

A STUDY ON THE CSR INITIATIVE UNDERTAKEN BY CERTAIN INDIAN COMPANIES

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Abstract:-

Businesses' primary goal is to make money, and in order to do so, society plays an important role in a variety of ways. As a result, it is their responsibility to participate in the growth of the society in which they reside. Companies all throughout India have understood that focusing on public well-being and reducing social inequities is the best way to obtain strategic advantages and assure business survival. As a result, it is their responsibility to watch after society and the general public. CSR is a way for businesses to give back to society while also creating value. In words of J. R. D Tata "No success or achievement in material terms is worthwhile unless it serves the needs or interest of the country and its people." The goal of this paper is to examine specific Indian corporations' made CSR programmes and determine whether they are in compliance with the Companies Act, 2013. In terms of monetary expenditures on corporate social responsibility.

Keywords: -

Corporate Social Responsibility (CSR), Society, Social inequities, Indian Corporation.

Introduction:

CSR is defined as a company's obligation to society's well-being through a variety of actions. Stakeholders in a company are clearly interested in the company's financial performance, but they are also interested in and proud of the company's contributions to society these days. CSR also serves as a tool for corporate organizations to build their brand image. In India, there is a significant development gap between urban and rural areas, as well as a significant financial difference between the high and lower classes. However, the participation of the government alone in social development is insufficient; other stakeholders must be involved, and corporate companies play a critical role in this regard by allocating their resources to social development. Initially, the concept of CSR was limited to a philanthropic approach, but today's businesses are carrying out their social responsibilities through innovative ideas and approaches.

Previously when Companies Act, 1956 existed, there were no provisions mentioned under it hence stakeholders found this difficulty while determining the amount spent by corporations for CSR. In fact many businesses failed to show their social performance or the amount of money spent. To eradicate this problem, a provision in Company's Act 2013 was made where Section 135 says, "every company having net worth of rupees 500 crore or more, or turnover of rupees 1000 crore or more or a net profit of rupees 5 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. The CSR Committee shall formulate and recommend Corporate Social Responsibility Policy which shall indicate the activity or activities to be undertaken by the company as specified in schedule VII and shall also recommend the amount of expenditure to be incurred on the CSR activities. The Board of every company shall ensure that the company spends 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. Where the company fails to spend such amount, the Board shall in its report specify the reasons for not spending the amount. The approach is to 'comply or explain'. The company shall give preference to local areas where it operates, for spending amount earmarked for CSR activities. According to Schedule-VII of Companies Act 2013, the following activities can be included by companies in their CSR Policies:-

- Eradicating extreme hunger and poverty,
- Promotion of education,
- Reducing child mortality and improving maternal health,
- Combating human immunodeficiency virus, acquired immune deficiency syndrome, malaria and other diseases,
- Promoting gender equality and empowering women,
- Ensuring environmental sustainability,
- Social business projects,

- Create employment by enhancing vocational skills,
- Contribution to the Prime Minister's National Relief Fund or any other fund set by the Central Government or the State Governments for socio-economic development and relief and funds for the welfare of the Scheduled Caste, the Scheduled Tribes, other backward classes, minorities and women, and Such other matters as may be prescribed"

Objectives of the Study:-

This study has been carried out with the following specific objectives:-

- To investigate the CSR initiatives taken by a chosen group of Indian corporations in recent years related to Covid-19.
- To determine whether the certain companies are in accordance with The Companies Act 2013 when it comes to the amount spent on CSR.

Literature Review:

Carroll's pyramid (1976) suggests that corporate has to fulfill responsibility at four levels – *Economic, Legal, Ethical and Philanthropic*. A company's economic duty requires it to concentrate on profit generation for its shareholders. In terms of legal duty, the company should obey the laws and regulations set forth by the government when conducting business. Finally, ethical responsibility refers to the management's efforts that are free of bias. Companies have a moral responsibility to contribute to societal progress through philanthropy.

S. Pradhan and A. Ranjan (2010) looked at Indian companies' CSR initiatives in rural development and came to the conclusion that companies have realized that the social and economic growth of local communities is a major issue for running a successful business, and they are engaging in a variety of social activities in rural areas to achieve better social and economic growth.

A.K. Srivastava, G. Negi, V. Mishra and S. Pandey (2012) calls TATA's CSR record and found that the company is doing a good job of fulfilling its obligations and responsibilities to the country.

Ashish Baghla (2018) says CSR has its own unique manner of making its practices trustworthy in India; they must also help numerous societies in addition to those previously supported for their long-term development in order to create the greatest Indian economy he so stated that we must work together for India's long-term growth

by implementing and improving numerous CSR practices.

