



Analysis and Impact of the Sustainability CSR Projects Undertaken by Maharatna Companies

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Abstract: *Corporate Social Responsibility (CSR) is an integral part of the corporate culture in India and the world for numerous reasons. The Government of India, while implementing the rules concerning Corporate Social Responsibility, has paid attention to the problems faced by India in the areas of environmental sustainability while focusing on the conservation of resources and framed guidelines based on the 17 Sustainable Development Goals (SDGs) issued by the United Nations as part of the 2030 Agenda.*

Keywords: CSR, Maharatna Companies, Environmental Sustainability, Conservation of Resources

INTRODUCTION: Corporate Social Responsibility (CSR) can be defined as the responsibility or obligations toward society. Businesses have taken the concept of Gandhian trusteeship to the next level with the advent of Corporate Social Responsibility, Business Social Responsibility, and Sustainable Growth. Governments worldwide have also shown proactive behaviour to ensure that businesses undertake CSR activities and add value to society or benefit the various occupants of society.

Corporate Social Responsibility is seen as synonymous with sustainability in most cases. However, they are very different from each other and cannot be interlinked as CSR deals with the responsibility of the business to provide for society as it cannot survive without society. At the same time, sustainability is the attitude of the business to act in a way that it consumes resources or carries on its activities while ensuring that the needs of future generations are fulfilled. Therefore, CSR can be directed toward sustainability; however, sustainability cannot be termed CSR.

OBJECTIVE OF THE STUDY: To examine and evaluate the reach of Corporate Social Responsibility projects for environmental sustainability and conservation of resources. To overview the environmental sustainability projects taken up or completed by Maharatna companies in India in the last five financial years (2015-16 to 2020-21).

RESEARCH METHODOLOGY: The data for the study is collected from published data in the form of Annual Reports, CSR Reports, Board Reports, and Government Department publications. Secondary Data has been relied on for the study as it is certified by professionals before publication, and the same is used for compliance filings. The sample taken is the set of Maharatna Companies in India.

CSR SPENDING IN INDIA: Schedule VII of the Companies Act 2013 deals with how a company is required by law or voluntarily wishes to spend on CSR activities. The Schedule gives a generic list of activities based on which CSR Projects can be designed or approved by a company. Activities which may be undertaken by the companies in their CSR Policies Activities relating to:

- (i) Eradicating hunger, poverty and malnutrition, "promoting health care including preventive health care" and sanitation including contribution to the Swachh Bharat Kosh set-up by the Central Government to promote sanitation] and make available safe drinking water.
- (ii) promoting education, including special education and employment enhancing vocation skills, especially among children, women, the elderly and the differently-abled and livelihood enhancement projects.
- (iii) promoting gender equality, empowering women, setting up homes and hostels for women and orphans, setting up nursing homes, daycare centres and other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups.
- (iv) ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining the quality of soil, air and water [including contribution to the Clean Ganga Fund set up by the Central Government for rejuvenation of river Ganga].
- (v) protection of national heritage, art and culture, including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional art and handicrafts;
- (vi) measures for the benefit of armed forces veterans, war widows and their dependents;
- (vii) training to promote rural sports, nationally recognized sports, Paralympic sports and Olympic sports
- (viii) contribution to the prime minister's national relief fund or any other fund set up by the central govt. For socio-economic development and relief and welfare of the scheduled caste, tribes, other backward classes, minorities and women;
- (ix) Contribution to incubators funded by the Central Government or State Government or any agency or Public Sector Undertaking of the Central Government or State Government, and contributions to public-funded Universities, Indian Institute of Technology (IITs), National Laboratories, and Autonomous Bodies (established under the auspices of Indian Council of Agricultural Research (ICAR), Indian Council of Medical Research (ICMR), Council of Scientific and Industrial Research (CSIR), Department of Atomic Energy (DAE), Defence Research and Development Organisation (DRDO), Department of Science and Technology (DST), Ministry of Electronics and Information Technology) engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs).
- (x) rural development projects
- (xi) slum area development

As we can see, the focus has been kept on developmental activities in line with the 2030 Agenda adopted by the U.N. and the supporting Sustainable Development Goals (SDGs). A major push is given towards activities that could help enhance the speed and quality of solutions for India's economic and social problems. The Schedule aims to allow companies to have the freedom to choose their area of choice for the implementation of CSR and, at the same time, ensures that all the activities lead to the benefit of the economy while keeping in mind social welfare.

