

A STUDY OF CORPORATE CSR SPENDING OF COMPANIES OPERATING IN MAHARASHTRA

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ABSTRACT

Corporate Social Responsibility (CSR) has garnered an important role in societal development in India over the past few years. Companies are making diversified CSR investments in various sectors with the perspective of balanced growth. Women empowerment is one such area. Post Covid-19, education institutions, which faced a transformation during the said period are constantly need of funds for digital upgradation. This reset was also a reminder to the corporate to focus on environment and realign their vision in line with the sustainable development goals. The researchers aim to study the CSR funding by organizations operating in Maharashtra on the aforementioned three areas wherein spending done locally (in Maharashtra) can also be identified

Keywords: CSR, Maharashtra, Education, Women Empowerment, Environment, Sustainability

Introduction

Corporate Social Responsibility (CSR) applies plans across different stakeholders, which begins with an understanding of their needs and then engages with various groups involved in the said process (Moir, 2001). In India, CSR is generally perceived to be an act of philanthropy.

The Companies Act of 2013 makes it mandatory for a few companies to spend of a portion of profits on CSR. CSR initiatives in India have been diverse and varied. Companies have focused on education, healthcare, environmental sustainability, and community development. Some companies have established schools, colleges, and vocational training centres, while others have set up hospitals and health centres in remote areas. Many companies have also undertaken initiatives to reduce their carbon footprint and promote renewable energy.

The impact of CSR initiatives in India has been significant. CSR activities have helped bridge the gap between urban and rural areas, improved access to education and healthcare, and created employment opportunities for the underprivileged. In addition, CSR initiatives have helped companies build a positive image and reputation in the eyes of their stakeholders, including customers, employees, investors, and the government. There have been some concerns about the implementation of CSR in India. Some companies have been accused of using CSR as a mere publicity tool and not making a real impact on the ground. Additionally, there have been concerns about the lack of transparency and accountability in the utilization of CSR funds. It has been observed that funds allocated for CSR aren't utilized completely. Norms for non-compliance were introduced only in 2021 and companies have various sectoral preferences when it comes to allocation of the overall amount. There has been an increased demand for CSR. The authors propose to survey a few corporates in India and understand their CSR activities while emphasizing on education sector spending.

Literature Review

CSR in India is regulated as per Section 135 of the Indian Companies Act 2013. Companies meeting the eligibility criteria have to spend a minimum of 2% of preceding 3 years' profit on notified CSR activities. However, prior to this act it was voluntary. A few voluntary firms who did it prior to 2014-15 (when the Act became effective) continued with their tradition while others were forced to do it post its implementation (Jadiyyappa, 2021). In both cases, spending increased only because of regulation and resulted in positive financial performance (Nair and Bhattacharya, 2019). Hindrances in implementation continue to remain. Some of them include lack of community participation, lower capacities and non-availability of local NGO's and issues of transparency (Kumar, 2019). Thus, companies haven't been able to utilize the amount kept aside for CSR.

CSR Funds for Education

CSR funds in education will contribute to building those twenty first century skills that advance strategic interests of donors (Sengupta, 2016). During the pandemic, Government of India proposed the use of CSR funds to bridge the digital divide in the country. This was done with a view to support rural students who did not have

access to the technical tools required for online learning. Yet, most CSR funds allocated to education are utilized purely for scholarships (Sengupta, 2016). The CSR spend on education is the largest as compared to any other sector which is illustrated as per the table given below

Year	2016-17	2017-18	2018-19	2019-20	2020-21
CSR Funds Spent	4505.05	5763.08	6093.63	7164.49	6391.86

Table 1: Amount spent for CSR in the last 5 years for Education

Source: Data Compiled from the National CSR Portal (<http://www.csr.gov.in/CSR/>) (Date of Access 29/09/2022). Amount in Rupees Crore

Earlier in 2022, Education Minister Dharmendra Pradhan suggested that the notion of public funded universities needs to be discarded (Indian Express, 2022). As such, upcoming universities in India will be multidisciplinary and self-financed (as proposed by the new National Education Policy 2020). Thus, CSR is much needed to support the futuristic developments in the education sector and as such warrants further research.

CSR Funds for Women Empowerment

CSR is an important medium for the creation of gender equality and diversity at the workplace and also to get respectable livelihood in the society (Sridevi, 2015). Public sector banks in India have always taken a lead in this regard (Dhingra and Mittal, 2014). In Mysuru, training programs, as part of CSR initiatives, have helped to increase the income of women participants. The Government of India has made a distinction between the CSR funds allocated for Gender Equality and those reserved for women empowerment. The amount spent in the last 5 years is as under

Sr. No	Sectors	2016-17	2017-18	2018-19	2019-20	2020-21
1	Gender Equality	072.60	024.01	051.81	082.93	035.27
2	Women Empowerment	141.62	251.37	236.34	259.27	188.04
3	Total (1+2)	214.22	275.38	288.15	342.20	223.31

Table 2: Amount spent for CSR in the last 5 years for Women Empowerment.

Source: Data Compiled from the National CSR Portal (<http://www.csr.gov.in/CSR/>) (Date of Access 29/09/2022). Amount in Rupees Crore

The sex ratio in India is positive with 1020 female births per 1000 males as per the National Family Health Survey conducted in 2021. Thus, spending for women empowerment is bound to go up. Hence a comprehensive analysis is required.

CSR funds for Environment

Traditional views indicate a positive correlation between CSR and Environment. In India, it has been observed that pressure from primary stakeholders, of a family run business, with the help of its leadership, ensured better implementation of CSR (Singh and Mittal, 2019).

Year	2016-17	2017-18	2018-19	2019-20	2020-21
CSR Funds Spent	1076.46	1301.96	1364.21	1468.22	0981.78

Table 3: Amount spent for CSR in the last 5 years for Environment

Source: Data Compiled from the National CSR Portal (<http://www.csr.gov.in/CSR/>) (Date of Access 29/09/2022). Amount in Rupees Crore

But CSR activities can be perceived otherwise in different parts of the world. CSR by manufacturing industries in Pakistan have had a positive impact on Environmentally Sustainable Development (ESD) complimenting growth of green innovation (Shahjad, 2019). However, in Japan, it was observed that CSR leads to an increase in emissions as firms responsible for it tended to spend more (in case of serious damage and low cost efficiency of emission reduction) and vice-versa (Fukuda and Ouchida, 2020). These contrasting results compel researchers to focus on CSR spending on environmental causes in India.

