



ORIGINAL RESEARCH PAPER

A STUDY ON THE SPENDING PATTERN OF CSR IN INDIAN INDUSTRIES

Management

KEY WORDS: Corporate Social Responsibility, Conscientiousness, spending types, Schedule VII of The Companies Act 2013, Sustainable.

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ABSTRACT

The term Corporate Social Responsibility (CSR) is the concept that proposes the conscientiousness of Companies operating within society to contribute towards social, economic and environmental development that creates a positive impact on society at large. In India, the concept of CSR is governed by clause 135 of the Companies Act 2014, with suitable attributes as per the policy within spending types specified under Schedule VII of The Companies Act 2013, sub section 198. The CSR expenses spent by the Companies were integrated Industry wise and have further analyzed the spending pattern among the development sector wise as per the Schedule VII of The Companies Act 2013, to enhance for sustainable living and were analyzed in detail.

INTRODUCTION:

Corporate Social Responsibility is a robust in the corporate world. It holds a socioeconomic view and the classical view, which are two approaches that shape and influence the way managers (especially in huge organizations) prioritize and do things. In a broader perspective known as the *Triple bottom line* (People, Planet and Profit) approach, it is an accounting framework with three parts: Social, Environmental and Financial.

CSR is philanthropy practiced from way back in 1900s with varied carry out though not made compulsory until in the company's Act 2013. In India, the concept of CSR is governed by clause 135 of the Companies Act, 2014, The Companies who fall under the below mentioned attributes are required to fulfill the CSR provisions within the Act: Companies with net worth of Rs. 500 Crore or more, or Companies with turnover of Rs. 1000 Crore or more, or Companies with net profit of Rs. 5 Crore or more.

The new rules, which will be applicable from the fiscal year 2014-15 onwards, also require companies to constitute to set-up a CSR committee consisting of their board members, including at least one independent director. The Companies applicable for clause are to comply with the Committee, companies to spend at least 2% of their average net profit, and spend as per Schedule VII of The Companies Act 2013 and publish as per the format prescribed as per the legislation. SAMPLING:

Major data were extracted from the list of companies contributing for CSR as stated in the Ministry of Corporate Affairs. As per the *Pareto Principle* or the 80/20 rule based on CSR contribution, Companies were taken as sample. Stratified Random Sampling method were used, based on Secondary data and follow Content analysis approach to identify and describe Social Responsibility (SR) patterns.

Table-1 – Sample data collected for the study

SIN / CMIE wise Industry List	List of Company	CIN
Accommodation and Food Service	ATUL AUTO LTD	L54100GJ1986PLC016999
	BENARES HOTELS LIMITED	L55101UP1971PLC003480
	EIH LIMITED	L55101WB1949PLC017981
	FOODS AND INNS LIMITED	L55200MH1967PLC013837
	MAHINDRA HOLIDAYS & RESORTS INDIA LIMITED	L55101TN1986PLC006595
	ORIENTAL HOTELS LIMITED	L55101TN1970PLC005897
	SPECIALITY RESTAURANTS LIMITED	L55101WB1999PLC009672
	TAJ GVK HOTELS AND RESORTS LIMITED	L40109AP1995PLC019349
	THE INDIAN HOTELS COMPANY LIMITED	L74999MH1962PLC000183
	WONDERLA HOLIDAYS LIMITED	L55101KA2002PLC031224
Agriculture, Forestry and Fishing	BAJAJ CORP LIMITED	L01110MH2006PLC161345
	BIRLA CORPORATION LIMITED	L01132WB1919PLC003334
	INGERSOLL-RAND (INDIA) LIMITED	L05190KA1921PLC036321
	KAVERI SEED COMPANY LTD.	L01120AP1986PLC006728
	MONNET SPAT AND ENERGY LIMITED	L02710CT1990PLC009826
	NATH BIO-GENES (INDIA) LIMITED	L01110MH1993PLC072842
	ROSSELL INDIA LIMITED	L01132WB1994PLC063513
	TATA COFFEE LIMITED	L01131KA1943PLC000833
	VENKEYS (INDIA) LIMITED	L01222PN1976PLC007422
	WARREN TEA LIMITED	L01132AS1977PLC001706
Construction & real estate	DLF Limited	L70101HR1963PLC002484
	ENGINEERS INDIA LIMITED	L74899DL1965GO1004352
	GRASIM INDUSTRIES LTD.	L17124MP1947PLC000410
	HOUSING DEVELOPMENT FINANCE CORPORATION	L70100MH1977PLC015916
	IL&FS TRANSPORTATION NETWORKS LIMITED	L45203MH0000PLC119970
	LARSEN AND TOUBRO LIMITED	L99999MH1946PLC004768
	RELIANCE INDUSTRIES LIMITED	L17110MH1973PLC019786
	RELIANCE INFRASTRUCTURE LIMITED	L99999MH1929PLC001530
	SOMAX LIMITED	L45203KA1959PLC008475
	ULTRATECH CEMENT LIMITED	L26940MH2000PLC128420

