



CORPORATE SOCIAL RESPONSIBILITY: AN ANALYSIS ON PUBLIC AND PRIVATE ENTERPRISES IN INDIA

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Abstract

Corporate Social Responsibility is referred as a social and ecological duty of the companies to willingly comply while carrying on their day to day business. It is the idea that in spite of carrying on their business operations on a daily basis, the companies also have to show their concern towards preservation of the environment. CSR envisages the duty to make not only profits but also to bear the responsibility for any long term social and environmental consequences. The founder of Infosys, Narayan Murthy, stated that “*Social responsibility is to create maximum shareholders’ value, working under the circumstances where it is fair to all its stakeholders, workers, consumers, the community, government and the environment.*” An organization keeping in mind its CSR has to carefully think through with regard to the aftermath of its decisions on society, the environment and its own well-being which is referred to as the ‘Triple Bottom Line’. The ‘Triple Bottom Line’ concept states that for one to prolong in the distant future, a corporation should give due consideration to the following components, i.e., people, planet and profit.

The determination of the ‘first phase’ of CSR was on the basis of culture, religion, family tradition and industrialization. During the ‘second phase’, CSR (1914-1960) was in dominance by the struggle which the country was going through to achieve its independence. It was also influenced by the theory of trusteeship put forward by Gandhi which intended to “consolidate and amplify social development”. The ‘third phase’ (1960-1980) of Indian CSR, observed the pattern of “mixed economy” along with the coming up of PSUs and adequate legislations on labor and environment and this period moved from corporate self-regulation to stringent legal and public regulation of various activities in business. In the ‘fourth phase’ (1980 until the present) Indian companies and stakeholders began integrating CSR into a sustainable business strategy and partially adopting multi-stakeholder approach. This study examines the interrelation between CSR and economic performance of companies in India by using secondary data acquired from annual reports of various companies which have been selected.

Keywords

Corporate social responsibility, Companies Act, 2013, private sector companies, public sector companies, companies’ profitability.



I. Introduction to the concept of corporate social responsibility

Corporate social responsibility may be termed as an ethical role of a company in a society. It is used to build the trust of the shareholders by positive reactions from the public and increase their long-term profits by following very high standards of ethics taking responsibility for their corporate action. The consumers in the present world expect a corporate to generate profit but also to conduct themselves in a responsible manner for the well-being of the society as a whole. Strategies of CSR encourage companies to make good impact on the environment as well as a shareholder of a corporation. Stakeholders will include employees of the company, suppliers, consumers and even the government. It will also include any community that is affected by the activities of the corporation like construction, pollution and manufacturing. For some companies CSR means producing a product in such a way that it does not harm the environment and consumers are protected from hazardous materials. For others it may mean contributing towards sustainable development of the environment. A good CSR initiative would mean that the companies should identify and provide their employees with an environment that is safe and keep people happy and productive. The concept of CSR emerged during the 1970s to 1980s where there were many environmental concerns because the companies were harming rainforests which led to an increase in pollution and therefore, it was decided that something had to be done because the planet's resources were not being used properly in a sustainable manner. The concept indicated that resources should be used in such a way that future generations are not punished for crimes they did not commit, i.e., wastage of natural resources and that they should have access to resources which are available in the present day.

CSR practices function on a theory known as the 'triple bottom line' theory, whereby, an assumption is taken that a company is one of the members of the society. The theory states that a company should look at three independent aspects, i.e., economic, environmental and social sustainability. Economic sustainability focuses on long-term decisions of a company. Under social sustainability, balance of economic power is given importance which means that competition in the market is encouraged. It will always be better for the society to have multiple companies selling a particular product rather than just one company which is thriving. Lastly, environmental sustainability states that it is the duty of humans to recognize that resources are not infinite in nature and that wastage of such resources will degrade the life of any future generation as they will have to face the consequence of our actions. One has to realise that a business will not be able to function in a society which is poisoned and so a business will not be allowed to function in a way that it destroys the environment and certain restrictions have to be placed to ensure that the environment is not destroyed and resources are being utilised in a sustainable manner.¹

¹Corporate Social Responsibility and the Triple Bottom Line by Business Ethics,
<https://philosophia.uncg.edu/phi361-matteson/module-3-social-responsibility-professionalism-and-loyalty/corporate-social-responsibility-and-the-triple-bottom-line/> (Accessed on May 10, 2022).