Objectives

A comprehensive review of literature drives the researchers to come up with the following objectives

1. To discover the total CSR investment made by companies in education

2. To identify the sectors in which companies invest their CSR funds with a special focus on education, women empowerment and environment
3. To identify the amount, spent by companies on CSR activities in Maharashtra State.

Research Methodology

The study aims to study the expenditure of companies towards CSR, as per the provisions of the Companies Act. The sectors that have been identified are prominent Sectors that have a presence across India and generate revenue to be eligible for the CSR provisions under the Companies Act 2013.

As the scope of the study is limited to the state of Maharashtra, the companies that have been identified either have their registered offices in Maharashtra or have their business presence in Maharashtra. There are total 15 business establishments, which are fitting in to both the criteria.

As the Companies Act 2013 was implemented from April 2014 many business establishments have started CSR from 2014, the period considered for the study is 2018 to 2021.

Sr. No.	Industrial Sector	Number of Companies
1	FMCG	3
2	IT/ ITES	3
3	Manufacturing	3
4	Logistics	3
5	Hospitality	3

Table no. 4: Sectors Identified for the study.

Sr. No.	Name of Company	Registered Office	Industrial Sector
1	Britannia Industries Ltd	Kolkata	FMCG
2	Hindustan Unilever Limited	Mumbai	
3	Procter & Gamble Home Products Private Limited	Mumbai	
4	Cybage Software Private Limited	Pune	IT/ ITES
5	Infosys Limited	Bengaluru	
6	Persistent Systems Limited	Pune	
7	Alfa Laval India Private Limited	Pune	Manufacturing
8	Cummins India Limited	Pune	
9	Godrej And Boyce Manufacturing Company Limited	Mumbai	
10	Allcargo Logistics Limited	Mumbai	Logistics
11	Gati Limited	Hyderabad	
12	VRL Logistics Limited	Hubbali	
13	Oberoi Hotels Pvt. Ltd.	Kolkata	Hospitality
14	Radisson Hotels (South Asia) Private Limited	Gurgaon	
15	Taj GVK Hotels And Resorts Limited	Hyderabad	

Table no. 5: Sector-wise selection of companies for the study along with Registered Offices

Sources and Methods of Collection of Data: Secondary Data

The applied methodology of the study is the use of secondary data. The companies need to submit data regarding their CSR expenditure to relevant government authorities. This data submitted by the companies and other secondary data shall be used for the analysis of the study.

Scope of the Study

1. The research would comprise of companies that belong to the following sectors FMCG, IT/ITES, Hospitality, Manufacturing and Logistics.
2. The research is restricted to only selected Companies that either have their registered offices in Maharashtra or have their business presence in Maharashtra.
3. This study is based on the data collected for the years 2018 to 2021.

Limitations of the Study

1. The geographical restriction: The data collected from the companies will focus on Maharashtra State only.
2. Sample size for the present study will be 15 companies i.e. from the selected sectors and operating in Maharashtra.
3. The conclusion will be on the basis of secondary data.

Data Analysis

CSR expenditure on Education, Women Empowerment and Environment (Manufacturing Companies)

The researchers analyzed the expenditure on CSR efforts for Manufacturing Sector w.r.t. selected companies.

The area of expenditure selected were Education, Women Empowerment and Environment.

	Education	Women Empowerment	Environment
Alfa Laval India Private Limited	17.25	0.76	2.28
Cummins India Limited	14.84	6.97	14.89
Godrej And Boyce	8.4	0	2.85

Table No 6: CSR expenditure on Education, Women Empowerment and Environment (Manufacturing)

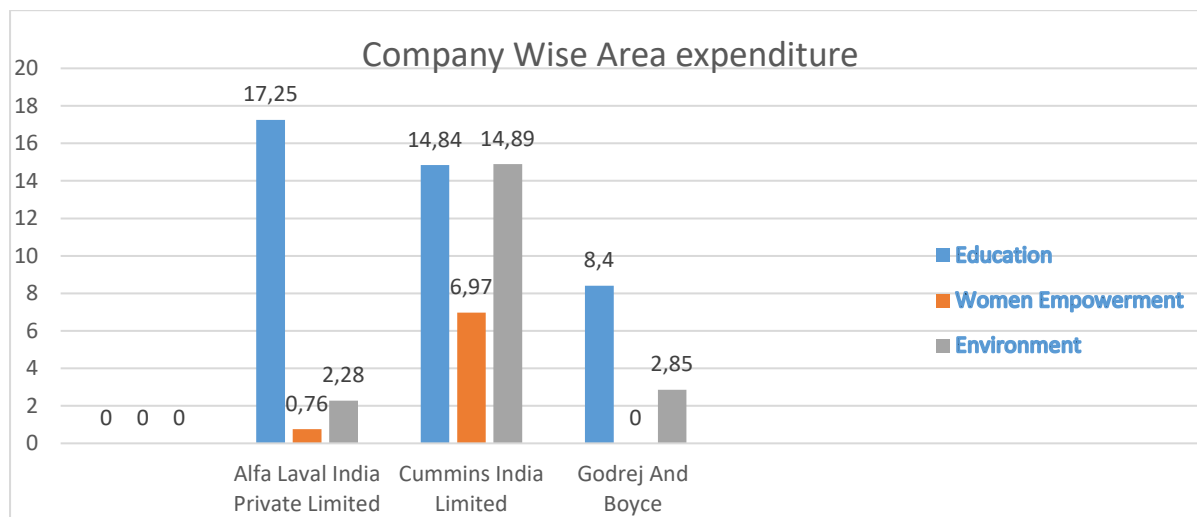


Figure No 1: CSR expenditure on Education, Women Empowerment and Environment (Manufacturing)

CSR expenditure on various areas in Maharashtra

The researchers analyzed the expenditure on CSR efforts for the Manufacturing Sector w.r.t. selected companies in the state of Maharashtra.

Company	Education	Vocational Skills	Environment sustainability	Women empowerment	Sanitation	Other sectors
Alfa Laval India	17.25	0.4	2.28	0.76	4.97	0

Private Limited							
Cummins India Limited	0	0	7.75	0	0	33.8	
Godrej And Boyce	0.08	1.01	2.47	0	0	10.93	

Table No. 7: CSR expenditure in Maharashtra w.r.t. selected Manufacturing Companies.

