

CSR OUTLAY: AN ANALYTICAL STUDY OF INDIAN COMPANIES

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Abstract:

Indian companies practice Corporate Social Responsibility for more than the decades. CSR become a popular concept in India. Companies should spend on CSR as a community obligation and not as a compulsions and fear. Companies should not restrict their spending on traditional social welfare projects. In India CSR is in a very much budding stage. This research paper focuses on the CSR spending of two hundred and fifty companies. Study also highlights theme based spending across all the sectors and finally focused on top ten CSR spending companies and concluded paper with findings and some valuable suggestions.

Keywords: CSR, Corporate Social Responsibility, Environment, Sustainability, Development.

INTRODUCTION

Corporate Social Responsibility is not a new concept in India, however, the Ministry of Corporate Affairs; Government of India has recently notified the Section 135 of the Companies Act, 2013. As per which, the companies having Net worth of INR 500 crore or more; or Turnover of INR 1000 crore or more; or Net Profit of INR 5 crore or more during any financial year shall spend 2% of the average net profit for the last 3 years towards the specified CSR projects. These projects include education, healthcare and sanitation, poverty alleviation, women empowerment, rural and slum area development, Water Supply including Drinking Water, Sports and Culture etc.

LITERATURE REVIEW

Brundtland (1987) defined sustainable development as– “development that meets the needs of the present generation without compromising the ability of future generations to meet their own needs.” The research conducted by American Marketing Association (AMA) in 1991 concluded that 58% of environment- related advertisements possessed at least one misleading green claim. The Green Gap Survey of 2008 conducted on over 1000 American adults by Cone LLC and The Boston College Center for Corporate Citizenship (2008) found that 40% consumers prefer environment-friendly products and 48% consumers believe that the products advertised as green have positive impact on environment.

According to a research by Brennan and Binney (2008) marketers prefer profits over environmental interests. Thus there is a need for marketers to be environment-oriented and think beyond profits. It is observed that whenever an environmental disaster occurs, the firms intensify their CSR and green marketing initiatives in order to enhance their public image. Cherry and Sneirson (2011) executed a case study on British Petroleum's infamous oil spill and demonstrated that the company was indulged into false advertising and securities fraud as it could not provide sufficient evidence for its so called environmental and social claims.

SCOPE OF THE STUDY

Scope of the study is to provide a corporate-wise data on major CSR spending in the country and to identify the major sectors that CSR targets. The present study covers data of financial year 2015 -16. Study focused only on major spending by ten top companies on CSR during the selected period of study. The scope was expanded to also look into the systemic bottlenecks in accessing information on CSR and assess transparency levels of CSR information available in public domain.

OBJECTIVES OF THE STUDY

1. To study the prescribed CSR and the actual CSR of select Indian companies

2. To analyze the Theme based CSR spending of select Indian companies
3. To highlight the CSR performance of top 10 Indian companies

RESEARH METHODOLOGY

In the present study 250 companies were selected on the basis of the prescribed CSR spending for FY 2015-16 more than rupees 1 Cr. These companies represent all the sectors as per the BSE listing in the sample size. One of the immediate problems faced for undertaking such a study was that very little data is available on CSR. Data required for the study has been collected from secondary sources such as books, magazines, annual reports; research papers etc. A major problem faced while analyzing the CSR spending has been lack of information on actual spending by the corporate, hence methodology was developed to measure the transparency that each organization practices in disclosure of spending of CSR, its scope and work done during a financial year.