Table-1- Continued..

SIN / CMIE wise Industry List	List of Company	CIN
Electricity	BHARAT HEAVY ELECTRICALS LIMITED	L74899DL1964GO1004281
	CROMPTON GREAVES LIMITED	L99999MH1937PLC002641
	GAIL (INDIA) LIMITED	L40200DL1984GO1018976
	GUJARAT INDUSTRIES POWER COMPANY LTD.	L99999GJ1985PLC007868
	JAIPRAKASH POWER VENTURES LIMITED	L40101HP1994PLC015483
	NHPC Limited	L40101HR1975GO1032564
	NTPC Limited	L40101DL1975GO1007966
	POWER GRID CORPORATION OF INDIA LIMITED	L40101DL1989GO1038121
	RURAL ELECTRIFICATION CORPORATION LIMITED	L40101DL1969GO1005095
	SIHN Limited	L40101HP1988GO1008409
Financial services	AXIS BANK LIMITED	L65110GJ1993PLC020769
	BAJAJ AUTO LIMITED.	L65993PN2007PLC130076
	BAJAJ FINANCE LIMITED	L65910MH1987PLC042961
	HDFC BANK LIMITED	L65920MH1994PLC080618
	KCI BANK LIMITED	L65190GJ1994PLC021012
	INDIABULLS HOUSING FINANCE LIMITED	L65922DL2005PLC136029
	MAHINDRA AND MAHINDRA FINANCIAL SERVICES	L65921MH1991PLC059642
	MAHINDRA AND MAHINDRA LIMITED	L65990MH1945PLC004558
	POWER FINANCE CORPORATION LIMITED	L65910DL1986GO1024862
	YES BANK LIMITED	L65190MH2003PLC143249
FMCG	BRITANNIA INDUSTRIES LTD	L15412WB1918PLC002964
	COLGATE-PALMOLIVE (INDIA) LIMITED	L24200MH1937PLC002700
	DABUR INDIA LIMITED	L24230DL1975PLC007908
	EMAMI LIMITED	L63993WB1983PLC036030
	GILLETTE INDIA LIMITED	L28931R1984PLC002890
	HINDUSTAN UNILEVER LIMITED	L15140MH1993PLC002080
	ITC LIMITED	L16005WB1910PLC001985
	MARICO LIMITED	L15140MH1988PLC049208
	NESTLE INDIA LIMITED	L15202DL1959PLC003786
	TATA GLOBAL BEVERAGES LIMITED	L15491WB1962PLC031425
Information technology	ADANI PORTS AND SPECIAL ECONOMIC ZONE LIM	L63090GJ1998PLC034182
	Bharti Airtel Limited	L74899DL1995PLC070609
	Bosch Limited	L85110KA1951PLC000761
	HARTROTT COMMUNICATIONS LIMITED	L70102HR1988PLC030379
	INFOSYS LIMITED	L85110KA1981PLC031115
	ORACLE FINANCIAL SERVICES SOFTWARE LIMITED	L72200MH1989PLC053666
	PERSISTENT SYSTEMS LIMITED	L72300PN1995GO105696
	TATA CONSULTANCY SERVICES LIMITED	L22210MH1995PLC008471
	TECH MAHINDRA LIMITED	L64200MH1986PLC041370
	WIPRO LIMITED	L32102KA1945PLC020800

Table-1- Continued..