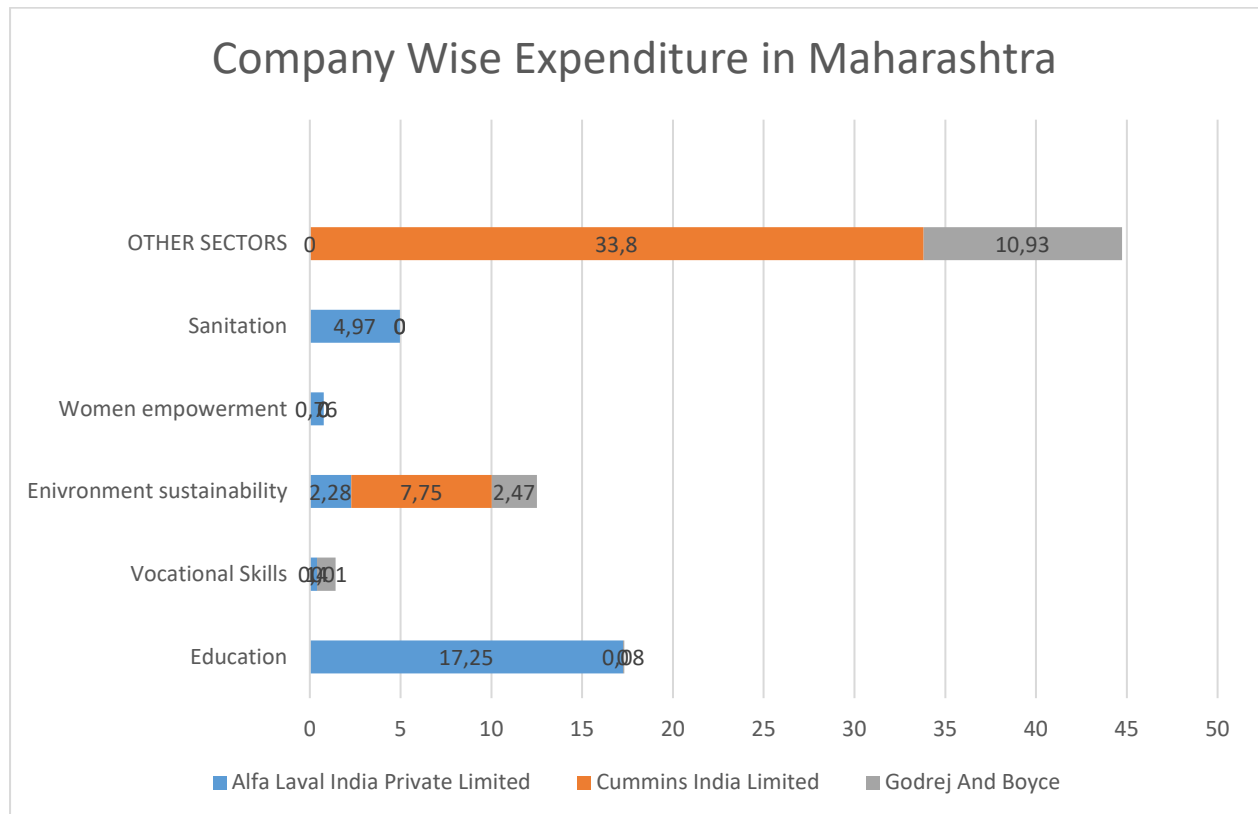


Figure No 2: CSR expenditure in Maharashtra w.r.t. selected Manufacturing Companies.

CSR expenditure on Education, Women Empowerment and Environment (IT Companies)

The researchers analyzed the expenditure on CSR activities for Manufacturing Sector w.r.t. selected companies.

The area of expenditure selected were Education, Women Empowerment and Environment.

Company Name	Education	Women Empowerment	Environment
Cybage Software Private Limited	6.27	0	0
Infosys Limited	402.35	0	555.67
Persistent Systems Limited	12.56	0.59	0.22

Table No 8: CSR expenditure on Education, Women Empowerment and Environment (IT Companies)