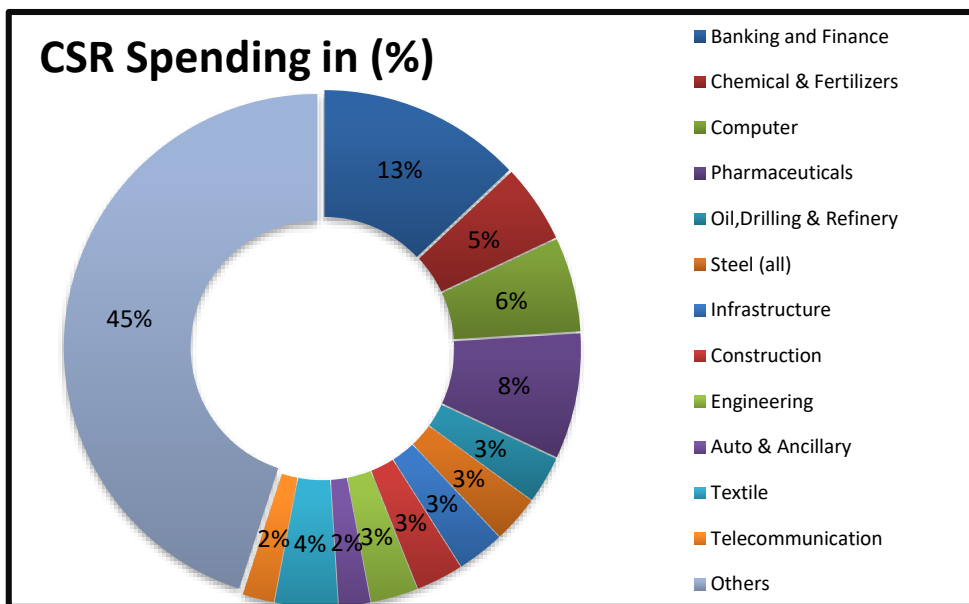
DATA ANALYSIS

Table 1. Sector wise CSR Spending (%)

SECTOR	CSR Spending in (%)
Banking and Finance	13
Chemical & Fertilizers	5
Computer	6
Pharmaceuticals	8
Oil,Drilling & Refinery	3
Steel (all)	3
Infrastructure	3
Construction	3
Engineering	3
Auto & Ancillary	2
Textile	4
Telecommunication	2
<i>Others</i>	<i>45</i>
TOTAL	100

Source: Secondary Data:

Chart No. 1 Showing Sector wise CSR Spending (%)



Source: Secondary Data:

Above table shows sector wise spending on CSR projects. 55% spends in the key sectors and remaining 45% in other sectors.

Table 2: CSR Details

Public Sector Enterprises (Nos)	22
Private Sector (Nos)	228
Companies in the study (Nos)	250
Actual CSR spends by PSU's	642 (Cr)
Actual CSR spends by private sector	1498(Cr)
Projects implemented (Nos)	2862

Sources: Secondary Data

Table 2 shows spending on CSR by Public and private sector. It is clear from the above table that 22 companies are from public sector and remaining 228 companies are from private sector. Similarly rupees 642 (Cr) spent on public sector undertaking and rupees 1498 (Cr) spent on private sector. Total projects implemented in PSU and Private sector are 2862.

Table No. 3

Prescribed CSR (Cr)	7143
Actual CSR spend (Cr)	6578
Actual CSR spend in percentage (to prescribed CSR)	92.10%

Source: Secondary Data

Table 3 highlights the prescribed amount on CSR and the actual amount spent on various CSR projects during the 2015-16. Rupees 7143 cr prescribed on CSR spending but actual amount spent on CSR rupees 6578 cr which is 92.10% of prescribed limit.

Table No. 4

CSR Spent Range	No. of companies
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More than the prescribed CSR	93
Exactly as prescribed	52
66% to 99% of the prescribed	47
33% to 66% of the prescribed	39
Less than 33% of the prescribed	19
TOTAL	250