II. CSR practices post Companies Act, 2013

A new concept with the name, ‘Corporate Social Responsibility’ has been introduced in the Companies Act, 2013 which has brought changes in the area of corporate business. The concept of CSR lies on the theory that if one is taking from the society then they should return the favour back to the society. Section 135(1) of the Companies Act, 2013 encourages corporations to take part in sustainable development. On February 27, 2014, the Companies (Corporate Social Responsibility Policy) Rules 2014 was notified by the Indian government. The major expectation from these rules is that the company should ensure upon themselves the responsibility of developing the locality in which they are running their business.

Section 135 of the Companies Act explains the policy of CSR that was brought into force from April 1, 2014. It has been stated in this section that “*any company having a turnover of 1000 crore or net profit of 5 crore or net worth of 500 crore will become eligible to take part in CSR in procedure and will have to spend 2% of the average net profit for the last three consecutive financial years*”. CSR activities should be followed keeping in mind Schedule VII of the 2013 Act. The CSR rules have been widened as they now include holding and subsidiary companies and also any foreign company having offices in India. Companies usually participate in the following activities so that their CSR obligations are fulfilled which includes activities that help in promoting healthcare, promoting education, senior citizens’ home setup, reducing poverty and malnutrition, ensuring sustainability of the environment, protecting national heritage and art, undertaking measures that help armed forces veterans, widows and their dependents, development of rural areas and so on.

A CSR committee has to be set up by a company to draft a CSR policy. It is stated that at least three directors should be there in a CSR committee which will also include independent directors, specified under Section 135. According to the CSR rules, any company which is an unlisted private or public company will be exempted from appointing an independent director and demands that they should have a minimum of two members. If a company fails to satisfy the criteria laid down for CSR in a particular financial year, they will still undertake CSR activities unless they fail for three continuous financial years. The annual CSR report should include a summary of the CSR plan, CSR committee composition and net worth of the last three consecutive financial years and expenditure on CSR by the company as prescribed. In case of any unforeseen factors where the company fails to spend the appropriate prescribed CSR, then the board’s report should contain the reasons as to why the company was unable to spend their minimum prescribed CSR expenditure.

III. Comparative study of CSR practices carried out by select private and public sector companies

CSR Activities of Private Sector Companies

Tata Motors

Since its inception Tata had always given preference on being a charitable company even when the mandatory CSR provisions were not introduced in the Companies Act, 2013. It had a philosophy that since they were earning from the society they had an obligation to give back to the



society. There are six manufacturing locations and one corporate location that help Tata Motors to engage with various social groups so as to maximize the social welfare footprint by launching programs across these locations. These areas are divided into health(Aarogya),education (Vidyadhanam), employability (Kaushalya) and environment (Vasundhara).

Studies have revealed that during FY20, the health proposal 'Aarogya' has brought in benefits to about 3.9 lakh citizens. This initiative of Tata Motors aims at reducing the effect of malnutrition by providing hygienic drinking water to far-off communities as well as improved and efficient health services.² The company had also formulated an approach to restrain the spread of COVID-19 and also to lend a hand to those who have been greatly affected by the lockdown. 'Vidyadhanam', an education initiative addresses the need for higher education by providing monetary support for financially challenged children and organizing support classes for subjects which are difficult as well as providing scholarships. Tata's skill development program has three areas- auto trade, non-auto trade and agriculture activity. The beneficiaries of this program are the school dropout youth of the country. Lastly, the aim of Vasundharais to enhance the environment by making efforts to increase the green cover which is slowly reducing in our cities due to development. In this program sapling plantation is done to increase the number of trees and also environmental awareness is given to the community so that they understand the importance of the environment. In ensuring protection on natural habitat and environmental sustainability Rs 1.26 crore has been invested in the year 2018-2019. Apart from these core sectors Rs 1.66 crore has been invested on rural development and Rs 0.65 crore have been invested on drinking water which brings the total amount of CSR activities by Tata Motors in the year 2018-2019 to a total of Rs 22.40 crore.³