SIN / CMIE wise Industry List	List of Company	CIN
Manufacturing	AMBUJA CEMENTS LIMITED	L26942GJ1981PLC004717
	BALKRISHNA INDUSTRIES LIMITED	L99999MH1961PLC012185
	DR. REDDY'S LABORATORIES LTD	L85195TG1984PLC004507
	GURAT STATE FERTILIZERS AND CHEMICALS LIMIT	L99999GJ1962PLC001121
	HINDUSTAN ZINC LIMITED	L27204R1966PLC001208
	INDIAN OIL CORPN. LIMITED	L23201MH1959GO101388
	JINDAL STEEL AND POWER LIMITED	L27105HR1979PLC009913
	JSW Steel Limited	L27102MH1994PLC152925
	TATA STEEL LIMITED	L27100MH1907PLC000260
	TITAN COMPANY LIMITED	L74899TZ1984PLC001456
Mining	Carm India Limited	L11101MH2006PLC163934
	ESSAR OIL LIMITED	L11100GJ1989PLC032116
	GARWARE POLYESTER LIMITED	L10889MH1957PLC010889
	GUJARAT MINERAL DEVELOPMENT CORPORATION	L14100GJ1963GC001206
	JAIPRAKASH ASSOCIATES LIMITED	L14106UP1995PLC019017
	MOIL LIMITED	L99999MH1962GO1012398
	NMDC LIMITED	L13100AP1988GO1001674
	OIL AND NATURAL GAS CORPORATION LIMITED	L74899DL1993PLC0054155
	OIL INDIA LIMITED	L11101AS1959GO1001148
	VEDANTA LIMITED	L13209GA1965PLC000444
Services (other than financial)	COSMO FILMS LIMITED	L92114DL1976PLC008355
	EIH ASSOCIATED HOTELS LIMITED	L92490TN1983PLC009903
	ENTERTAINMENT NETWORK (INDIA) LIMITED	L92140MH1999PLC120516
	HINDIA GLOBAL SOLUTIONS LIMITED	L92199MH1995PLC084610
	INOX LESURE LIMITED	L92199GJ1999PLC084045
	Jaypee Infratech Limited	L27100MH1907PLC000260
	NEWYELL LIGNITE CORPORATION LIMITED	L93900TN1956GO1003507
	RAI TELEVISION NETWORK LIMITED	L92490TN1994PLC027709
	Zee Entertainment Enterprises Limited	L92132MH1982PLC028767
	Zee Media Corporation Limited	L92100MH1999PLC121506
Wholesale Trade	ADANI ENTERPRISES LIMITED	L51100GJ1993PLC019067
	BANCO PRODUCTS (INDIA) LIMITED	L51100GJ1961PLC001039
	BERGER PAINTS INDIA LIMITED	L51434WB1923PLC0004793
	GENUS POWER INFRASTRUCTURES LIMITED	L51909UP1907PLC003119
	HSIL LIMITED	L51433WB1986GO1002439
	MCLEOD RUSSEL INDIA LIMITED	L51109WB1998PLC080706
	SHARDA CROPCHEM LIMITED	L51909MH2004PLC145007
	SMIL ISUZU LIMITED	L50101PB1983PLC005516
	SWARAJ ENGINES LTD	L50210PB1985PLC006473
	VARDHMAN ACRYLICS LIMITED	L51491PB1990PLC019212

DATA SOURCE: Ministry of Corporate Affairs and National CSR Portal

The Corporate Identification Number (CIN) of each entry were used to integrate Listed and unlisted companies, Location, Industry wise broadly as per SIC (Standard Industrial Classification India) and CMIE (Centre for Monitoring Indian Economy) with the year of Induction. The contribution towards the development sector stated in the Schedule VII of The Companies Act 2013 under section 135 was fixed as the variables for the study.

