

A Comparative Study on CSR Spending of Select Indian Private Sector Companies and Public Sector Undertakings

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Abstract: Corporate Social Responsibility is an effective way of achieving and maintaining sound business management. By practicing social responsibility, a company can enhance its own economic value and brand image as well as the benefits to society. In addition, companies and other organizations are required to have accountability towards stakeholders such as consumers, investors, employees, local residents, etc. while utilizing the resources of society. With the introduction of Section 135 in the Companies Act 2013, India became the first country to have statutorily mandated CSR for specified companies. The present study proposes to analyze and present the corporate social responsibility strategies of selected public sector undertakings and private companies for the socio-economic development of India by contributing through CSR activities. The present study covers a period of 3 years, which starts from the year 2019-20 to 2021-22. The study used secondary data such as annual reports of NTPC, TCS, INFOSYS, ONGC, SAIL, and COAL INDIA. The objective of the study is to identify the top companies spending on CSR in India and to find out whether there is a significant difference in CSR spending of privately owned Companies and Government runs corporations. It was found that private companies are spending significantly more than government-owned corporations.

Keywords: CSR, Companies Act 2013, CSR Expenditures, private companies, government-owned corporations.

JEL Codes: M41, O40, H20

1. INTRODUCTION

Corporate social responsibility is a corporate strategy where the business looks at how it can best serve society and target moral issues. This can put the firm in a more favourable light among the public, thereby improving public relations and its brand image. It can include raising money for charity or promoting good causes in its store. As per the scope of the Indian Company's Act sec 135 all business firms with a total Asset of ₹500 crores or more, or turnover

of ₹1,000 crores or more or net profit of ₹5 Crores or more, are required to spend through 2% of the normal net profit of the first three years on corporate social responsibility activities. These corporate activities would have a social, financial, and ecological effect or an approach to offer back to the general public, for example, promoting gender equality, women empowerment, promoting education, eradicating hunger, poverty, malnutrition, rural development Projects, and conserving natural resources among others. Embracing CSR increases customer retention and loyalty increases employee engagement, improves brand imaging, attracts investment opportunities and top talent, and makes a difference in bottom-line financials.

Considering the Indian context, companies deal with several socio-economic issues along with their business problems. How top public and private companies are spending their profits on CSR activities very much essential to know. The present research triggered this problem.

2. LITERATURE REVIEW

The growth and the key challenges faced while trying to deliver the activities of CSR (Jaysawal and Saha, 2015). CSR has proved to be an important landmark in the arena of peaceful co-existence of Business and Society. The study analyzed the impact of CSR on corporate performance using a Multivariate technique. The CSR performance of a Company has a positive impact on corporate performance, and the impact becomes more significant with the passage of time (Garg, 2016). CSR disclosures transparency among top Indian Companies (Kumar and Kidwai, 2018). The present paper analyses the extent of CSR Disclosures made by the top 100 ET2014 companies on their websites. It found that over 90% of the companies analyzed an adequate level of transparency in various CSR disclosures. Developed countries have higher CSR Disclosure scores than developing countries. The overall CSR disclosure mean score of developed countries is 53.5%, followed by that of developing countries at 49.4% (Bhatia & Makkar, 2019). As per the study, It is tough for the researcher to draw any conclusion, as there is a difference between introducing the act and Its feasibility at the grass root level (Vishwakarma, 2019). CSR initiatives by Indian companies are a great move toward sustainable development and also contribute to achieving the UN's Sustainable Development Goals (Ashoka, *et al.* 2019).

3. RESEARCH GAP

The term corporate social responsibility has evolved by becoming a vital part of an organization's process. The route of globalization seems to have created competition among the business entities to perform as per international trade practices. In this present scenario, many public sector units contribute a portion of their profit towards the development of the community and society. CSR in India has always been influenced by the changing guidelines and reports issued by the government. The research has been done till 2017 in this field. So, I have extended this research from 2019 to 2021.

4. OBJECTIVE

To find out whether there is a significant difference in CSR spending between privately owned companies and government-run corporations.

5. HYPOTHESIS

H_0 : There is no significant impact of ownership of corporations on CSR expenditures.

H_1 : There is significant impact of ownership of corporations on CSR expenditures.

6. RESEARCH METHODOLOGY

The study is limited to 6 companies (3 public and 3 private companies) such as Private Companies- NTPC, INFOSYS, TCS, and Public Companies- ONGC, SAIL, and COAL INDIA Ltd. The study covers 3 years beginning from the year 2019 to 2021. Secondary data are collected mainly from annual reports of selected companies, sustainability reports of companies, CSR reports of companies, official websites of companies, etc. The statistical tools used as mean, ANOVA. For carrying out statistical analysis MS Excel 2021 application package has been used.

