

A STUDY ON CORPORATE SOCIAL RESPONSIBILITY OF SELECTED MAHARATNA COMPANIES IN INDIA

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Abstract

Corporate social responsibility Means the responsibility of the company towards the society and the financial value it pays for it. Companies Act, 2013 on 1st April 2014, India became the first country to make Corporate Social Responsibility (CSR) mandatory. The Companies Act, 2013, Section 135 and CSR Rules 2014 (Act) has been a forward-looking move by the Government of India, calling on companies to partner in contributing to the country's development challenges by unleashing creativity and innovation. While a key requirement is that these Companies spend at least 2 % of profit on CSR this is a soft mandate the primary objective is to study the Corporate Social Responsibility of Selected Maharatna Companies in India. present India's total 24293 Number of Companies and Total INR 14818 Cr. CSR Expenditure by Companies in FY 2019 , India's total 10 Maharatna Companies and Total INR 1786.32 Cr. CSR Expenditure by Companies in FY 2019 During the study period Hindustan Petroleum Corporation Ltd, Power Gird Corporation of India Ltd, NTPC Ltd and Oil and Natural Gas Corporation limited is very good performance for Pay Amount in CSR and Better Performance of CSR spent for Different development sector but Bharat Heavy Electricals Ltd is very low Spent CSR and decrees amount in CSR every year and not good Performance of CSR spent for Different development sector

Keywords: Corporate social responsibility, Companies Act, 2013, Maharatna Companies

INTRODUCTION

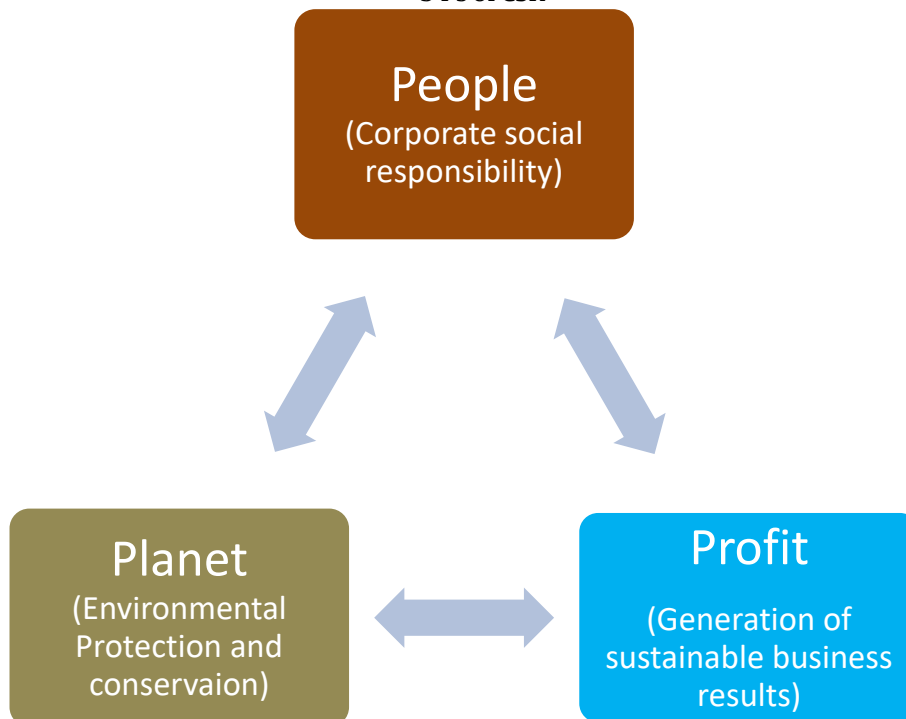
European Union's Official Definition of CSR

The European Union, in an attempt to offer a framework for companies wishing to invest in sustainable development, published in 2001 a Green Paper on Corporate Social Responsibility defining CSR as: "The voluntary integration of companies' social and ecological concerns into their business activities and their relationships with their stakeholders. Being socially responsible means not only fully satisfying the applicable legal obligations but also going beyond and investing 'more' in human capital, the environment, and stakeholder relations."