The segregated 11 Industries and top 10 Listed Companies contributed for CSR (FY 2014-15) from each Industry type were considered as the sample data for the research study. The contributions of CSR, by the same set of sample were used for further two financial years of the study. This helps to know the trend of Compliance of policy, expense and type of spending by the Companies.

The Committee shall formulate and counsel a CSR policy to the board, indicating the activities as specified in Schedule VII of The Companies Act 2013 of the Act. The Committee would propose the amount of expenditure to be incurred on the activities signified in the policy, and monitor the CSR policy regularly, and project the periodical CSR Report in the format proposed by the Memorandum. Below are the codes indicating the spending type of CSR towards various Development Sectors. Relative codes were assigned for simple naming in the tables and charts.

SECTOR WISE CONTRIBUTION BY VARIOUS INDUSTRIES UNDER CSR ACTIVITIES-AN ANALYSIS:

The detailed analysis has been done mutually from the Development Sector wise as per the codes stated in the Schedule VII of The Companies Act 2013 of the Act, and the Industry wise to gather an outright overview on the various sectors of utilization of the funds, by collecting data from the Companies and integrated Industry wise.

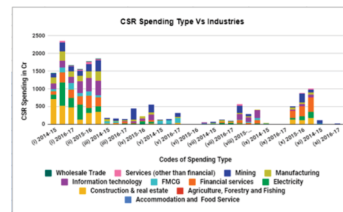
Table : 2- Schedule VII of The Companies Act 2013

SI No:	Development Sector
(i)	Health/ Eradicating Hunger/ Poverty and malnutrition/Sage drinking water / Sanitation
(ii)	Education/ Differently Able / Livelihood
(iii)	Gender equality / Women empowerment / old age homes / reducing inequalities
(iv)	Environment/ Animal Welfare/ Conservation of resources
(v)	Heritage Art and Culture
(vi)	Contribution to Corpus, Armed Forces, Veterans, War Widows/ Dependants
(vii)	Encouraging Sports / Vocational skills
(viii)	Prime Minister's National Relief Fund
(ix)	Other Sectors (Technology Incubator and benefits to armed forces and admin overheads and others*)
(x)	Rural development
(xi)	Slum area development

A detailed analysis on the types of spending of CSR funds among the development sectors stated in Schedule VII of The Companies Act 2013 of the act had been done, and brief note on the various level of contribution among those Industries has been stated below.

Below is the table showing an overall view on the spending pattern amongst the types of development sectors by the sample of Industries over three financial years 2014-15, 2015-16 and 2016-17, and the explanation of each thereon.

Graph-1: Industry wise CSR spending type for FY 2014-15, 2015-16 and 2016-17

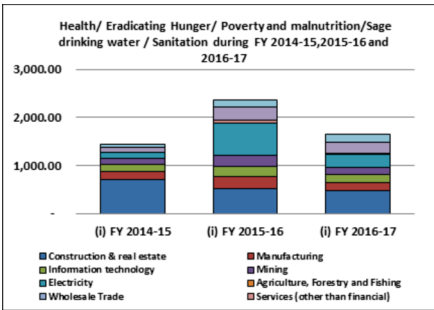


Development sector wise:

(I) Health/ Eradicating Hunger/ Poverty and malnutrition/ Sage drinking water / Sanitation:

This sector being the most contributed one during the FY 2015-16 than the first FY 2014-15 of legislation. This shows the utmost interest shown by the contributors. As eradicating hunger and poverty being the foremost requirement, most of the contributions fall under this sector of development. A varied activities by way of sanitation, healthcare, medical aids, helping poor on awareness of wellbeing jointly account to this particular type of spending.