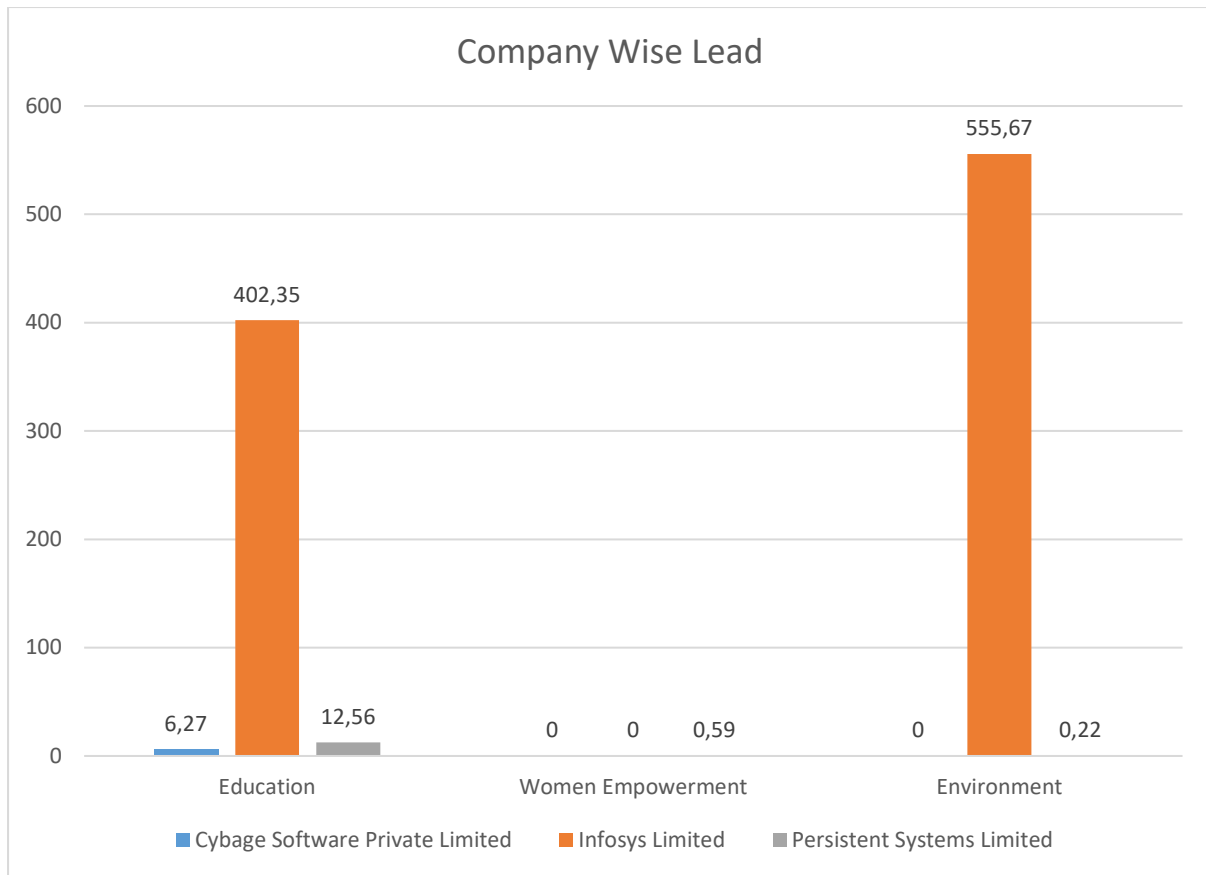


Figure No 3: CSR expenditure on Education, Women Empowerment and Environment (IT Companies)

CSR expenditure on various areas in Maharashtra (IT Companies)

The researchers analyzed the expenditure on CSR efforts for the IT Sector w.r.t. selected companies in the state of Maharashtra.

Company	Education	Vocational Skills	Environment sustainability	Women empowerment	Other Sectors
Cybage Software Private Limited	6.27	0	0	0	0
Infosys Limited	33.87	0	7.11		58.51
Persistent Systems Limited	10.23	0	0.22	0.59	108.61

Table No 9: CSR expenditure in Maharashtra w.r.t. selected IT Companies.

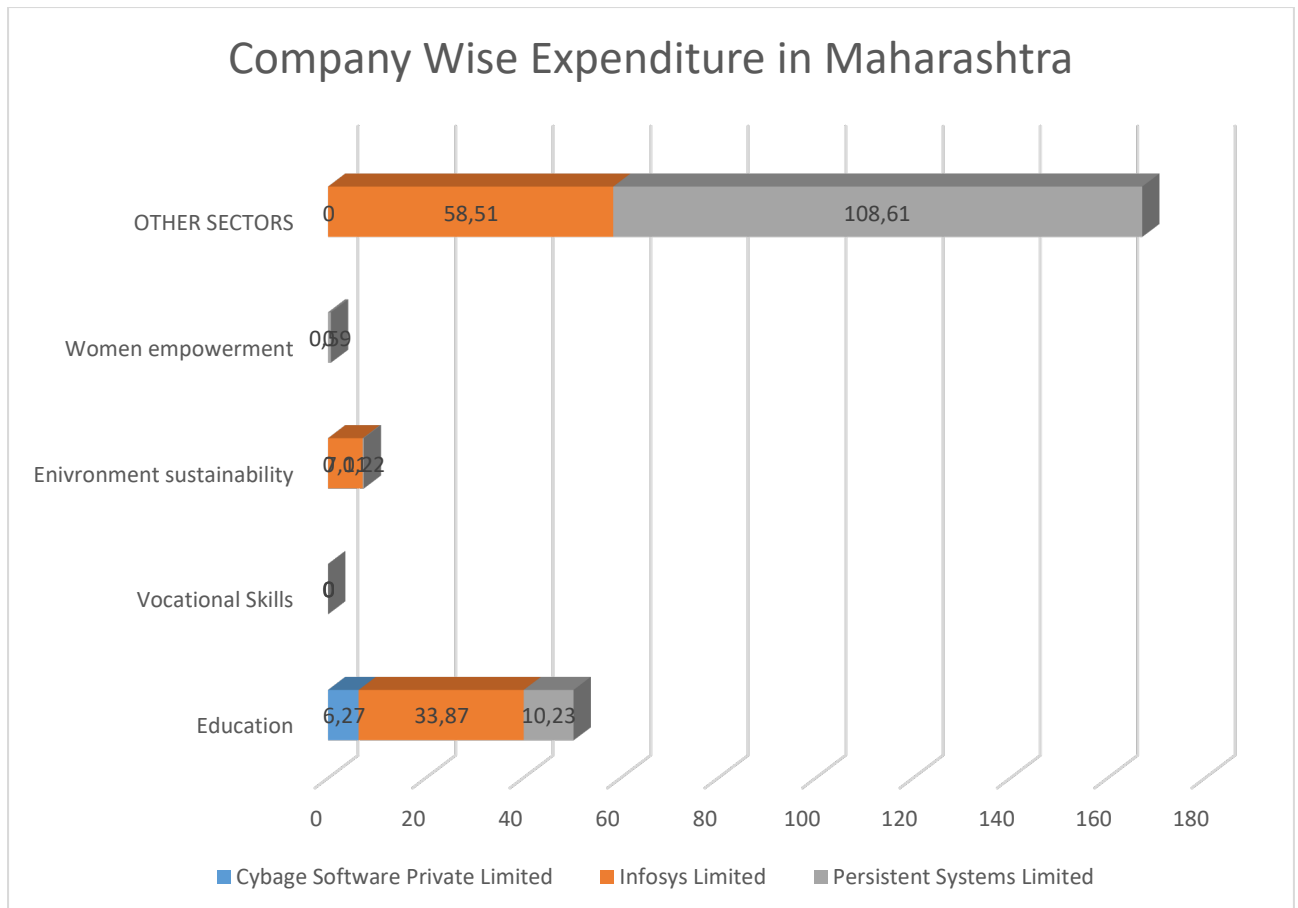


Figure No 4: CSR expenditure in Maharashtra w.r.t. selected IT Companies.

CSR expenditure on Education, Women Empowerment and Environment (FMCG Companies)

The researchers analyzed the expenditure on CSR activities for FMCG Sector w.r.t. selected companies. The area of expenditure selected were Education, Women Empowerment and Environment.