4 DIMENSIONS OF CSR -



3 Ps of CSR -



Corporate Social Responsibility

As per Section-135 of Companies Act, 2013, all profit making corporates, including Central Public Sector Snterprises (CPSSs) exceeding threshold limits prescribed in the Act regarding net worth of Rs. 500 crore, or turnover of Rs. 1000 crore or net profit of Rs. 5 crore in pursuance of its CSR Policy are mandated to spend at least 2% of the average net profits (Profit Before Tax) of the company made during the three immediately preceding years for undertaking CSR activities as per items listed in Schedule-VII of the Act As per the provisions in Section 135 (5) of the Act, the company shall give preference to the local area and areas around it where it operates, for spending the amount earmarked for Corporate Social Responsibility activities and also requires that these companies have a Board level CSR committee that formulates and monitors a CSR policy and recommends CSR spending.

CSR Expenditure by Maharatna Company (Rs. in Crore)

CPSEs Name	Average PBT of last 3 years	2% of Average PBT of last 3 Years	Amount allocated for CSR (including Carried forward, if any)	Actual CSR spent	Unspent CSR amount
Bharat Heavy Electricals ltd	333.29	6.6	37.84	16.01	21.82
Bharat Petroleum Corporation ltd	10165.92	203.32	350.19	177.94	172.25
Coal India ltd	324.84	6.50	6.50	27.33	00
GAIL (India) ltd	4360.50	87.21	119.92	119.29	0.63
Hindustan Petroleum Corporation ltd	7942.93	158.86	158.86	81	00
Indian Oil Corporation ltd	24529.81	490.60	490.60	490.60	00
NTPC ltd	11850.34	237.01	237.01	46	00
Oil Natural Gas Corporation Of India ltd	24010.39	480.21	1091.29	614.64	476.65
Power Gird Corporation of India ltd	9336.05	186.72	310.10	195.51	114.59
Steel Authority Of India ltd	-4205.77	30	3.18	18	00

Public Enterprises Survey 2018-19

<https://www.gapgyan.org/>

LITERATURE REVIEW

Chaudhary et.al (2013) in their paper „Practices of Corporate Social Responsibility (CSR) In Banking Sector in India: An Assessment“ has highlighted the CSR practices in 12 major Indian Banking and Financial Institutions from the country. Banks annual report, websites, news letters etc. were used as secondary sources of data for the period of 3 years (2007-2010). Paper concludes that all banking and financial institutes are engaged in social banking and development of banks approach.

Akinyomi (2013) has examined the practice of corporate social responsibility by manufacturing firms in Nigeria, based on stakeholder"s theory. According to the survey the major areas of focus of the CSR activities include Education and Youth Development/Sport, among others. Moreover the study revealed that the investment on CSR activities were negligible compared to the turnover of the companies.

Sachin (2015) in his paper on “Linking Green Marketing with Corporate Social Responsibility: A critical Analysis of Home Appliances” the paper is based on analyzing of vision and mission statements of the major eight home appliance companies operating in India, with respect to CSR and what are the green marketing published and whether it is executed by them.

SCOPE OF THE RESEARCH STUDY

The present study will confine to and highlights the CSR of the selected Maharatna Companies In India through facts and figures of published financial statements. The CSR performance of said companies will be evaluated on parameters such as profitability. The present study has also identified the nature of relationship between the various aspects of CSR of the selected Maharatna Companies.

OBJECTIVES OF THE STUDY

The study has the following objectives:

1. To study the CSR spending of selected Maharatna Companies.
2. To study various ways to measure the profitability with respect to CSR spending of selected Maharatna Companies.
3. To study various ways to measure the different activities on which companies spend their CSR allocation.
4. To study the comparative spending pattern on CSR among the selected Maharatna Companies.
5. To study the CSR spending pattern of individual companies across 5 years selected Maharatna Companies.

RESEARCH METHODOLOGY

SOURCES OF DATA

Secondary sources of data will be utilized for this proposed research study Secondary data have been collected from Company Annual Reports and National CSR Portal as well as Public Enterprises Survey. Some of the data has also been sourced from the individual websites of the selected companies as well as books, articles and research papers.

SAMPLE SIZE

In this research study 5 selected Maharatna Companies have been taken into consideration as sample size and the time duration for the said study is chosen to be FY 2015-2020.

PERIOD OF DATA COVERAGE

Five years of financial statements will be analyzed for selected Maharatna Companies taken under study.