Graph-2: Health/ Eradicating Hunger/ Poverty and malnutrition/Sage drinking water / Sanitation during FY 2014-15, 2015-16 and 2016-17



(ii) Education/ Differently Abled/ Livelihood: Most of the Industries have put in their CSR fund to the Educational sector and this being the most contributed among all the sectors. The upcoming generation concentrate on refining the needy, providing educational benefits, conducting campaigns, programs for managing the poor to coming up themselves by way of uplifting their livelihood confine to this sector. During FY 2014-15, "Information technology" has spent about, Rs.332.33 Cr. (21.40%), FY 2015-16" Rs. 377.03 Cr.(21.20%) and for the FY 2016-17" Rs. 408.05 Cr. (22.00%).

(iii) Gender equality / Women empowerment / old age homes / reducing inequalities: Skill development programs in villages have been conducted in areas to promote women empowerment as a part of the CSR project activities. "FMCG" Industry has contributed about Rs. 64.36 Cr.(35.60%) in FY 2014-15 and the in 2015-16" Rs. 53.90 Cr. (32.80%) "FMCG", "Mining" Industry has collectively contributed about Rs. 40.46 Cr. which is (22%) of the total, and the "Manufacturing" Industry about Rs. 54.88 Cr. (30%) in FY 2014-15 account to 88% of the total. Mining Industry has contributed in FY 2015-16 about Rs.69.73 Cr. (42%), and the Financial Services Industries' contribution for the FY 2016-2017 amounting to Rs. 49.47 Cr (32%).

(iv) Environment / Animal Welfare/ Conservation of resources: "Mining Industry has employed a huge amount on Environment wellbeing and conservation of natural resources as the industry comprises a main part in deploying the same. They by far, contributed a huge amount about Rs. 302.62 Cr. (68.60%) in FY 2014-15 and about Rs. 223.38 Cr. (40.20%) in FY 2016-17 of the total for the sector, and only Rs. 5.06 Cr. (2.3%) in FY 2015-16, whereas about Rs. 79.28 Cr. (35.3%) as the highest from the Electricity Industry, and comparatively lower amount in the other two FY. This gives a varied opinion about the cumulative spending by the Industries for each sector by their prolonged activities for CSR.

(v) Heritage Art and Culture: Our country plays a vital role in the preservation and promotion of art and culture. The Government aims to develop ways and means by employing funds, for which the basic cultural, aesthetic values and perceptions remain active and dynamic among the people. "FMCG" Industry has spent a major portion of their CSR for "Heritage Art and Culture for FY 2015-16 of Rs. 96.04 Cr.(67.70%) of the total, and a moderately equivalent value for FY 2014-15 as Rs. 84.77 Cr. (62.70%). For

every increase of 10.00% in FY 2014-15, the amount in the sector for FY 2015-16 had increased by about 6.54%. The top 2 Industries contributing to this sector are FMCG and Mining for the FY 2016-2017 which account for Rs. 243.11 Cr. (77.1%) of the total.

(vi) Contribution to Corpus, Armed Forces, Veterans, War Widows/ Dependants: Army Central Welfare Fund has been found to support (a) Disabled soldiers (Battle Casualty) of all operations after 15 Aug 1947 excluding "OP VIJAY (Kargil) invalidated/boarded out/prematurely released from service in Low Medical Category, before fulfilling terms of engagement. (b) Disabled soldiers (Battle Casualty) retained in service based on percentage of disability. "Information Technology" and has spent about Rs.5 Cr. (99.80%) which is rather a lesser amount though the highest contributor among the sample of industries for the FY 2014-15, had spent by far the highest value for the sector about Rs. 6.4 Cr. (98.00%) FY 2015-16 and a relatively high value in the FY 2016-17" Rs. 29.46 Cr. (51.50%) and FMCG to about Rs. 27.42 Cr. (48%),

(vii) Encouraging Sports / Vocational skills: Corporates step up to enhance the sports scenario in the country as sports play a major role in nation's economic progress. Various activities by which sports sector can be developed are by Promoting sport fest in Schools, improving infrastructure in institutions, availing proper coaching and training assistance to the needy and the talented sportspersons, Sponsor broadcast of the games etc. "Mining Industry" has a high value for this sector among the lot, in the FY 2014-15' about Rs.36.67 Cr.(54.00%) and during FY 2015-16 about Rs.22.26 Cr. (16.30%) while "Manufacturing" tops the list valuing about Rs.38.46 cr. (28%) "Electricity" Industry has spent in the FY 2016-17 which is about Rs.39.73 Cr. (41%)and the next higher value was by the "Manufacturing" which accounts to Rs.26.26Cr.(27%).