	Education	Women Empowerment	Environment
Britannia Industries Ltd	0	0	0
Hindustan Unilever Limited	158.38	41.77	160.13
Procter & Gamble	10.56	0	0

Table No 10: CSR expenditure on Education, Women Empowerment and Environment (FMCG Companies)

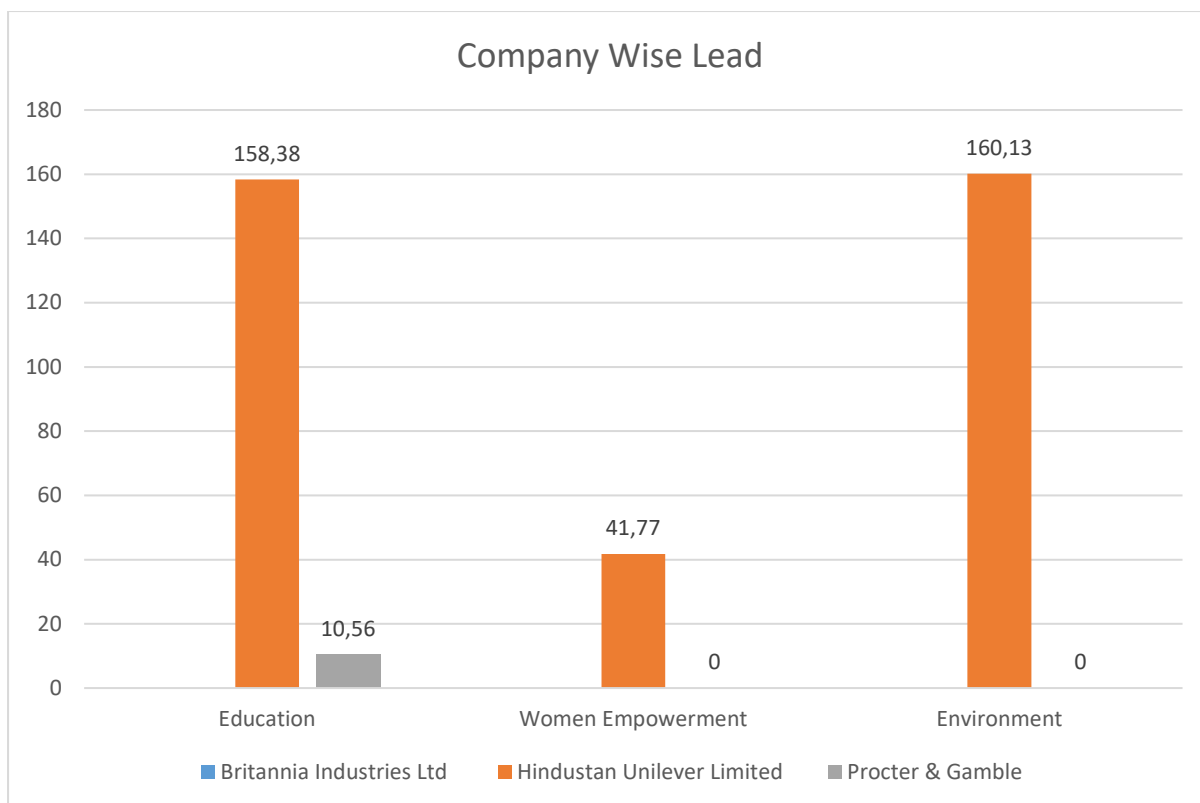


Figure No 5: CSR expenditure on Education, Women Empowerment and Environment (FMCG Companies)

CSR expenditure on various areas in Maharashtra (FMCG Companies)

The researchers analyzed the expenditure on CSR efforts for the FMCG Sector w.r.t. selected companies in the state of Maharashtra.

Company	Education	Vocational Skills	Environment sustainability	Women empowerment	Other Sectors
Britannia Industries Ltd	0	0	0	0	139.79
Hindustan Unilever Limited	0	0	0.92	0	33.65
Procter & Gamble	0	0	0	0	0.01

Table No 11: CSR expenditure in Maharashtra w.r.t. selected FMCG Companies.