The Schedule VII of the Act contains a point for the special mention of Rural Development Projects. However, there are no additional details about the provisions in the Schedule, meaning that the companies can choose and design any rural development project as it deems fit. However, the companies are advised to focus on the local area first and then cover any areas within India where they can undertake such CSR activities.

Before enacting the guidelines and legislation on CSR, a few Indian companies indulged in CSR activities. The roots of CSR can be found long ago in the 19th Century when the first business house belonging to the Tatas set up a social development fund. Similar practices were followed by other businesses in the 20th Century, with central Public Sector Enterprises (PSEs) adopting business policies enabling them to contribute to social welfare. The thought that motivated these actions was that contributing to

social welfare is an implementation of the Gandhian concept of trusteeship and that such an action of the company would help create goodwill in the eyes of the public, thus benefiting them in the long run.

After implementing the rules and guidelines for CSR, some large companies have emerged as the top spenders on CSR activities. The businesses already engaged in CSR activities chose to voluntarily adopt the guidelines immediately after publication to allow greater transparency in their operations. More companies fell into the CSR reporting ambit after the mandatory recommendations of SEBI were notified. However, the Companies Act 2013 covered many companies, and CSR activities increased along with the expenditure.

MAHARATNA COMPANIES IN INDIA: India's Central Public Sector Enterprises (CPSEs) are placed under three main categories on the basis of their financial autonomy. These categories include Maharatna, Navratna, and Miniratna. The Maharatna companies in India are those enterprises that have an investment ceiling of Rs. 5,000 crores. Such companies can invest 15% of their net worth in a project. They do not have to seek explicit government approval for this purpose.

The Government of India formed the category of Maharatna firms in 2010 to provide companies with greater financial autonomy and help them compete in the global market. As these companies are of a higher category, the government increased their investment ceiling to ₹5,000 crores, and the companies can invest up to 15% of their net worth in a project. To be a part of the Maharatna company list, a company in India has to fulfil at least one of the three eligibility conditions as mentioned below:

- The company must have an average annual net profit of more than ₹5,000 crores during the last three years.
- The average annual net worth of the company should be ₹15,000 crores during the last three years.
- The company's average annual turnover must be ₹25,000 crores during the last three years.

CSR SPENDING OF MAHARATNA COMPANIES: During the five years this study covers, PSUs have spent Rs. 20,487.40 crores on CSR activities all over India.

Year	2016-17	2017-18	2018-19	2019-20	2020-21	TOTAL
CSR Spend	3,296.03	3,650.48	4,215.00	5,270.19	4,055.70	20,487.40

Table 1: CSR Expenditure of all PSUs in India (in Rs. Crore)

The Maharatna Companies have spent Rs. 10,815.07 crores on CSR projects during the same period starting from 2016-17 to 2020-21. This amounts to 52.79% of PSU spending during the five years. It shows that Maharatna companies constitute a majority of the PSUs accountable for contributing to CSR activities in India under the regulations of the Companies Act 2013.

	Name of the Maharatna Company	2020-21	2019-20	2018-19	2017-18	2016-17	TOTAL
1	National Thermal Power Corporation (NTPC)	418.87	304.92	285.46	241.54	277.81	1528.6
2	Oil and Natural Gas Corporation (ONGC)	538.77	582.35	586.85	503.44	535.67	2747.08
3	Steel Authority of India Limited (SAIL)	47.18	27.56	31.18	25.7	29.04	160.66
4	Bharat Heavy Electricals Limited (BHEL)	20.18	35.11	16.01	7.36	37.48	116.14
5	Indian Oil Corporation Limited (IOCL)	342	518.49	468.15	331.01	217.1	1876.75
6	Hindustan Petroleum Corporation Limited (HPCL)	129.97	182.24	159.81	156.87	107.9	736.79
7	Coal India Limited (CIL)	95.4	172.31	27.53	24.31	13.64	333.19
8	Gas Authority of India Limited (GAIL)	146.95	122.73	119.3	91.65	72.38	553.01
9	Bharat Petroleum Corporation Limited (BPCL)	136.25	345.55	178.19	165.98	77.44	903.41
10	Power Grid Corporation of India (POWERGRID)	240.48	346.21	195.51	157.99	147.27	1087.46
11	Power Finance Corporation	187.84	97.15	100.5	118.18	268.31	771.98
	TOTAL	2303.89	2734.62	2168.49	1824.03	1784.04	10815.07