DATA ANALYSIS

Average Net Profit in Selected Maharatna Company (Rs. in Crore)

Company Name	2018-19	2017-18	2016-17	2015-16	2014-15
Oil and Natural Gas Corporation Ltd	24010.39	00	26783.46	2968.48	33000
Hindustan Petroleum Corporation Ltd	7942.93	6318.78	4145.04	2696.07	1701.49
NTPC Ltd	11850.34	11037.30	11400	13600	14200
Bharat Heavy Electricals Ltd	-333.29	517.58	1874.21	5501.63	8222.33
Power Gird Corporation of India Ltd	9336.05	0	6779.00	6089.71	5525.53

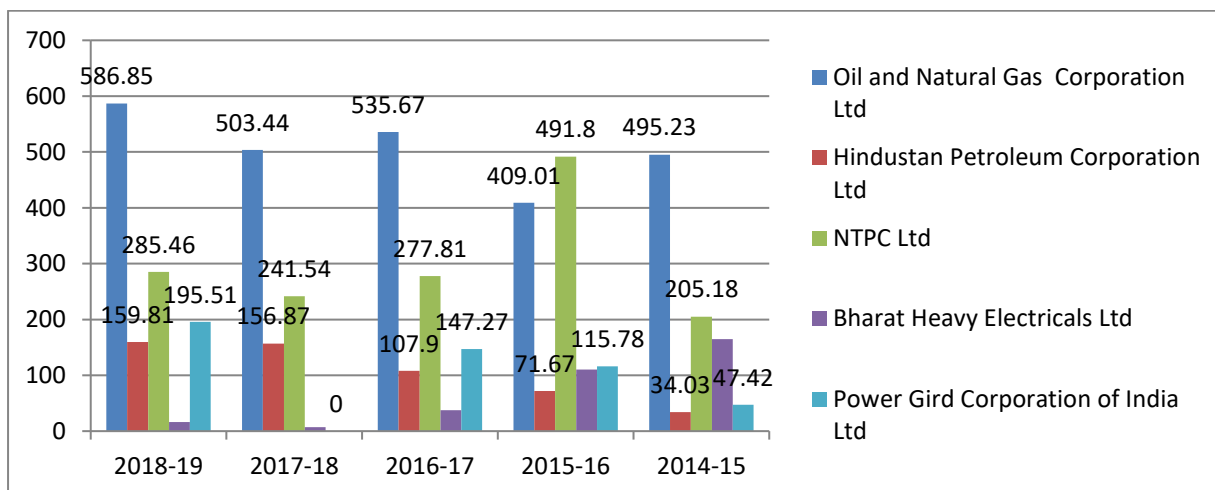
CSR Prescribed Expenditure in Selected Maharatna Company (Rs. in Crore)

Company Name	2018-19	2017-18	2016-17	2015-16	2014-15
Oil and Natural Gas Corporation Ltd	480.21	00	535.67	59.37	660.61

Hindustan Petroleum Corporation Ltd	158.86	126.38	82.90	53.92	34.03
NTPC Ltd	237.01	220.75	227.85	271.35	283.48
Bharat Heavy Electricals Ltd	6.67	10.35	37.48	110.03	164.45
Power Gird Corporation of India Ltd	186.72	156.85	135.12	121.79	110.51

CSR Spent In Selected Maharatna Company (Rs. in Crore)

Company Name	2018-19	2017-18	2016-17	2015-16	2014-15
Oil and Natural Gas Corporation Ltd	586.85	503.44	535.67	409.01	495.23
Hindustan Petroleum Corporation Ltd	159.81	156.87	107.90	71.67	34.03
NTPC Ltd	285.46	241.54	277.81	491.80	205.18
Bharat Heavy Electricals Ltd	16.01	7.36	37.48	110.10	165.00
Power Gird Corporation of India Ltd	195.51	0	147.27	115.78	47.42



Development Sector(s) Wise Spent Amount for Oil and Natural Gas Corporation Ltd (Rs. in lakhs)

Development Sector(s)	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015
Health care	7695	12173	4657	1214	3914
Education	1578	6150	16755	6130	4830
Environmental sustainability	228	1996	12458	292	28864
Sanitation	2247	6022	4544	10374	0
Training to promote sports	411	1195.1	188	767	0
Rural development projects	5108	1084	33	16142	9387
Other Central Government Funds and Development Sector	41418	19587	11856	5980	2528
Total	58685	48207.1	50491	40899	49523