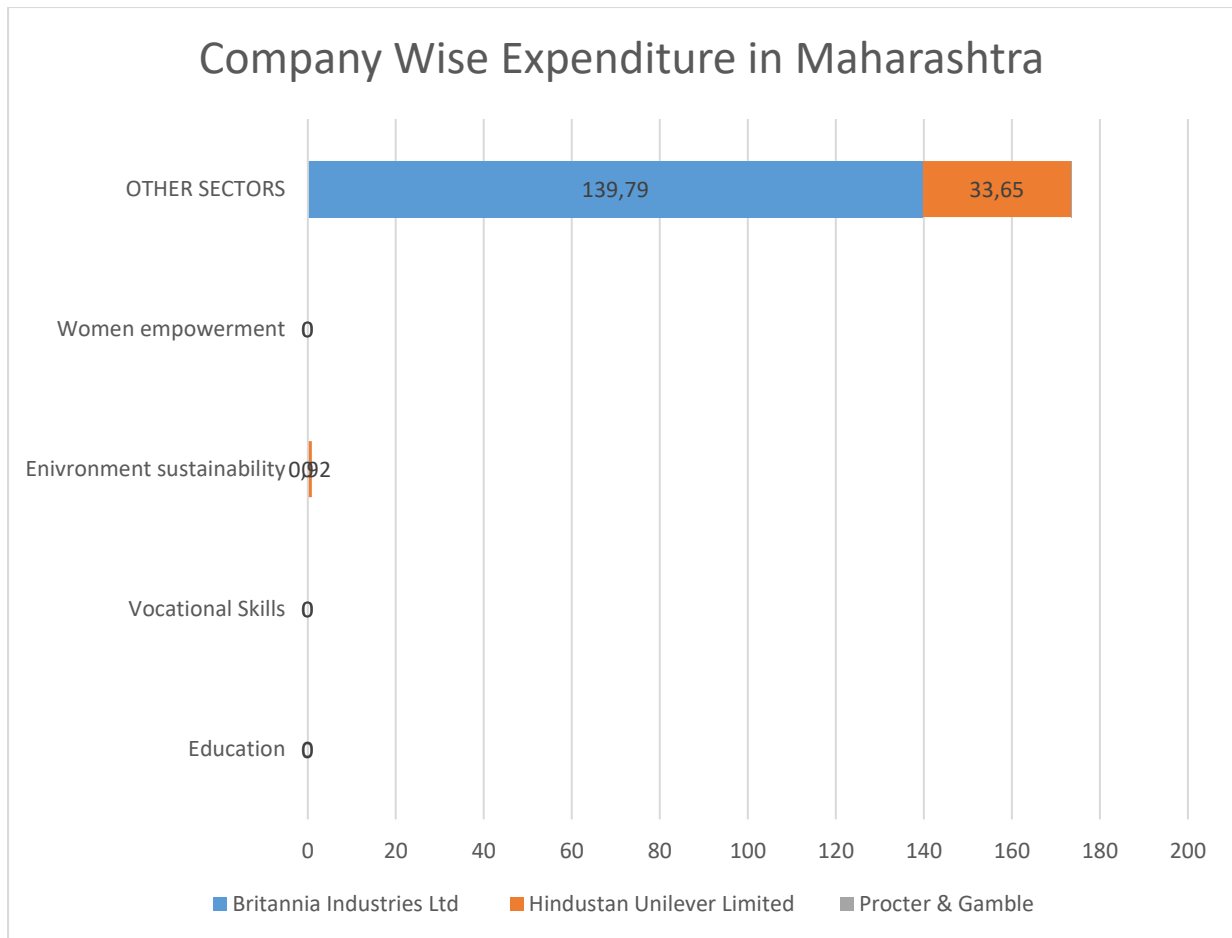


Figure No 6: CSR expenditure in Maharashtra w.r.t. selected FMCG Companies.

CSR expenditure on Education, Women Empowerment and Environment (Logistics Companies)

The researchers analyzed the expenditure on CSR activities for Logistics Sector w.r.t. selected companies. The area of expenditure selected were Education, Women Empowerment and Environment.

	Education	Women Empowerment	Environment
Allcargo Logistics Limited	17.31	1	4.97
Gati Limited	0	0.06	2.85
VRL Logistics Limited	2.56	0.31	0.05

Table No 12: CSR expenditure on Education, Women Empowerment and Environment (Logistics Companies)

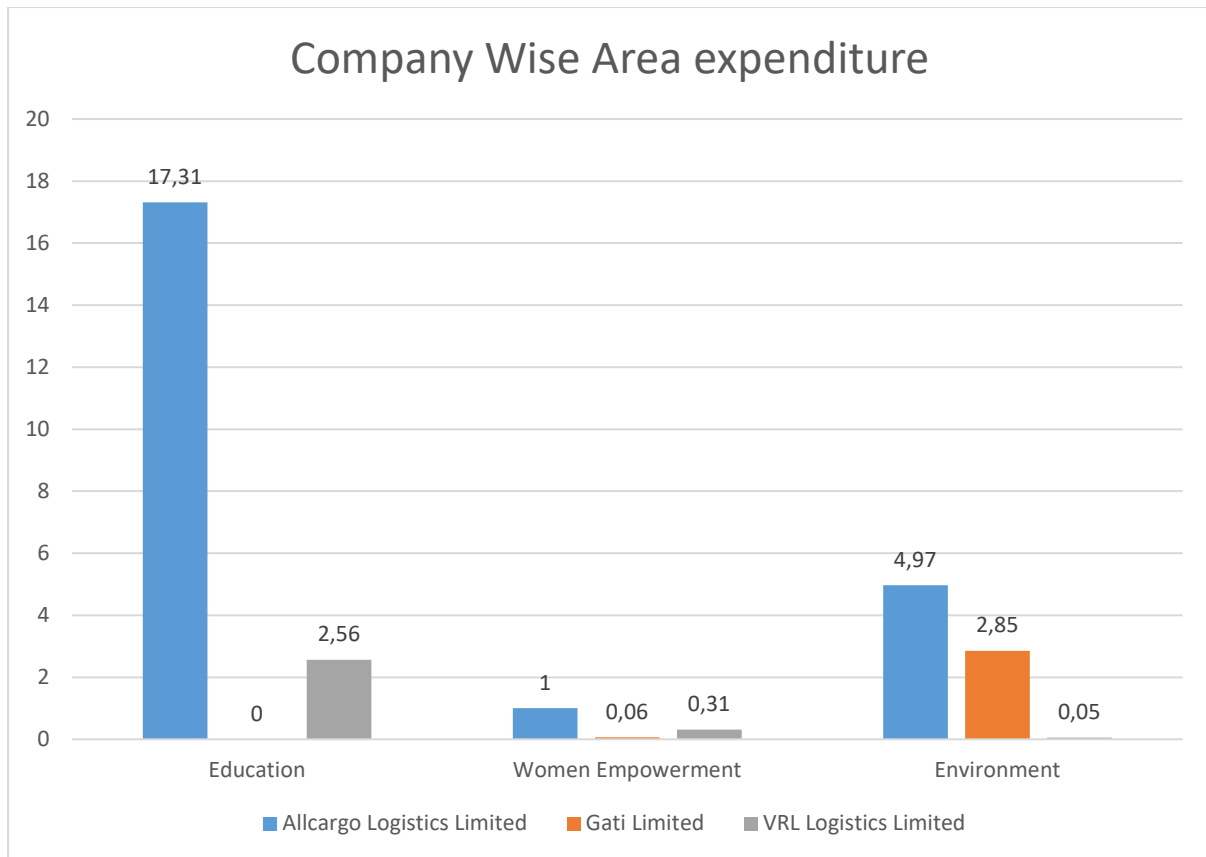


Figure No 7: CSR expenditure on Education, Women Empowerment and Environment (Logistics Companies)

CSR expenditure on various areas in Maharashtra (Logistics Companies)

The researchers analyzed the expenditure on CSR efforts for the FMCG Sector w.r.t. selected companies in the state of Maharashtra.

Company	Education	Vocational Skills	Environment sustainability	Women empowerment	Other Sectors
Allcargo Logistics Limited	4.35	0	2.43	0.3	11.86
Gati Limited	0	0	0	0	0
VRL Logistics Limited	0.1	0	0	0	0.35

Table No. 13: CSR expenditure in Maharashtra w.r.t. selected Logistics Companies.