Table 02: CSR spending of Maharatna companies during 2016-17 to 2020-21

As per the regulations, 2% of the average of the past three years' profits is prescribed as the CSR spending for the companies. Therefore, it is essential to identify the amount that the Maharatna companies successfully spend out of the prescribed amount in order to understand their ability to plan and manage CSR activities.

The utilization of the funds ranges from 48% to more than 2000% in the chosen sample of Maharatna companies during the five years. This is due to various factors, such as the occurrence of losses in a few corporations and the long-term belief of the corporations to engage in activities that will benefit society voluntarily, allowing them to plan and coordinate their CSR spending to be well-managed and independent of the CSR regulations.

Maharatna companies being Public listed undertakings of the government, have been the target of the voluntary CSR guidelines issued by the Department of Public Enterprises in 2009. Most of them even reported their CSR projects as part of the International reporting standard of issuing a Sustainability Report before introducing any guidelines in India. This gave them more exposure to the various practices that could be undertaken and allowed them to take greater control of their management and approval of CSR projects.

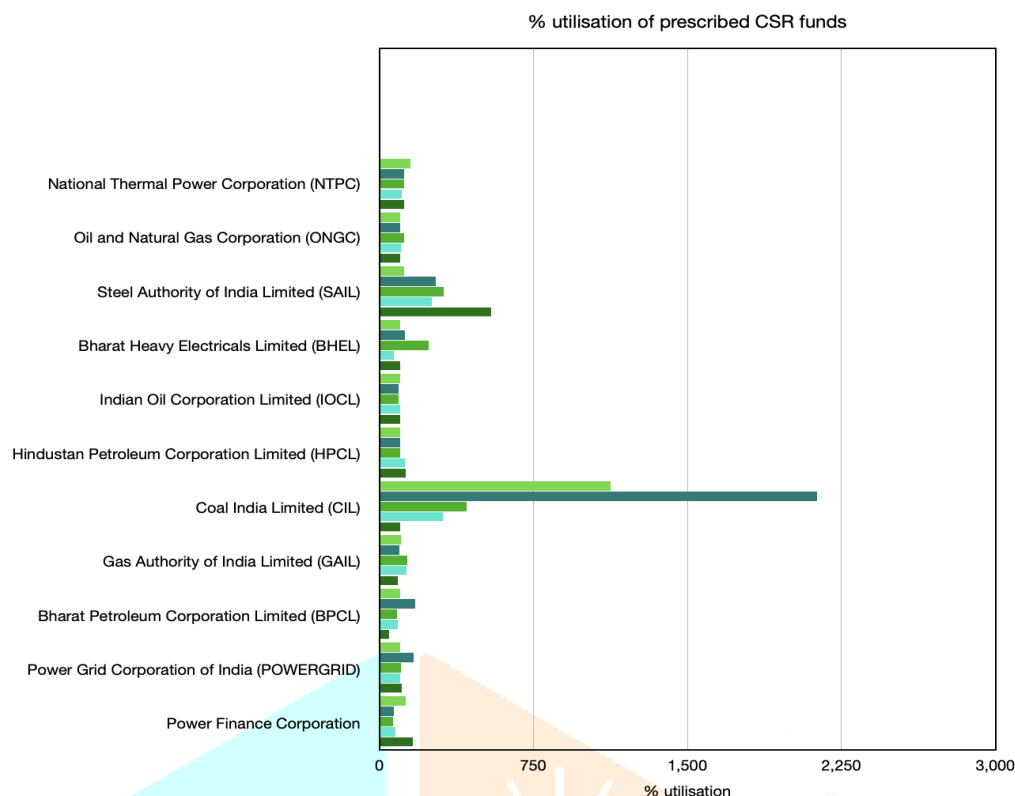


Figure 1: Utilization of the prescribed CSR by the Maharatna companies

ENVIRONMENTAL SUSTAINABILITY & CONSERVATION OF RESOURCES:

The 17 Sustainable Development Goals (SDGs) adopted by the United Nations form the basis of the areas in which CSR activities are permitted to be undertaken as per the regulations of the Companies Act 2013. In addition, there are 6 SDGs directed towards the betterment of the environment and ensuring sustainability in the current generation's actions while being responsible for the requirements of future generations. SDG 7 calls for Affordable and Clean Energy, SDG 11 for Sustainable Cities and Communities, SDG 12 for Responsible Consumption and Production, SDG 13 for Climate Action, SDG 14 for life below water and SDG 15 for life on land. All these are part of the 2030 Agenda for Sustainable Development.

Year	2016-17	2017-18	2018-19	2019-20	2020-21	TOTAL
CSR Spend	429.53	515.99	439.01	477.96	103.63	1,966.12

Table 3: CSR Expenditure of all PSUs in India on Environmental Sustainability and Conservation of Resources (in Rs. Crore)

Taking guidance from the SDGs mentioned above, Corporations in India have spent significantly on ensuring environmental sustainability and undertaken activities to conserve resources.

In the five years, Rs. 1966.12 Crores was spent on this goal by the PSUs in India engaged in CSR activities. This accounted for nearly 10% of the total CSR expenditure incurred by the PSUs during the study period.

Name of the Maharatna Company	2020-21	2019-20	2018-19	2017-18	2016-17	TOTAL
National Thermal Power Corporation (NTPC)	33.41	73.2	42.51	56.22	35.33	240.67
Oil and Natural Gas Corporation (ONGC)	1.53	16.7	7.17	69.46	165.05	259.91
Steel Authority of India Limited (SAIL)	0.48	1.05	0.99	0.99	0	3.51
Bharat Heavy Electricals Limited (BHEL)	0.4105	0	0	0.02	0.61	1.0405
Indian Oil Corporation Limited (IOCL)	0	75.37	86.37	83.51	45.34	290.59
Hindustan Petroleum Corporation Limited (HPCL)	0	27.22	56.82	25.27	16.58	125.89
Coal India Limited (CIL)	1.31	50.32	26.75	0	10.29	88.67
Gas Authority of India Limited (GAIL)	1.763	1.85	0	0	0	3.613
Bharat Petroleum Corporation Limited (BPCL)	0.67	33.64	1.06	0.67	0	36.04
Power Grid Corporation of India (POWERGRID)	0	0	16.7413	5.8792	0.86	23.4805
Power Finance Corporation	0	97.15	100.5	118.18	0	315.83
TOTAL	39.5735	376.5	338.9113	360.1992	274.06	1389.244

Table 04: CSR expenditure of Maharatna Companies on Environmental Sustainability and Conservation of Resources (in Rs. Crore)

The Maharatna Companies, on the other hand, have managed to spend Rs. 1389.24 Crores during the five years on environmental sustainability and conservation of resources. This accounts for almost 70.66% of the total PSU spending on the same category of activities. This shows that the contribution of the Maharatna companies is significant and shows their recognition of the need to spend on the sustainable development of themselves and society.

Name of the Maharatna Company	2020-21	2019-20	2018-19	2017-18	2016-17	TOTAL
National Thermal Power Corporation (NTPC)	33.41	83.38	52.83	59.04	60.58	289.24
Oil and Natural Gas Corporation (ONGC)	1.53	17.88	27.75	91.9	197.39	336.45
Steel Authority of India Limited (SAIL)	0.62	1.05	1.84	2.2	0	5.71
Bharat Heavy Electricals Limited (BHEL)	0.5	0	0	0.02	0.63	1.15
Indian Oil Corporation Limited (IOCL)	0	110.54	85.83	89.53	56.91	342.81
Hindustan Petroleum Corporation Limited (HPCL)	0	27.22	56.82	25.27	16.58	125.89
Coal India Limited (CIL)	0	50.32	26.75	0	6616.91	6693.98
Gas Authority of India Limited (GAIL)	2.363	1.85	0	0	0	4.213
Bharat Petroleum Corporation Limited (BPCL)	3.07	69.34	6.04	5.57	16.55	100.57
Power Grid Corporation of India (POWERGRID)	0	0	3692.77	10.6508	1.31	3704.7308
Power Finance Corporation	0	97.15	279.38	249.41	0	625.94
TOTAL	41.493	458.73	4230.01	533.5908	6966.86	12230.683
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Table 05: CSR projected outlay of Maharatna Companies on Environmental Sustainability and Conservation of Resources (in Rs. Crore)