Nestle India

The company focuses their activities in the following areas: Nutrition, sanitation and environment. The company conducted a program to develop the skills and practices of street vendors which would help them improve their income and sustain their livelihoods. In the year 2018, this program was implemented across 12 States including Goa, Rajasthan, Gujarat, Orissa, Madhya Pradesh, Jammu and Kashmir, Delhi, Kerala, Chhattisgarh, Maharashtra and Uttar Pradesh. Nestle in association with its NGO partner has also conducted sessions virtually to make people aware of various measures which have to be adhered to pertaining to food safety, hygienic factors and also precautionary measures against the deadly COVID-19 virus. The prescribed CSR spending for Nestle India in 2018 was Rs 27.34 crore and actual CSR spending came out to a total of Rs 27.37 crore.⁴

² Tata Motors Annual CSR Report of FY 2019-20,<https://www.tatamotors.com/press/tata-motors-releases-its-annual-csr-report-fy-2019-20/>(Accessed on May 25, 2022).

³Tata Motors CSR Report of the year 2018-19.

⁴Nestle India Limited,https://csrbox.org/India_Company_Nestle-India-Limited-Haryana_5807 (Accessed on June 3, 2022).



Infosys Private Limited

Infosys Foundation was established as a non for profit initiative with an aim to fulfil the social responsibility of Infosys Limited creating opportunities for the less fortunate and by aiding them so as to move towards an equitable society. The Infosys Foundation supports many programs and organisations which are dedicated only towards the rural poor people, the mentally challenged and the people who are from economically disadvantage group of society. To promote environmental sustainability the company has contributed towards solar infrastructure support including inverters and transformers. About 43% of Infosys electricity requirements are being made by renewable energy resources during 2017 to 2018. During the fiscal year of 2018-2019, 109 million units of overall energy requirement came from Green Power and out of this, 22.8 units of electricity from 16 photo voltaic installed in the Infosys campus.⁵

Since its foundation in 1996, hospital wards have been constructed, Dharamshala has been built, medical equipment is provided to various hospitals in need across India. Infosys believes that a nation sleeps peacefully because the soldiers are guarding its borders without a wink. This belief prompted Infosys Foundation to support the families of Martyrs beginning from 2016. The foundation joined hands with the Directorate of Indian Army veterans for this project and aims to redress the issues of single widows or the next of kin of Martyrs who died in service. Also, at the wake of the pandemic, Infosys Foundation made a declaration to contribute an amount of 100 crores towards relief efforts due to COVID-19. Out of the amount which it had contributed, the company also made donation which amounted to 50 crores towards the PM CARES Fund.

Reliance Industries Limited

Reliance has embraced its CSR as a fundamental bedrock to the erection and existence of the company and its long term pursuits. Reliance Foundation is the umbrella organization which unfolds the blueprint of sustainable development goals (SDG) as strategic corporate social responsibility to model with sustainable development envisaged by the UN in 2030. As of April, 2021, reports have stated that RIL enhanced its business at its Jamnagar oil refineries to generate more than 700 tonnes a day of “medical-grade oxygen” and it is being distributed at zero cost to all those states who were severely hit by the pandemic.⁶ As per the company’s latest annual report, the expenses of RIL amounted to Rs 1,140 crore in the fiscal year ending March, 2021 on CSR initiatives which included aid towards the impact from the pandemic, transformation in the rural areas, education, health facilities, sports and disaster response.⁷

CSR Activities of Public Sector Companies

Coal India Limited

⁵Renewable Watch, <https://renewablewatch.in/2017/03/05/solar-route/> (Accessed on June 8, 2022).

⁶ Reliance will supply over 700 tonnes oxygen a day to Covid-19-hit states, <https://www.livemint.com/news/india/reliance-industries-will-supply-over-700-tonnes-oxygen-a-day-to-covid-hit-states-benefit-70-000-patients-11618921837715.html> (Accessed on June 13, 2022).

⁷ RIL spends Rs 1,140 cr on CSR initiatives in FY21, <https://economictimes.indiatimes.com/markets/companies/ril-spends-rs-1140-cr-under-csr-initiatives-in-fy21/articleshow/83214795.cms?from=mdr> (Accessed on June 13, 2022).