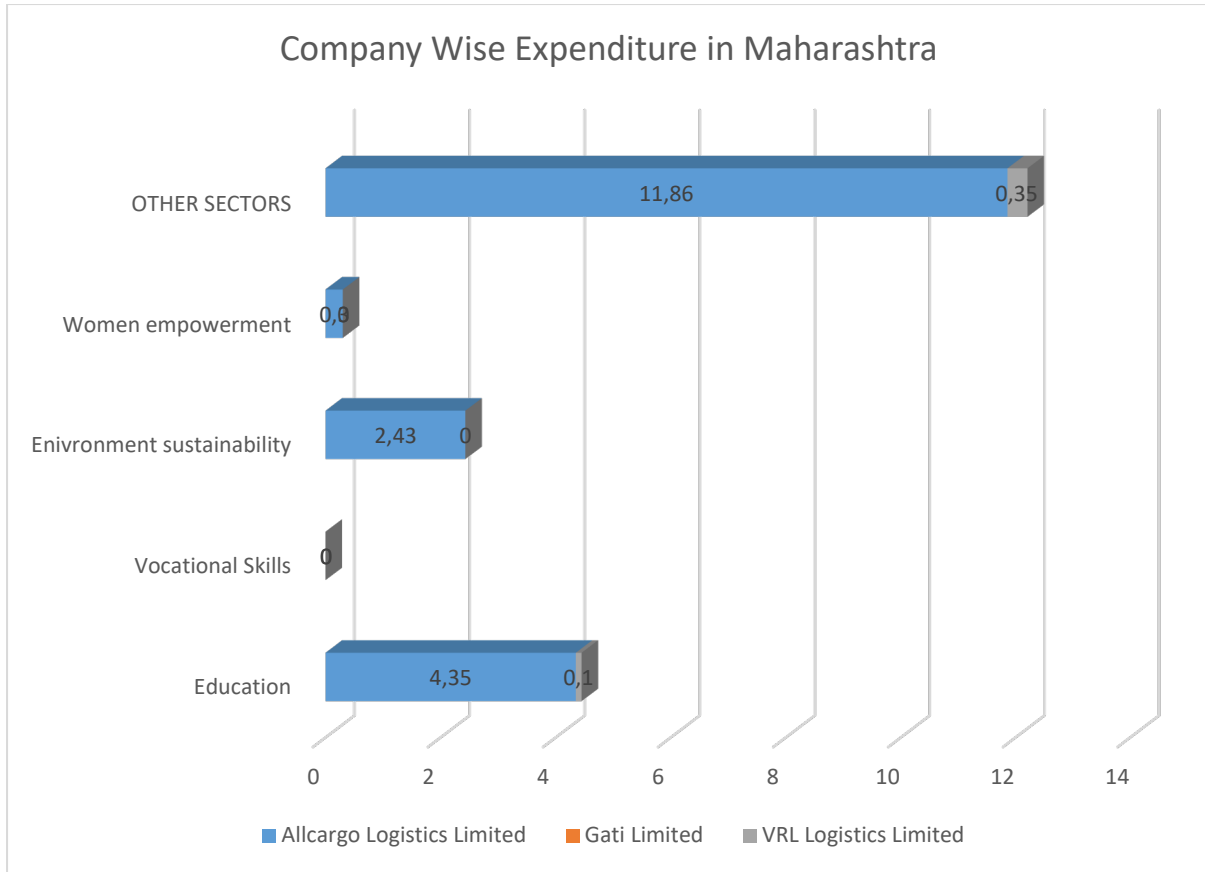


Figure No 8: CSR expenditure in Maharashtra w.r.t. selected Logistics Companies.

CSR expenditure on Education, Women Empowerment and Environment (Hospitality Companies)

The researchers analyzed the expenditure on CSR activities for Hospitality Sector w.r.t. selected companies. The area of expenditure selected were Education, Women Empowerment and Environment.

	Education	Women Empowerment	Environment
Oberoi Hotels Pvt. Ltd.	1.23	0.15	0.1
Radisson Hotels	0.62	0	0
Taj GVK Hotels And Resorts Limited	0	0	0.03

Table No 14: CSR expenditure on Education, Women Empowerment and Environment (Hospitality Companies)

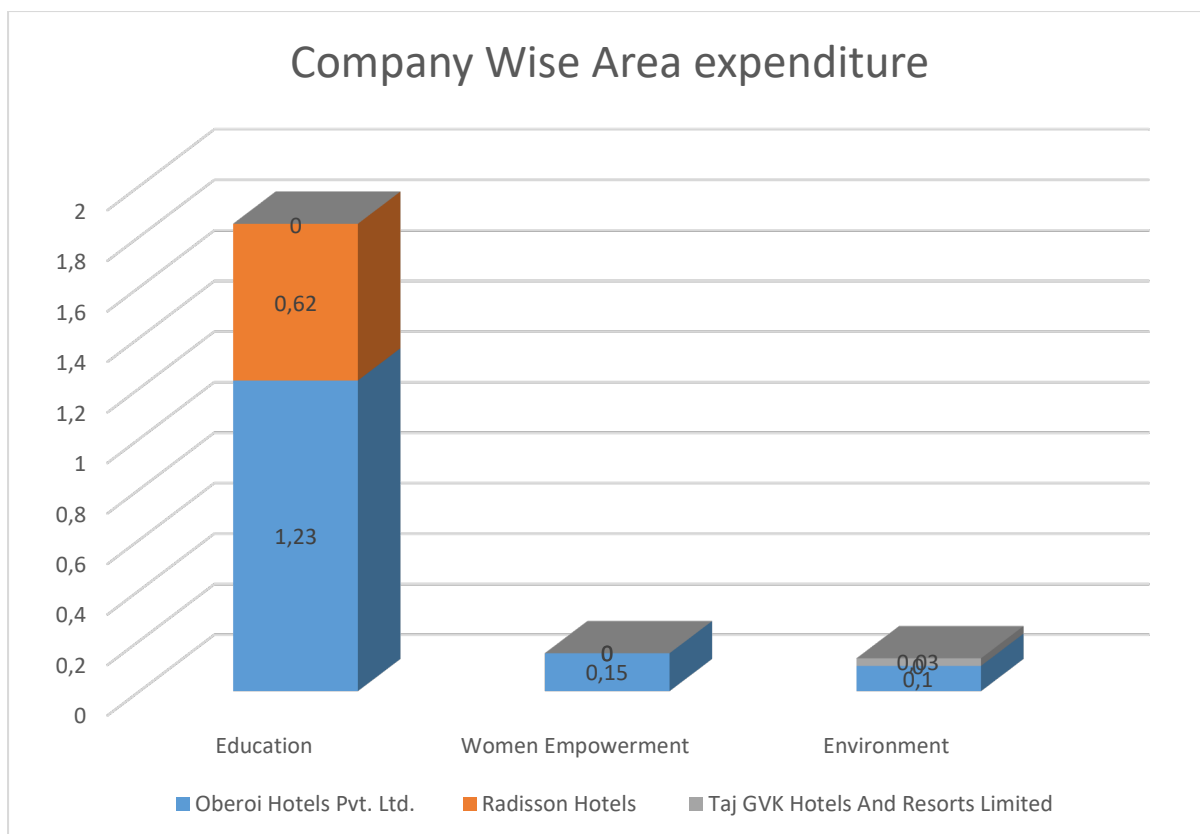


Figure No 9: CSR expenditure on Education, Women Empowerment and Environment (Hospitality Companies)