Development Sector(s)	Count	Sum	Average	Maximum	Minimum
Health care	5	29653	5930.6	12173	1214
Education	5	35443	7088.6	16755	1578
Environmental sustainability	5	43838	8767.6	28864	228
Training to promote sports	5	23187	4637.4	10374	0
Vocational skills	5	2561.1	512.22	1195.1	0
Swachh Bharat Kosh	5	31754	6350.8	16142	33
Other Central Government Funds and Development Sector	5	81369	16273.8	41418	2528
Total	5	247805.1	49561.0	58685	40899

Development Sector(s) Wise Spent Amount for Hindustan Petroleum Corporation Ltd (Rs. in lakhs)

Development Sector(s)	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015
Health care	1275	1524	1176	1164	900
Education	2993	5650	2724	1600	1970
Environmental sustainability	5682	2527	1658	1787	0
Training to promote sports	78	106	99	68	85
Vocational skills	2060	1338	1148	518	280
Swach Bharat Kosh	0	3757	1015	1582	0
Other Central Government Funds and Development Sector	3893	785	2991	457	174
Total	15981	15687	10811	7176	3409

Development Sector(s)	Count	Sum	Average	Maximum	Minimum
Health care	5	6,039.00	1,207.80	1,524.00	900.00
Education	5	14,937.00	2,987.40	5,650.00	1,600.00
Environmental sustainability	5	11,654.00	2,330.80	5,682.00	0
Training to promote sports	5	436.00	87.20	106.00	68.00
Vocational skills	5	5,344.00	1,068.80	2,060.00	280.00
Swach Bharat Kosh	5	6354.00	1270.80	3757.00	0
Other Central Government Funds and Development Sector	5	8,300.00	1,660.00	3,893.00	174.00
Total	5	53,064.00	10,612.80	15,981.00	3,409.00

Development Sector(s) Wise Spent Amount for NTPC Ltd (Rs. in lakhs)

Development Sector(s)	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015
Health care	0	3696	2740	8095	0
Education	13203	7724	6045	0	18260
Environmental sustainability	4251	5622	3533	3385	0
Training to promote sports	361	158	190	189	0
Rural development projects	3481	3211	5130	4421	0
Art and culture	85	1457	82	317	0
Other Central Government Funds and Development Sector	7165	2286	10061	32773	2257
Total	28546	24154	27781	49180	20517

Development Sector(s)	Count	Sum	Average	Maximum	Minimum
Health care	5	14531	2906.2	8095	0
Education	5	45232	9046.4	18260	0
Environmental sustainability	5	16791	3358.2	5622	0
Training to promote sports	5	898	179.6	361	0
Vocational skills	5	16243	3248.6	5130	0
Swach Bharat Kosh	5	1941	388.2	1457	0
Other Central Government Funds and Development Sector	5	54542	10908.4	32773	2257
Total	5	150178	30035.6	49180	20517

Development Sector(s) Wise Spent Amount for Bharat Heavy Electricals Ltd (Rs. in lakhs)

Development Sector(s)	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015
Health care	841	11	45	172	2470

Education	207	313	1871	3638	10287
Sanitation	0	10	0	383	1806
Environmental sustainability	0	2	61	0	0
Vocational skills	0	0	625	0	9175
Other Central Government Funds	553	194	0	0	0
Other Development Sector	0	206	76	464	173
Total	1601	736	2678	4657	23911

Development Sector(s)	Count	Sum	Average	Maximum	Minimum
Health care	5	3539	707.8	2470	11
Education	5	16316	3263.2	10287	207
Environmental sustainability	5	2199	439.8	1806	0
Training to promote sports	5	63	12.6	61	0
Vocational skills	5	9800	1960	9175	0
Swachh Bharat Kosh	5	747	149.4	553	0
Other Central Government Funds and Development Sector	5	919	183.8	464	0
Total	5	33583	6716.6	23911	736

Development Sector(s) Wise Spent Amount for Power Grid Corporation of India Ltd (Rs. in lakhs)

Development Sector(s)	FY 2019	FY 2018	FY 2017	FY 2016	FY 2015
Education	1074.45	0	105	6517	1188
Environmental sustainability	1674.13	0	86	800	270
Health care	2904.04	0	190	2365	587
Other Central Government Funds	716.74	0	1137	0	0
Rural development projects	3249.43	0	0	996	1728
Sanitation	8182.76	0	3562	13	102
Other Development Sector	1749.73	0	9653	891	868
Total	19551.28	0	14733	11582	4743