The CSR activities of Coal India Limited have helped in the creation of many basic infrastructures on key issues like health care and sanitation which has helped people to fight of fatal diseases such as cancer. The following are some of the many CSR activities carried out by Coal India Ltd. in the FY 2020-21:⁸

- Food ration was distributed to 6000 persons during the lockdown which was imposed due to COVID-19 pandemic and this was done in three phases bearing an amount of Rs. 33 lakh for each phase.
- Financial support in order to develop chambers for sanitization of PPE kits which amounted to 19.80 lakh.
- Extending financial assistance by providing water purifiers along with water cooler system (28 units) in order that the masses may have access to clean drinking water to be able to protect them from various water borne diseases.
- Providing equipments for the students of Kasturba Balika Vidyalaya, New Delhi to enable them to continue their learning process through online mode.
- For keeping 20 schools in Bidhannagar Municipality neat and clean, the company made payment for the entire cleaning process as part of the Swachhta Action Plan.
- The company also donated towards the construction of roads in the Chamoli District in Uttarakhand.

Gas Authority of India Limited

GAIL is dedicated towards their CSR activities and believes that activities undertaken by the companies will determine the development of the country. Seven broad areas were identified by GAIL which ranges from, viz., Arogya which means wellness and deals with sanitation and drinking water projects; Ujjwal which means going towards a bright future through education initiative; Kaushal which means skill and focuses on areas related to skill development and education initiative; Unnati which means progress and deals with development of rural areas; Sashakt which means empowerment and it provides empowerment initiatives for women; and lastly, Harit which means green and focuses on every project that helps in the development of the environment..

Indian Oil Corporation Limited

IOCL carries on CSR activities in various fields. In Bhubaneswar, skill development centre was constructed with an aim to provide skills for the youth of Odisha who were unemployed and underprivileged so that the lack of skilled manpower in the industry could be filled. They gave skill development in two trades, i.e. industrial electrician and welding but because of popularity six new courses were added like solar PV installation, LPG mechanic, instrumentation technician, computer application, pipe fitter as well as fitter fabrication. Indian Oil Vidushiwas established with an aim to help girls belonging to the underprivileged section of the society. Students are provided specialised coaching and mentoring after class 12th to succeed in entrance examination.

⁸CSR Expenditure of CIL for 2020-21, https://www.coalindia.in/media/documents/CSR_activities_FY_20-21.pdf
(Accessed on June 16, 2022).



Indian Oil Aarogyam is one of the Indian Oil flagship schemes which was launched in 2018 to 2019 consisting of 12 mobile medical units each having a team of four members consisting of one doctor, one nurse, one nursing attendant and one driver in three refinery units of Bongaigaon, Mathura and Paradip and covers more than 140 villages.⁹ During the month of January, 2021, the company had signed a MoU with Chennai Petroleum Corporation Ltd. (CPCL) as part of their CSR initiative and has donated around Rs. 3.12 crore towards the vaccination program.¹⁰

Oil and Natural Gas Corporation

ONGC takes part in various CSR activities. The company has funded a project for reconstruction of 500 houses of people that reside below poverty line that was destroyed in cyclones in Orissa. It provided rehabilitation for Kargil war victims by providing employment for 50 soldiers disabled by war. Post tsunami relief measures were also extended in affected areas of Tharagambadi, Karaikal and Nagapattinam.

Haemophilia Federation and ONGC came together to transform the lives of children with haemophilia by providing them education. It identified 1000 children with haemophilia across country within 5 to 18 years of age and living a life below poverty line. The companies spent Rs 1.10 Crore on reviving ancient river Saraswati. It also provided Rs 20 Crore for project heat. The CSR spending prescribed by ONGC for the year 2019-2019 was Rs 480 Crore and its actual CSR spending for the year 2018-2019 was Rs 614.63 Crore.¹¹

The Indian public sector multinational company, ONGC had 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 past three year’s net profit) for the financial year 2019-20 was calculated as Rs 571.814 Crore.¹² However, the company spent Rs 607 Crore. During the exceptional times of COVID-19, ONGC in addition to contributing Rs 300 Crore to the PM Cares Fund, CSR projects were executed which were worth Rs. 20 Crore and benefited more than 26 lakh fellow countrymen through distribution of food, masks, PPE kits, sanitizers and funding of ventilators in hospitals. The employees of the company also voluntarily contributed about Rs. 30 Crore from their salaries over four months”.¹³

IV. Impact of CSR practices on companies’ profitability

The target of CSR is to uplift the living standards of the people and also maintain profit of the company for the people who work inside the organization as well as outside the organization. CSR

⁹Indian Oil Corporation Limited Annual Report 2019.