CSR expenditure on various areas in Maharashtra (Hospitality Companies)

The researchers analyzed the expenditure on CSR efforts for the FMCG Sector w.r.t. selected companies in the state of Maharashtra.

Company	Education	Vocational Skills	Environment sustainability	Women empowerment	Other Sectors
Oberoi Hotels Pvt. Ltd.	0	0	0	0	0
Radisson Hotels	0	0	0	0	0
Taj GVK Hotels And Resorts Limited	0	0	0	0	0

Table No 15: CSR expenditure in Maharashtra w.r.t. selected Hospitality Companies.

Cumulative CSR expenditure of selected companies.

The researcher tried to analyze the cumulative expenditure of the selected companies (Sector wise) on the selected areas i.e., Education, Women Empowerment and Environment.

Sector	Education	Women Empowerment	Environment
Manufacturing Sector	40.49	7.73	20.02
IT Sector	421.18	0.59	555.89
FMCG Sector	168.94	41.77	160.13
Logistics Sector	19.87	1.37	7.87
Hospitality Sector	1.85	0.15	0.13

Table No 16: Cumulative CSR Expenditure of selected Companies in Different Sectors.

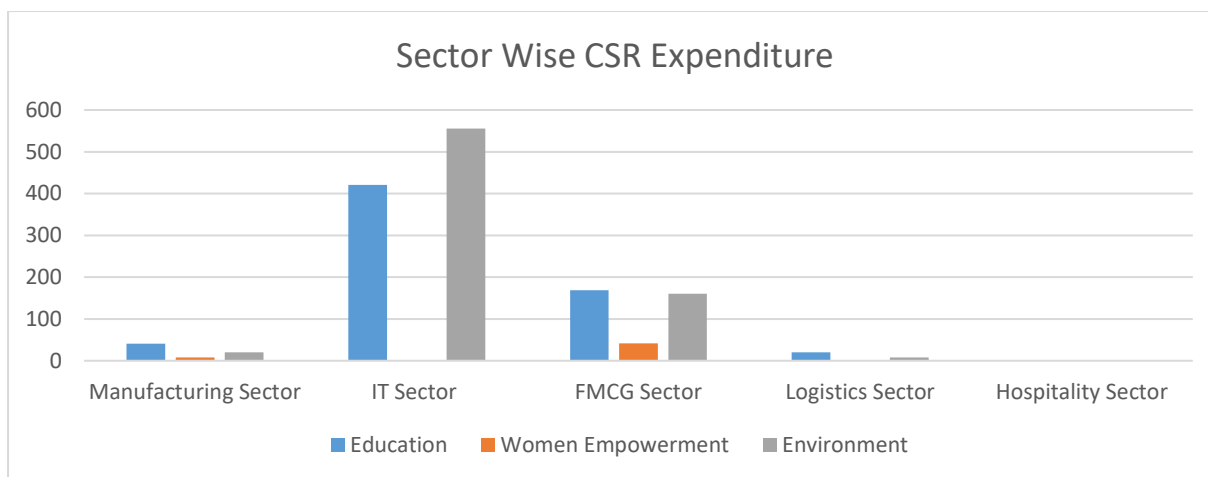


Figure No 11: Cumulative CSR Expenditure of selected Companies in Different Sectors.

Findings

1. Education is the area where the highest expenditure was done., followed by environment and Women Empowerment
2. Amongst selected Manufacturing Companies, Cummins India has well distributed CSR spending in concerning education, Women Empowerment and Environment areas. Cummins India Ltd. Spends the most on CSR activities in Maharashtra and Alfa Laval India Pvt. Ltd. Spends the most on Education activities in Maharashtra
3. Amongst selected IT Companies, Infosys Limited has highest expenditure with regards to CSR activities in concerning education, Women Empowerment and Environment areas. Persistent Systems Limited spends the most on CSR activities in Maharashtra and Infosys Ltd. spends the most CSR funds on Education activities in Maharashtra.
4. Among selected FMCG Companies, Hindustan Unilever has highest expenditure with regards to CSR activities in concerning Education, Women Empowerment and Environment areas. Britannia Industries Ltd. Spends the most on CSR activities in Maharashtra. However, Health Care is an area where FMCG companies have invested deeply.
5. Among selected Logistics Companies, Allcargo Logistics Limited has highest expenditure with regards to CSR activities in concerning education, Women Empowerment and Environment areas and also spends the most on CSR activities in Maharashtra.
6. Among selected Hospitality Companies, Oberoi Hotels Pvt. Ltd. has highest expenditure with regards to CSR activities in concerning education, Women Empowerment and Environment areas. But none of the selected Hospitality Companies spend any amount on CSR activity in Maharashtra.
7. IT sector has the maximum CSR expenditure among sectors.

Conclusion

The cumulative expenditure on CSR for selected companies in education amounts to Rupees 421 crore. The IT Sector followed by the FMCG Sector Companies invest huge CSR funds into Education and Women Empowerment. Manufacturing, Logistics and Hospitality Sector companies are far behind in terms of investment into these key areas. The State of Maharashtra has received close to 1450 crore of funds from the collective efforts of these sectors and continues to benefit from it. This process must go on till every citizen of the State is empowered to become self-sufficient.

The researchers, through the analysis, can say that CSR by FMCG companies in HealthCare indicates their deep commitment to growth, but not at the cost of harm to human health. It thereby fulfills the norms of sustainable development. Hospitality sector can also be encouraged to invest CSR funds into HealthCare and follow the footsteps of the FMCG sector.

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