Development Sector(s)	Count	Sum	Average	Maximum	Minimum
Health care	5	8884.45	1776.89	6517	0
Education	5	2830.13	566.026	1674.13	0
Environmental sustainability	5	6046.04	1209.208	2904.04	0
Training to promote sports	5	1853.74	370.748	1137	0
Vocational skills	5	5973.43	1194.686	3249.43	0
Swachh Bharat Kosh	5	11859.76	2371.952	8182.76	0
Other Central Government Funds and Development Sector	5	13161.73	2632.346	9653	0
Total	5	50609.28	10121.856	19551.28	0

FINDINGS

During the study Period Oil and Natural Gas Corporation limited average net profit increase in 27 % and increase is CSR spent amount is 18 % these corporation maximum pay CSR is INR 28864 lakhs environment sustainability development sector, FY 2019 Oil and Natural Gas Corporation limited maximum spent CSR is INR 7695 lakhs and Minimum Spent CSR is INR 228 lakhs for Health Care and Environmental Sustainability Development Sector

Hindustan Petroleum Corporation Ltd INR 6241.44 Crore Increase Average Net Profit and increase CSR Spent amount is INR 125.78 Crore for the study time These Company Highest and lowest Pay CSR is INR 2987.40 and 87.20 lakhs for Education and Training to promote sports Development Sector FY 2019 environment sustainability Development Sector pay CSR is 35%

NTPC Ltd is Highest Total Pay CSR in INR 45232 Lakhs for Education Development Sector and lowest Average Pay CSR in Training to Promote Sports Development Sector

Bharat Heavy Electricals Ltd CSR Pay Decrease in 90 % and Bharat Heavy Electricals Ltd first and second highest pay CSR INR 10287 and 9157 lakhs for Education and Vocational Skill Development Sector and lowest Average Pay CSR INR 63 Lakhs for Training to Promote Sports Development Sector.

Power Grid Corporation of India Ltd Increase CSR spent INR 76.21 Crore and Increase 69 % and average CSR pay is 10121.856 and Maximum Pay CSR is 8182.76 for Swachh Bharat Kosh

SUGGESTIONS

Oil and Natural Gas Corporation limited 18 % Increase in CSR Spent Amount in study period So increase in CSR Expenditure in different activities Companies focus more on the well being of there Training to promote sports Development sector and Increase the CSR amount for Education sector

Hindustan Petroleum Corporation Ltd Excellence Performance of CSR and his Increase CSR Expenditure 370 % for the study time it may recommended CSR activities effectively and increase their effectiveness so that it result in larger economic benefit to the company increase the CSR amount for Swach Bharat Kosh development sector

NTPC Ltd is good performance of different CSR activities and 39 % increase spent amount in different development sector for FY 2015-2019 it may recommend Health care and Art and culture development sector increase the CSR amount

Bharat Heavy Electricals Ltd is not good performance of CSR Pay Decrease in 90 % so increase in CSR and increase is net profit for increase in net revenue and Decrease is cost of goods

Power Grid Corporation is 312% increase spent in CSR for FY 2015-2019 is better performance but 2017-2018 it not Pay the CSR so company advised all the year pay the CSR so good image the society

All the company suggested the CSR Budget must be utilized fully these multiple benefits for them including increase in profits, improvement in economic contribution towards country and improvement in access to capital due to adoption of CSR activities.

CONCLUSION

This Research Paper to study on Corporate Social Responsibility of Selected Maharatna Companies in India. And to pay in CSR for different development sector and different statistical tools have been used like average, Maximum, Minimum applied for processing the data to give reliable conclusion. Hindustan Petroleum Corporation Ltd, Power Grid Corporation of India Ltd, NTPC Ltd is very good performance of during the study time increase in Percentage of CSR Pay Amount and good Performance of CSR spent for Different development sector Oil and Natural Gas Corporation limited highest amount pay in CSR and good Performance of CSR spent for Different development sector but increase is percentage is only 18% of FY 2015-2019 Bharat Heavy Electricals Ltd is not good performance and Decrease in 90 % of CSR Pay and not good Performance of CSR spent for Different development sector

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