The Maharatna Companies have chosen various projects on which they have spent significant amounts during the five years, either through their extensions or through the use of agencies or have contributed towards approved funds that would support the development of sustainable means of production and conservation of the environment as well as the resources. As a result, the total projected outlays are around 12,230.68 Crores which is approximately 20% greater than the aggregate spending of the Maharatna companies during the five years.

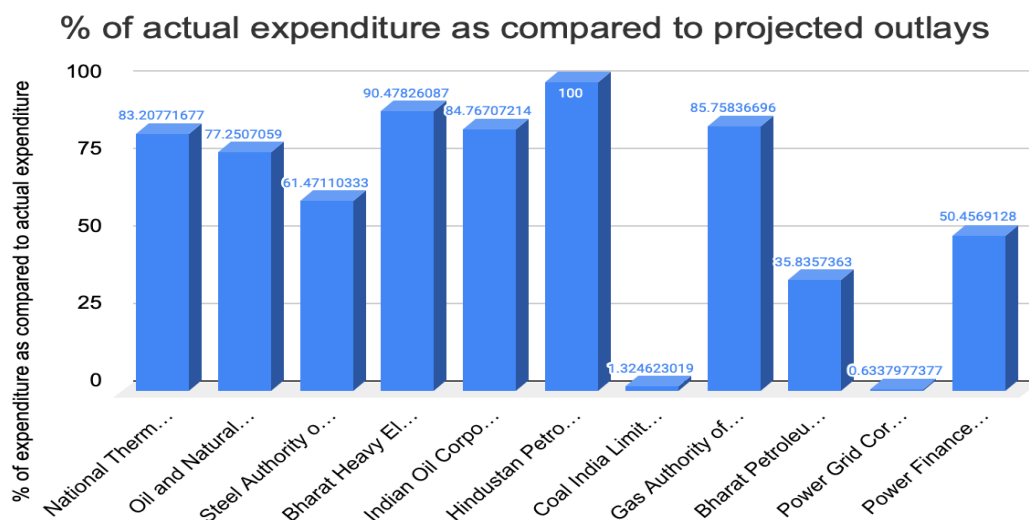


Figure 2: Comparison of Actual Expenditure with Projected outlays for CSR projects undertaken by Maharatna companies in Environmental Sustainability & Conservation of Resources

As visible in the Figure above, in comparing the actual expenditure on environmental sustainability and conservation of resources, Maharatna companies have been able to spend only 11.36% of the total projected outlay on these activities. Many corporations have engaged in large-scale projects that would take years to acquire or construct and yet will provide long-term solutions for sustainability problems. Several research and development projects are also undertaken to improve production processes and increase output without increasing the use of resources. Some other short-term projects are also undertaken that will provide immediate benefits to society.

