, www.niti.gov.in
8. India's CSR reporting Survey, 2019, www.home.kmgm/in