¹⁰ Companies must ramp up their CSR funds during Covid pandemic, <https://www.cnbcv18.com/videos/healthcare/companies-must-ramp-up-their-csr-funds-during-covid-pandemic-says-ioc-chairman-9342631.htm> (Accessed on June 20, 2022).

¹¹ONGC Annual Report 2018-19.

¹²Exceeding expectations: ONGC spends Rs 607 crore on CSR activities in 2019-20, <https://theCSRUniverse.com/articles/exceeding-expectations-ongc-spends-rs-607-crore-on-csr-activities-in-2019-20> (Accessed on June 20, 2022).

¹³ Ibid.



gives importance to all its stakeholders which primarily include government, media, consumers, suppliers and the community. The Government of India issued a proposal for the companies to spend a certain part of the profits after paying taxes for the CSR.

Table 1: Companies and their CSR Activities

Sl. No.	Companies	CSR activities
1.	Tata Steel Ltd.	Tata Steel Ltd. Focuses on skill development to make sure that people are able to sustain their livelihood and also promoting education along with scholarship being given to students and also making sure that villagers and youths get proper facilities in various programs designed for them.
2.	UltraTech Cement Ltd.	UltraTech Cement Ltd. Focuses on preventing diseases by setting up health camps and providing ambulances which can reach places having limited facilities and also lending support to the farmers by giving them such equipment and knowledge through which they can improve their crops which will automatically lead to development.
3.	Mahindra & Mahindra Ltd.	Mahindra & Mahindra Ltd. has set up programs to ensure that girls in the society especially those in underprivileged conditions should be uplifted by providing them diploma courses and complete education if found to be meritorious.
4.	ITC Ltd.	The company focuses more towards healthcare and sanitation but has also given attention towards the least popular CSR spending area which is the protection of art and culture and natural heritage of the country.
5.	Bharat Petroleum Corporation Ltd.	BPCL has after careful inquiry and assessment by the departments decided to focus on education promotion, hygiene development and conservation of water in drought-hit areas.
6.	Larsen & Toubro Ltd.	The CSR policy of Larsen & Toubro Ltd. after careful consideration has been aligned with the UN social development goals.

Mujahid and Abdullah in their study in the year 2014, “analyzed the firm's CSR and financial performance along with stakeholder's wealth. A number of firms were chosen and elected by them to study the difference in their financial performance and shareholders wealth. Post examination, it was concluded that there was an apparent and significant positive relationship between CSR and



financial performance and shareholders wealth as well. It is clear that the success of an organization depends on their active CSR activities”¹⁴.

Secondary sources have also been taken from the data collected from selected company’s Annual Report. The sample which has been taken is of “six years data ranging from 2016 to 2021 comprising of a number of companies in India which have been listed in the National Stock Exchange. However, net profit, total assets and expenditure from CSR activities have been taken as basic financial parameters from the annual reports of the firm. For profitability, the tables mentioned below illustrate the cause and effect relationship between CSR and impact on financial performance of the firm”.¹⁵

Table 2: Net Profit of Companies (Rs.in crores)¹⁶

Companies	2021	2020	2019	2018	2017	2016
Tata Steel Ltd.	13606.62	6743.80	10533.19	4169.55	3444.55	955.65
UltraTech Cement Ltd.	5342	5455.54	2412.45	2231.28	2627.72	2370.16
Mahindra & Mahindra Ltd.	268.66	1330.55	4796.04	436.01	3643.39	3204.57
ITC Ltd.	17641.94	15136.05	12464.32	11123.25	10200.90	9328.37
Bharat Petroleum Corporation Ltd.	17319.83	2683.19	7132.02	7976.30	8039.30	7056.36
Larsen & Toubro Ltd.	11336.97	6679.21	7491.39	5387.30	5453.74	4999.58



¹⁴Mujahid, Mubeen, and Abdullah, Arooj (2014), *Impact of Corporate Social Responsibility on Firms Financial Performance and Shareholders Wealth*, European Journal of Business and Management, Vol. 6, No. 31.