(viii) Prime Minister's National Relief Fund: These funds established by the central or state government, in which any individual, society, firm or Institution can donate fund. This is listed as one of the activities that can be taken up for CSR. "Mining" and the "Information Technology" are the major contributors for the "Prime Minister's National Relief Fund" for the FY 2014-15. While former contributing to about Rs. 207.11 (36%) and the later about Rs.158.85 Cr. (28%) "Information technology" alone has a very high value for the FY 2016-17 Rs.228.20 Cr. (55.50%) and to about Rs.138.65 Cr. (48.00%) for the previous FY 2015-16.

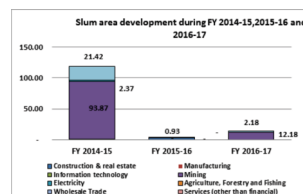
(ix) Other Sectors (Technology Incubator and benefits to armed forces and admin overheads and others*): "FMCG" has by far the highest value for the FY 2014-15" Rs.20.96 Cr. (69.10%) and values lower than most for FY 2015-16" (0.00%) and FY 2016-17" (0.00%). The top 2 values for the FY 2015-16 are "Agriculture, Forestry and Fishing" and "Mining" that account for Rs.6.75 Cr. (79.5%) of the total contribution. "Information Technology" has the highest value for the FY 2016-17 amounting to Rs.2.60 Cr. (34%) and the next highest were by the "manufacturing" which amounts to Rs.2.20 Cr. (29%).

(x) Rural Development: Numerous rural involvement have been done in many villages in the domains of integrated water management/rainwater harvesting, water for schools, improving agriculture productivity and livelihoods of small and marginal farmers, rural school renovations, community- led development. The "Financial services" Industry had put in the values for the FY 2014-15" Rs.209.33 Cr. (40.80%), for the FY 2015-16" Rs.283.20Cr. (32.00%), and for the FY 2016-17" Rs.396.31 Cr. (39.60%). The "Construction & Real Estate" Industry contributed the next higher values for the FY 2014-15 Rs.131.21 Cr. (26%) followed by the "Mining" for the FY 2015-16 amounting to Rs.251.56 Cr. (28%).

(xi) Slum area development: This being the recently included sector under the Schedule, seem to include a small amount as its contribution, due to its segregation. "Mining" has by far the highest values for "Slum area development" for the FY 2014-15"

Rs.93.87 Cr. (79.40%) , and for the FY 2016-17" Rs.12.18 Cr. (84.80%) and a value lower than most for "Slum area development 2015-16" (0.00%). While "Construction & Real Estate" contributing very high for the FY 2015-16" Rs.3.41 Cr. (79.40%).

Graph -3: Slum area development during FY 2014-15,2015-16 and 2016-17



MAJOR FINDINGS OF THE STUDY:

- As a result of the study from the sample - it is explicit that, most companies in various Industries contribute to "Health/ Eradicating Hunger/ Poverty and malnutrition/Sage drinking water / Sanitation" and the FY 2015-2016 had the highest values.
- There is scarce interest shown in the Other Sectors (Technology Incubator and benefits to armed forces and admin overheads and others*).
- Major companies show concern to implement through CSR activities or programs directly to the public than through the Governmental bodies like the "Prime Minister's Relief Funds".
- It is inferred that all Industries show more interest in "Rural development" than the "slum area development", though both the sectors are closely related in way of economic development.

CONCLUSION:

Rather than Social service it is evident that corporate sectors have vested interest in promoting themselves indirectly by their CSR policies. The report stated in specific, prescribed format provides an easy and better understanding of implementation and for further improvement in terms of funding and activities. The stated activities of the Government by segregation of Development sectors helps in finding the needy areas of difficulty and refinement of the paradigm has been properly shared by the upfront administration through the Corporate.

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