7. DATA ANALYSIS AND INTERPRETATION

Table 1: CSR Expenditure by Selected Indian Companies

CORPORATE	CSR Expenditure in INR (Rs. In Crores)		
	2018-19	2019-20	2020-21
ONGC	614.64	607	552.6
SAIL	31.18	27.56	25
COAL INDIA	416.47	587.84	553.85
NTPC	285.46	304.92	418.87
INFOSYS	342	360	362
TCS	542	600	674
RELIANCE	904	1022	922

Source: Secondary Data

The above table shows the CSR expenditures by top selected government and private companies in India i.e. ONGC, SAIL, COAL INDIA, NTPC, INFOSYS, TCS, and Reliance from the year 2018-19 to 2020-2021.

ONGC

The Indian public sector multinational company, Oil and Natural Gas Corporation (ONGC) has spent Rs 607 Crore on activities under Corporate Social Responsibility (CSR) in the

financial year 2019-20. Its average net profit for the past three financial years stood at Rs 28,590.70 Crore and its prescribed CSR expenditure (2% of the past three year's net profit) for the financial year 2019-20 was calculated as Rs 571.814 Crore. However, the company spent Rs 607 Crore this year. In the Financial year 2018-19, the company spent Rs 614.64 Crore on its CSR activities. The total CSR expenditure of the corporation which was Rs 525.9 crore in 2016-17 dropped to Rs 503.4 crore in the next financial year but again rise to Rs 614.6 crore in 2018-19. It fell to Rs 607 crore in 2019-20 only to further drop to Rs 552.6 crore in 2020-21.

SAIL

Table 2: CSR amount spent by SAIL

<i>Sl. No.</i>	<i>SAIL CSR Project</i>	<i>2018-19</i>	<i>2019-20</i>	<i>2020-21</i>
1	Education	1203	883	188
2	Health Care	484	810	2810
3	Livelihood Generation	271	133	65
4	Women Empowerment	47	51	12
5	Drinking Water	3	47	10
6	Sanitation	73	28	33
7	Sports	79	124	35
8	Art & Culture	539	352	41
9	Rural Development	184	156	248
10	Social Security	35	33	17

Source: Secondary data

The above table shows the details of item-wise spending of Corporate Social Responsibility (CSR) amount by Steel Authority of India Limited (SAIL) during the last three years as follows.

COAL India Ltd.

CIL has an exclusive policy for Corporate Social Responsibility that is aligned with the Companies Act, 2013 to measure its triple bottom line i.e. People, Planet & Profit. Coal India Limited (CIL), a public sector coal mining company has spent Rs. 553.85 crores during the year 2020-21 on corporate social responsibility (CSR) activities, impacting thousands of beneficiaries.

CSR Expenditure of Coal India Ltd. for the previous 3 years as mentioned below.

Table 3: CSR spending amount of Coal India Ltd.

<i>Year</i>	<i>CSR Expenditure (Rs. In Crores)</i>
2020-21	553.85 Cr
2019-20	587.84 Cr
2018-19	416.47 Cr.

Source: Secondary Data

With amended Companies (CSR) Rules, 2014 coming into effect from 22.01.2021, all CSR projects which have outlaid more than Rs. 1 crore and have been completed at least one year back will be assessed for their impact through external agencies. Subsidiaries of CIL have engaged reputed institutes for the impact assessment of their major CSR projects. Due to Covid-19 pandemic-induced restrictions, impact assessment studies could not be taken up in FY 20-21. Subsidiaries will also be conducting impact assessment studies during FY 21-22 for their projects with an outlay of more than Rs. 1 crore.

NTPC

NTPC Limited, a premier PSU under the Ministry of Power spent Rs. 304.92 Crore (Rs. 285.46 Crore in 2018-19) during the financial year 2019-20 towards Corporate Social Responsibility (CSR) initiatives, which surpassed the prescribed two percent amount of Rs. 252.68 Crore, thus achieving a CSR spend of 2.41%.

Rs. 1625 Crore spent on community development for R&R.

During the year, about 500 villages and more than 450 schools benefitted from various CSR initiatives at different locations. These CSR initiatives have touched, in one way or the other, the lives of around 18 lakh people, residing in remote locations according to the annual report.

INFOSYS

Infosys Limited, a digital services and consulting conglomerate has spent Rs. 342 crores as against its prescribed CSR expenditure of Rs 340 crore (2% of the net profit of Rs. 17,018 Cr) towards various schemes of Corporate Social Responsibility (CSR) as prescribed under Section 135 of the Act., its Annual Report for the Year 2018-19 revealed. Infosys Limited, a global leader in next-generation digital services and consulting conglomerate, has spent Rs 360 crore on various Corporate Social Responsibility (CSR) programmes during FY 2019-20, the company's annual report revealed. The previous year's CSR expenditure was Rs. 340 crore and a significant hike in CSR spending in the year 2020-21 from 360 crore to 362 crores.

TCS

The CSR initiatives of the Company are executed by a skilled team who ensures impact-focused implementation, monitoring, and reporting. Successful adoption of programs is evidenced by the following impact achieved in its strategic programs:

23,800 rural youth are employed through Youth Employment Program.

325,000 villagers supported with digital services by 466 Bridge IT entrepreneurs.