¹⁵Susruth, Mulukalapally (2017), *A study on corporate social responsibility and financial performance in the Indian context*, International Journal of Commerce and Management Research, Vol. 3, Issue 5.

¹⁶Net profit of companies, <https://www.capitalmarket.com/Company-Information/Financials/Profit-and-Loss> (Accessed on June 22, 2022).

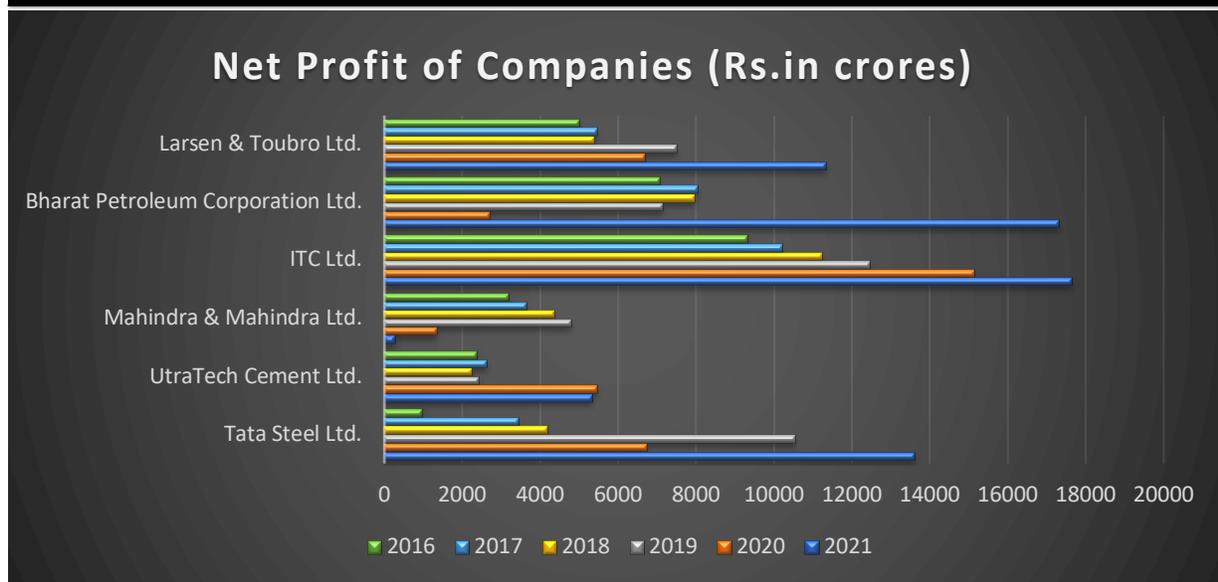
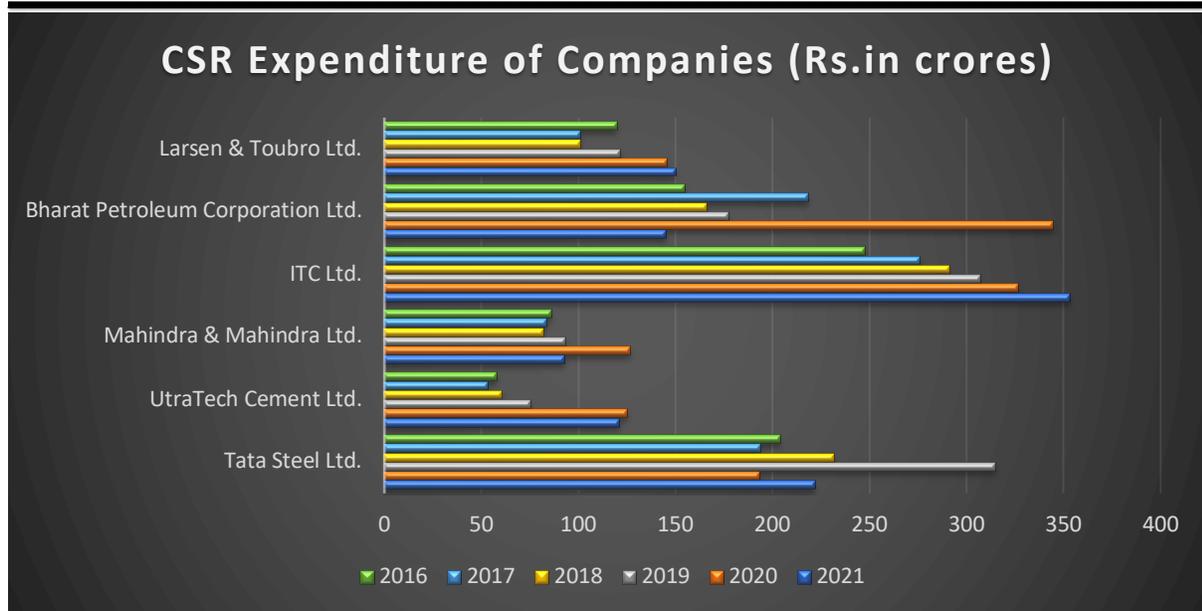