Environmental Sustainability and Conservation of Resources

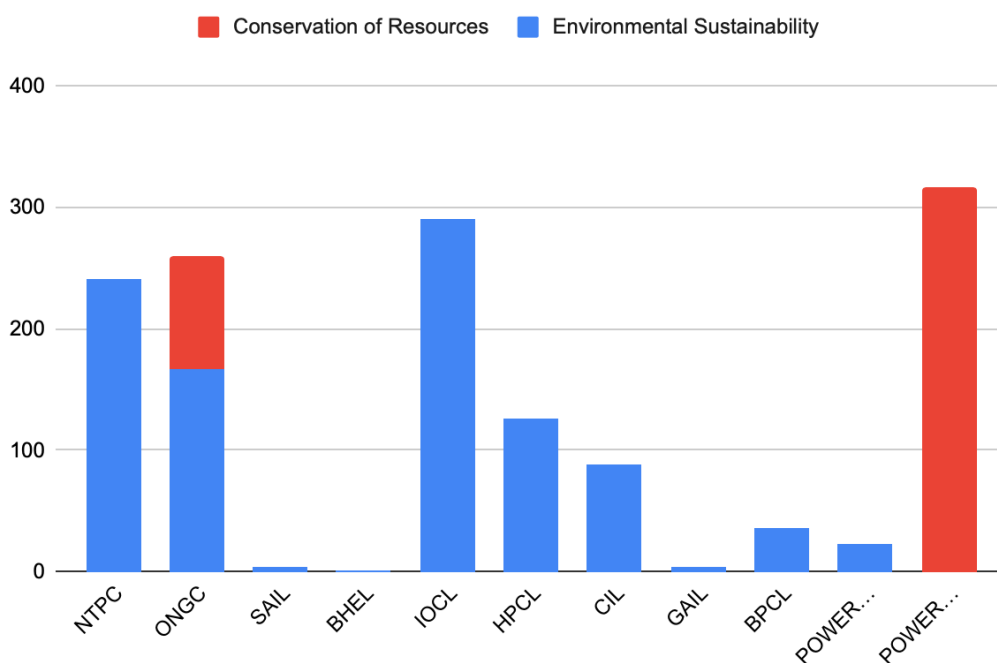


Figure 3: Split of the spending on Environmental Sustainability and Conservation of Resources

MAJOR PROJECTS OF MAHARATNA COMPANIES:

1. **NTPC:** NTPC has framed a comprehensive environmental policy to ensure that its activities do not negatively and severely impact the environment. Also, they have aligned their CSR activities to spend a significant portion of their funds on environmental protection, improving sustainability and conservation of resources. Although they have yet to develop a flagship project, they utilize the funds to address environmental change issues and report their actions to their stakeholders. In addition, they spend the funds on various small projects to improve their local areas. As a result, NTPC has consistently spent around 10% of its total CSR expenditure on environmental sustainability.
2. **ONGC:** ONGC has spent Rs. 107 Crores as a contribution to the Pradhan Mantri Ujjwala Yojana (PMUY) in 2016-17. In 2017-18, ONGC spent Rs. 1.89 Crores to build a Bio CNG plant in Haridwar, Dehradun. The Bandra Promenade was developed in 2018-19 by spending Rs. 1.18 Crores, having a projected outlay of Rs. 14.39 Crores. Project Saraswati was undertaken in Haryana with an expenditure of Rs. 1.1 Crores with a projected outlay of Rs. 5.64 Crores. ONGC also contributed Rs. Three crores to the PCRA mega campaign in 2019 to raise awareness for petroleum conservation.
3. **SAIL:** Ensuring Environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining the quality of soil, air and water; SAIL has spent Rs. 5.35 crores and a projected total outlay of Rs. 22.74 Crores during the five years.
4. **BHEL:** BHEL regularly provides solar light systems to various villages and rural areas in which it operates to extend the sustainability approach in society. It spent Rs. Fifty-seven lakhs for installing a 75 KWP solar plant at Ramkrishna Mission Ashram in New Delhi during 2016-17. In 2020-21, it installed four solar water pumps in Chhattisgarh by spending Rs. Forty-one lakhs have a budget of Rs. 50 lakhs. It has also been spent on various CSR activities in Tamil Nadu.
5. **IOCL:** In 2016-17, IOCL spent Rs. 43.68 Crores on Pradhan Mantri Ujjwala Yojana & MoP&NG LPG Scheme and spent Rs. 1.66 Crores on a Waste to Fuel Project in Varanasi having a projected outlay of Rs. 15.31 Crores. The same was continued in 2017-18, where spending on MoP&NG for BPL families extended to Rs. 79.99 Crores and the spend on the waste-to-fuel project increased to Rs. 3.52 Crores. In 2018-19, Rs. Forty-five lakhs were spent on the project in Varanasi, whereas Rs. 85.38 crores were spent on the MoP&NG LPG scheme for BPL families. Another scheme was introduced, the 5kg DBC for BPL families having no projected outlay but the spending of Rs. 54 lakhs. In 2019-20, another Rs. 34 lakhs were spent in Varanasi and Rs. Thirty-seven lakhs were spent on the Compressed Biogas project in Jaipur. Rs. 67.57 crores were spent on the MoP&NG LPG scheme. Rs. 6.3 crores on the 5kg DBC scheme. Rs. Seventy-nine lakhs were spent on new PBD projects in Chitrakoot (UP), Khanwan (Bihar), Betul (M.P.), and Hoshangabad (M.P.).
6. **HPCL:** In 2016-17, Rs. 16.58 Crores were spent on the PMUY scheme, with another Rs.25.27 crores being spent on the same in 2017-18. In 2018-19 Rs. 56.82 crore was spent on Swachh Bharat Abhiyan, followed by Rs. 27.22 crore in 2019-20.
7. **CIL:** In 2016-17, Rs. 9.7 crores were spent on establishing 16 central Ambient Air Quality Monitoring Systems (CAAQMS) in 10 cities with a budget of Rs. 6526.18 Crores. Rs. Three lakhs were spent cleaning the Himalayas as part of Swachh Bharat Abhiyan. In addition, rs. Fifty-five lakhs were spent installing solid waste management plants at temples. In 2018-19, a solar power station was established in Andhra Pradesh, costing Rs. 26.75 lakhs. In 2019-20, Rs. 50.32 crores were spent on restoration for those affected by cyclone Fani in Odisha. In 20-21, Rs. Eighty-three lakhs were spent under Gandhi Global Solar Yatra (GGSY) scheme, along with Rs. Forty-eight lakhs are being spent on repairs and relief for damage caused due to cyclone Amphan in West Bengal.