1.07 million individuals, including over 70,000 prison inmates, made literate through the Adult Literacy Program.

Table 4: CSR spending of TCS

<i>Year</i>	<i>CSR Spending</i>
2020-21	Rs. 674 Crores
2019-20	Rs. 600 Crores
2018-19	Rs. 542 Crores

Source: Secondary Data

The above table shows the three years of CSR amount spent by TCS as mentioned.

Reliance

Reliance Industries Ltd spent Rs 1,140 crore in the fiscal ending March 2021 on corporate social responsibility (CSR) initiatives including Covid-19 support, rural transformation, education, health, sports, and disaster response. According to the company's latest annual report, Reliance had spent Rs 1,022 crore in 2019-20 and 904 crores in 2018-19. Reliance Industries Limited (RIL), India's largest multi-national conglomerate headquartered in Mumbai, has spent a whopping Rs 922 Cr towards its CSR activities in the year 2020-21.

The CSR spent by the RIL is Rs 38 crore more than its CSR obligation of Rs 884 Crore for the last financial year. Last year (2019-20) also the company spent Rs 1022 crore against a prescribed CSR budget of Rs 875 crore.

Table 5: Average CSR Spending of Different Companies

<i>PRIVATE</i>	<i>2018-19</i>	<i>2019-20</i>	<i>2020-21</i>
NTPC	285.46	304.92	418.87
INFOSYS	342	360	362
TCS	542	600	674
RELIANCE	904	1022	922
AVERAGE	518.365	571.73	594.2175
GOVERNMENT			
ONGC	614.64	607	552.6
SAIL	31.18	27.56	25
COAL INDIA	416.47	587.84	553.85
AVERAGE	354.10	407.47	377.15

Source: Secondary Data

The above table shows the average CSR Expenditures of private and government corporations during the period of study.

The objective of the present study is to find out whether there is a significant difference between the CSR spending of privately owned companies and government-run corporations

or public sector units (PSUs). For this purpose, we have first divided the privately owned Companies and government-run corporations in our list. Four privately owned Companies in our study include Reliance, Infosys, TCS, and NTPC and three government-owned corporations include ONGC, SAIL, and COAL INDIA. The study implemented one-way ANOVA to satisfy this research objective.

From the table, it is evident that the average CSR Expenditures made by government-owned organizations are less than the average CSR Expenditures made by privately owned Companies. But, the question is whether it is significantly less at a certain level of significance and we have chosen a 0.05 level of significance to test the following hypothesis:

Ho: There is no significant impact of ownership of corporations on CSR Expenditures

Table 6: Summary of Average CSR Expenditures

<i>Groups</i>	<i>Count</i>	<i>Sum</i>	<i>Average</i>	<i>Variance</i>
Row 1	3	1684.3125	561.4375	1517.852106
Row 2	3	1138.713333	379.5711111	716.4855593

Source: Secondary Data

Table 7: Results of ANOVA

<i>Source of Variation</i>	<i>SS</i>	<i>DF</i>	<i>MS</i>	<i>F</i>	<i>P-value</i>	<i>F critical vale</i>
Between Groups	49613.07511	1	49613.0751	44.4096	0.0026	7.7086
Within Groups	4468.675331	4	1117.1688			
Total	54081.75044	5				

Source: Secondary Data

The one-way ANOVA table shows that the computed value of F is 44.4 and the critical value of F is 7.7 at 0.05 level of significance for (1,4) degree of freedom. Since the computed value of F is more than the F critical, it will take a position in the rejection region and that is why the p-value is 0.0026 which is less than 0.05. It means that the null hypothesis is rejected. It needs to be computed that there is significant impact of ownership of corporations on CSR Expenditures. In other words, private companies are spending significantly more than government-owned corporations.

8. FINDINGS

Table 8: Average CSR Expenditures by private and public companies

<i>Companies</i>	<i>2018-19</i>	<i>2019-20</i>	<i>2020-21</i>
Private Company	518.36	571.73	594.21
Govt. Company	354.09	407.46	377.15

Source: Secondary Data

By analysing the CSR expenditures of both private and public companies it becomes crystal clear that Private companies are providing more funds towards CSR than Government companies as we can see from the above table in the year 2018-19. The average spending of a private company is 518.36 crore whereas 354.09 crores for a government company. In the year 2019-20, the spending of a private company is 571.73 crore but the government company's CSR spending is 407.46 crore. The same case was in the year 2020-21 also where private companies spending increased to 594.21 crore but government companies spending decreased to 377.15 crores from 407.46 crore. We also analysed the extent to which private companies spend more than Government companies, the study used one-way ANOVA a statistical tool, which shows the same thing.

9. CONCLUSION AND SCOPE OF FUTURE RESEARCH

By triggering the objective of the present study, it has been discovered that the average CSR expenditures throughout the study done by private companies are significantly more than that of government corporations. The present study is based on a small period and it makes the usability of key findings limited which is expected to be taken care of in future research. Cross Country comparison can be made by taking the CSR spending of MNCs or foreign companies with that of Indian companies.

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