Table 3: CSR Expenditure of Companies (Rs.in crores)¹⁷

Companies	2021	2020	2019	2018	2017	2016
Tata Steel Ltd.	221.98	192.99	314.94	231.62	193.61	204
UltraTech Cement Ltd.	121	125	74.96	60.71	53.36	57.82
Mahindra & Mahindra Ltd.	92.78	176.59	93.50	81.97	83.57	85.90
ITC Ltd.	352.84	326.49	306.95	290.98	275.96	247.50
Bharat Petroleum Corporation Ltd.	144.90	344.57	177.52	166.02	218.21	154.66
Larsen & Toubro Ltd.	150.01	145.29	121.68	100.92	100.77	119.89

¹⁷ Annual CSR Report of select companies.



Data Analysis and Interpretation

In the case of Tata Steel Ltd., data shows a positive relation between net profit and CSR in the year 2019 even though there was an increase in the CSR expenditure but that did not affect the profitability of the company as it can be seen that there was an immense surge in the net profit in 2019 as compared to the year 2018. The company also witnessed a huge upsurge in the net profit in the year 2021 as well as in its CSR expenditure. When we look at UltraTech Cement Ltd., data shows that there was a rise in the net profit of the company in 2017 and 2020, however, the CSR expenditure was more in the year 2020 and 2021. The year 2020 also shows a positive correlation of both net profit and CSR. There was an increase in the net profit of Mahindra & Mahindra Ltd. in the year 2018 and 2019 but an increase in CSR could be seen in the year 2019 and 2020, therefore, 2019 could be seen as having a positive correlation in both. The year 2019 and 2020 indicates a positive relationship between net profit and CSR of ITC Ltd. as in both these years the expenditure for CSR increased but at the same time, there was an increase in the net profit of the company. Also, a positive growth in both the net profit and CSR expenditure of the company can be seen in the year 2021. In the case of Bharat Petroleum Corporation Ltd., data shows that there was a positive correlation of both net profit and CSR in the year 2017. Data reveals that there was a tremendous rise in the net profit of the company in the year 2021, however, the expenditure on CSR was quite less as compared to other years. Larsen & Toubro Ltd. had seen a positive correlation in its net profit and CSR in the year 2019 and 2020. Also, the year 2021 witnessed a huge surge in the net profit of the company even though there was not much of an increase in its CSR expenditure. It is apparent that relation between CSR and net profit is stronger during the years 2018 to 2020 whereas in most cases, the year 2016 saw a decrease in the net profit and CSR of the selected companies.



Spicer (1978 A.B), Rosen et al. (1991), Graves and Waddock (1994) and Pava and Krausz (1996) also demonstrated that *“when a firm adopts the concept of CSR by indulging in corporate social responsibility activities, it is very easy for the firm to earn capital because of the CSR activities and it also ensures that they get a good image in society which will attract the shareholders and the financial institutions towards their firm”*.¹⁸ Usually a company participates in CSR activities with the certainty that it will help in creating a good image of the company in the mind of consumers and also a good impression towards shareholders on the ground that when a company is actively participating in CSR then in no way will they take any decision which will deprave the stakeholders and it also increases the trust which everyone will have on the company. When a stakeholder's trust on a company is developed, it will in turn be an advantage to the company to thrive for profitability and success. Hence, it can be affirmed that financial performance is directly affected by the CSR activities of a company. Based on the above study, it can be said that an organization that does not give any importance to CSR activities will in the long run have a not so good financial performance as compared to a firm which is a possible of performing social activities. When a company commences a business without considering the influence that it will cause to the environment and the society, it creates a bad reputation in the minds of consumers thereby leading to a decline in the sales eventually. This further discourages stakeholders from investing in the company.