Vethirajan.C, Ramu.C (2019), in his article on "Consumers' Knowledge On Corporate Social Responsibility of Select FMCG Companies in Chennai District" The paper demonstrates that customers have sufficient knowledge of legal, ethical, and economic responsibility in FMCG companies' CSR practices, but that this knowledge is not consistent across categories due to various differences in knowledge based on social, economic, and demographic characteristics, which can influence customers' preferences for specific companies for personal care. Consumers who are aware of FMCG businesses' CSR initiatives are more likely to give them more priority as a result.

Research Methodology:

This research relies solely on secondary sources. Secondary information was gathered from selected Indian corporations' published on annual reports from the year (2017-2019) for Companies, Infosys Ltd, Mahindra and Mahindra Ltd, Tata Chemical, ITC Ltd and Vedanta Ltd are chosen randomly.

Analysis and Findings:

CSR initiatives of certain Indian Companies:-

Infosys Ltd:

CSR can't be merely a job, it's a passion," says Sudha Murthy, Chairperson, Infosys Foundation. This year, the corporation spent roughly Rs. 360 crores on various CSR initiatives. COVID-19 humanitarian initiatives took precedence, followed by education and health-related programmes. A 100-bed quarantine establishment in Bengaluru in cooperation with Narayana Health City, as well as another one with 182 beds for COVID-19 patients for Bowring and Lady Curzon Medical College & Research Institute, was among the major CSR projects in the financial year 2019-20.

Mahindra & Mahindra Ltd:

During the financial year 2018-19, the company spent INR 93.50 crores on CSR projects. The organization collaborates with organizations such as the Nandi Foundation, which feeds approximately 1.3 million government schoolchildren every day. Nandi also works with small-scale farmers to develop environmentally friendly farming techniques.

Tata Chemical Ltd:

Despite the fact that the company's CSR budget for 2019-2020 was only 21.39 crores, it spent 37.81 crores on community development programmes. Tata Chemicals' business strategy prioritizes improving the quality of life and encouraging long-term, integrated development in the areas

where it operates. Tata Chemicals invests INR 12 crores on CSR each year, while the TCSRSD spends 30% of its money on wildlife protection.

ITC Ltd: ITC Choupal has influenced lakhs of farmers through digital literacy and economic empowerment over the years, and it has also been emulated by scores of other corporations for social welfare in their own areas. In 2019-20, ITC spent Rs. 326.49 crores on CSR projects, which was higher than in prior years. Education, environmental conservation, sustainable agriculture, healthcare, digital literacy, sports, and culture are all active social endeavors inside the conglomerate. Chairman Sanjiv Puri, who is both

humble and ambitious, is in charge of the social projects.

Vedanta Ltd: Vedanta Limited takes part in a number of CSR initiatives, including water, energy, and carbon management. Hindustan Zinc (HZL), Cairn Oil & Gas, Electro steels Steel, Sesa Iron Ore Business, and Vedanta Aluminum have all embraced sophisticated technologies to optimize water use, enhances energy production, reduce climate change, and safeguard biodiversity through their respective group companies. Based on its sustainability pillars of zero harm, zero waste, and zero discharge, Vedanta has generated 1,653 units of renewable energy, with solar power projects slated to provide 22 MW of power.

**Table: - Amount of Profit and Spent for CSR Activity.
 (Rupees in crores)**

Name of Company	Average Profit (Last 3 Years)	CSR Regulatory(2% of average profits)	Actual amount spent (in F.Y. 2020-21)	Variences in Rs.
Infosys Ltd.	15,262.00	305.24	187.02	118.22
Mahindra and Mahindra Ltd.	5,507.96	110.16	36.25	73.91
Tata Chemicals Ltd.	1,527.36	30.55	5.13	25.42
ITC Ltd.	11384.32	263.22	227.69	35.53
Vedanta Ltd.	24365.00	487.30	232.04	255.26

Sources: - Annual Report via.economicstimes.indiatimes.com

Conclusions:-

The conclusion can be drawn that, CSR has a great importance in today’s business environment for the socio economic development of the society well being. The certain companies under examination has shown taking initiatives in different programmes such as rural areas, public health facilities, arrangements of beds and oxygen facilities for socio economic development in a way of CSR. The above table shows despite of lockdown and stoppage of work, companies have contributed heavenly for the CSR activity. Hence it shows positive reinforcements towards helping the society overall.

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