8. GAIL: In 2019-20, a new initiative called "HARIT" was launched by GAIL to contribute towards the restoration of the planet and mitigate the negative impact of GAIL's operations. The total outlay for HARIT is Rs. 1.85 crores. In 2020-21, Rs. Forty lakhs were spent on the welfare of serpents and their conservation. In addition, various other initiatives were undertaken to support local initiatives to conserve and protect resources.
9. BPCL: In 2017-18, BPCL launched BOOND, a water conservation project which has, over the four years, converted 230 villages from water-scarce to water-positive. BPCL also cleaned the Tapi river in 2018-19, along with a solid waste management project in Tamil Nadu with rainwater harvesting in Maharashtra. Mumbai and Kochi Refineries also engaged in a few CSR activities in 2019-20.
10. POWERGRID: Powergrid organized a BEE competition to raise awareness regarding electricity conservation in 2016-17 and 2017-18. Many small projects involving the distribution of Solar streetlights or LED streetlights have been undertaken in various parts of the country. Another project to create a green belt in its facilities has been undertaken.
11. POWER FINANCE: From 2016-17 to 2020-21, Power Finance has engaged in multiple projects in their local areas to install, distribute or develop solar lighting systems and has provided thousands of solar street lights in rural areas.

CONCLUSION:

- The Maharatna companies account for more than half (around 52%) of the total CSR expenditure reported by the PSUs during the study period. While comparing the same with all the companies in the ambit of the CSR regulations, the expenditure of Maharatna companies is approximately 11% which is highly significant.
- The expenditure of the Maharatna companies on Environmental Sustainability and conservation of resources amounts to Rs. 1,389.24 Crores. The trend, however, cannot be defined due to the change in the pattern of CSR expenditure as a direct result of the COVID-19 pandemic. Nevertheless, the aggregate expenditure on the activity amounts to 70.66% of the total expenditure by all PSUs on the said activity. At the same time, comparing the same with all the companies that have submitted the CSR reports, the expenditure forms approximately 21% of the aggregate—suggesting that Maharatna companies are at the forefront in engaging in activities directed towards sustainability.
- Out of the activities undertaken by the Maharatna companies in CSR, we can broadly split them into two categories - Environmental Sustainability and Conservation of Resources. Rs. 979.77 Crores were spent on environmental sustainability in various ways during the five years, while Rs. 409.47 crores was spent on the conservation of resources. Therefore, the split is approximately equal to 2:5 for conservation and sustainability.
- It can be observed that the spending on sustainability activities has dramatically declined in the year 2020-21 as a result of the COVID-19 pandemic, where CSR funds were redirected towards improving health care or providing medical and healthcare equipment to society. Another reason that can be pinpointed is the change in CSR regulations allowing a carry forward of excess expenditure as a set-off for future periods.

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