V. CONCLUSION

CSR is a concept that is still not fully recognized in India because of the belief that the companies have whereby if they fulfil their CSR objective by complying to the rules and regulations being laid down as per law, then they would have completed their role and responsibility towards the society, but it should be remembered that it is not just the law that should determine what role a company should play in ensuring the welfare of the society but it is for a company to realize on its own about the needs of the people residing in the area in which they run their business. All the factors should be considered by a company whether they are issues relating to environment or issues relating to economics or any other social factor and once the company recognises these problems then they should participate in the activities which actually help the people.

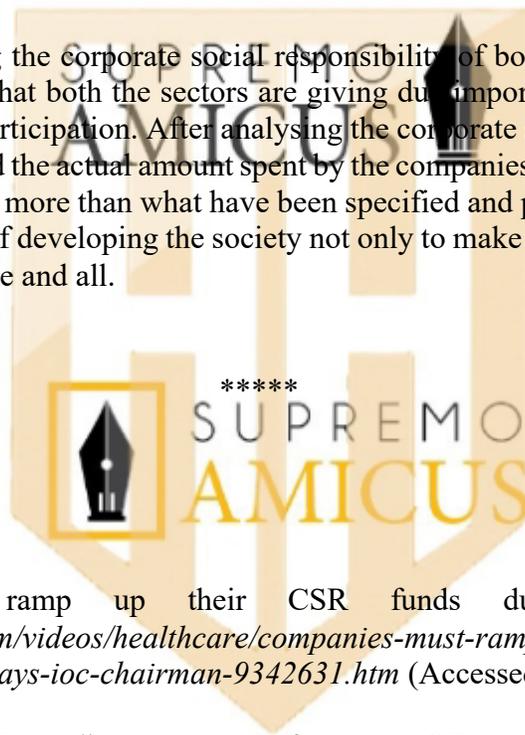
It is important for the companies to realise that such activities of CSR are not donations or just public welfare schemes but such activities will ensure the smooth running of business as well as making sure that the business grows and such a growth will not be in isolation but together with the society and those living in it. CSR may be said to be an unwritten contract with the community which helps in shaping a brighter future for the nation. The organizations need to understand that government alone cannot bring the downtrodden of the society to upliftment and it is the duty of every business houses to lend a helping hand to the society from which they derive their profits. One can observe that most of the companies which are in the forefront in their respective fields have realized the importance of fulfilling social causes and being active in the circle of social activities so as to ensure promotion of their brand.

¹⁸Spicer, B. H. (1978), *Investors, corporate social performance and information disclosure: An empirical study*, Accounting Review, 53, 94–110.



Companies usually participate in the following activities so that their CSR obligations are fulfilled which include activities that help in promoting healthcare, senior citizens home being setup, education being promoted, reducing poverty and malnutrition, ensuring sustainability of the environment, protecting the national heritage and art, undertaking measures that help veterans of armed forces etc. It is to be kept in mind that CSR activities should not be made mandatory for the company, however, it should be kept voluntary and it should be left solely on the company to decide whether they want to derive benefits from the CSR activities or not. With this in mind, many countries decided not to regulate CSR through compulsory spending and instead try to encourage CSR activities of the company by providing a law that requires compulsory reporting of any activity that is undertaken by the company and also on the activities and the amount on which they want to spend. If a company is being benefited by CSR, then, the manager of a company will try to form better CSR activities which will help in informing the public and the shareholders on how the companies are operating such activities which are in line with the expectations of the shareholders.

As it is seen from analysing the corporate social responsibility of both public and private sector companies it is safe to say that both the sectors are giving due importance to CSR activities and are not shying away from participation. After analysing the corporate social responsibility and the amount that is prescribed and the actual amount spent by the companies, it can be seen that majority of the companies have spent more than what have been specified and prescribed. Companies have understood the importance of developing the society not only to make a market for themselves but also for the well-being of one and all.



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