Source: Secondary Data

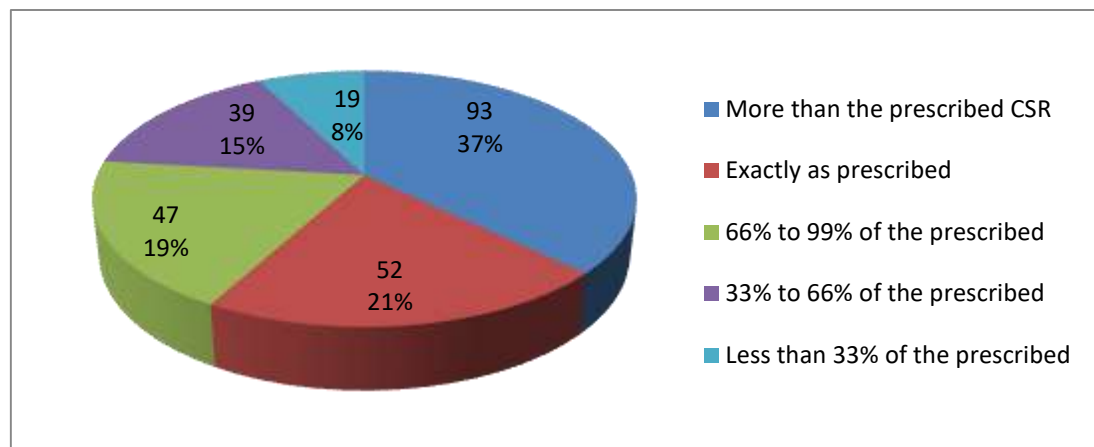


Chart No 4

58% of the companies have spent either exactly as the prescribed CSR or more than the prescribed CSR. This is a good sign. This indicates that companies have become serious about the CSR and they are endeavoring to match the prescribed CSR requirements with the actual CSR spend. 19% companies have spent in the range of 66% to 99%. 15% spent in the range of 33% to 66% and 8% companies have spent less than 33%.

Table 5: Showing Top Ten Companies CSR Spending (INR Cr)

COMPANY	ACTUAL CSR SPENT	PRESCRIBED CSR
ICICI Bank Ltd	172	212
Power Finance Corp Ltd	196	145
Infosys Ltd	202	256
Development Corporation	210	193
Tata Steel	213	150
ITC Ltd	248	247
Tata Consultancy Services Ltd	294	360
Oil & Natural Gas Corp Ltd	421	594
NTPC Ltd	492	350
Reliance Industries Ltd	652	558
TOTAL	3100	3064

Source: Secondary Data

These 10 companies together spent 3100 Cr in CSR while their prescribed CSR was 3064 Cr. This is more than what is prescribed in Section 135. In 2015-16, five companies, out of the top 10, spend more than the prescribed CSR. This shows that companies are ready to raise the bar for CSR projects.

Table No. 6 Theme-wise number of projects

THEMATIC AREA	NO. OF PROJECTS	INR CR.
Poverty Alleviation and Healthcare	876	2142
Education and Skills Development	1189	2073
Women Empowerment	171	167

Protection of National Heritage, art and culture	87	83
Benefits to armed forces veterans, war widows	16	7
Environmental sustainability	345	559
Technology incubators within academic institutions	15	12
Rural sports, Paralympics and Olympic sports	88	159
PM Relief Fund and Others	44	162
Rural Development projects	206	771
Urban slum development	10	7

Source: Secondary Data

The above table highlights the theme based CSR spending and also numbers of projects under taken under each theme. Companies undertook maximum CSR project on education and skill development and alleviation of poverty and healthcare. Second highest spending is on rural development projects and environment sustainability. Companies spend more than 150 cr and less than 200 cr on Women empowerment, promotion of rural sports and Prime Minister Relief funds. 83 cr spend on protection of national heritage and art and culture and on remaining projects companies spend less than 10 cr.

FINDINGS

- 32% of the CSR spending is in finance, Fertilizers, IT and Pharma sectors.
- Maximum companies in the study are from private sector.
- Total CSR projects under took by 250 companies are 2862
- Maximum amount on CSR is spent by private sector.
- Actual amount spent on CSR rupees 6578 cr which is 92.10% of prescribed limit.
- 93 companies have spent on CSR more than their prescribed limit.
- Five companies, out of the top 10, spend more than the prescribed CSR
- Companies undertook maximum CSR project on education and healthcare.

CONCLUSION

CSR is an excellent social and development program which will benefit millions of people who are below poverty line. However, many companies as well as several NGOs who are responsible to implement the schemes are still not well conversant with how to execute the projects. Government should create awareness about the social responsibilities of business as well as every individual who is not bother about environment and totally forgotten his responsibilities towards nation and fellow citizens. Instead compulsory and mandatory CSR if company considers CSR as their commitments to the society than it will really have sense of responsibilities and their accountability.

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