



Corporate Social Responsibility: A Study of Indian Companies

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Abstract:

The drive of the present study is to observe whether Indian companies are discharging their responsibility towards the society or not. Under this study, five companies were randomly selected and their annual reports and financial statements were analyzed in quantitative and qualitative manner. The collected data of five companies were analyzed with the help of ratio analysis and other statistical tools and techniques.

Key Words: CSR, Indian Companies, and Society

Introduction

Introduction

In ancient, business houses focused on earnings only through producing and selling of products to the customers. They did not pay their attention as business is a socio economic activity. They never thought about the responsibility of a business towards the society. Business units use social and natural resources in their production and other activities and society has to sacrifice for this. Now-a-days, changes have been seen on global level. General public, government, customers, investors and other stakeholders of the business have awakened now. The stakeholders of the business want to know how business units compensate for the use of social resources. In Indian scenario, government, Central Board of Direct Tax (CBDT) have issued various guidelines time to time for the companies to discharge their responsibility towards the society.

‘Central Board of Direct Taxes (CBDT)’ in India also motivates the corporate sector to fulfill its CSR by giving some relaxations and deductions in tax liabilities under the Income Tax Act, 1961. These are:

- 1) Deduction of expenditure on scientific research u/s 35, 35(1)(i), 35(1)(ii), 35(1)(iii), 35(1)(iv), 35(1)(v),
- 2) Admissibility of expenditure on eligible project or scheme (Social-welfare) u/s 35AC
- 3) Payment to rural development fund u/s 35CCA
- 4) Insurance premium for the health of employees u/s 36(ib)
- 5) Expenditure on family planning u/s 41(4A)
- 6) Deduction for payments to specific funds, charities, etc. under Section 80G.
- 7) Deduction pursuant to Section 80GGA in respect of certain gifts made for scientific research or rural development

Review of Literature

Das (2009) examined the contribution center and state government in social sector development. Additionally, he made an effort to illustrate the strong feeling of CSR models from an Indian perspective. Researchers came to the conclusion after examining the data that the social sector was still being neglected since, despite an increase in revenue, the states' expenditures had grown out of all proportion to their



revenue, leaving them perpetually in debt. The researchers in this study also emphasised the inadequate funding for education, the ineffective doctor-patient ratio, the expensive interest payments/debt servicing, and the weaker government initiatives to launch the CSR as a most effective instrument. Narwal and Singh (2013) explored different-different CSR activities performed by the selected companies in their research. The study comprises 38 companies, including 18 Indian companies and 20 multinational companies, operating in India in various industries. The researcher found that his CSR practices of Indian companies and multinational companies have slight differences in terms of importance/focus areas of CSR.

Objective of the Study

To study the trends of CSR performed by the Indian companies

To study the CSR performed by Indian companies in qualitative manner

Research Methods

Research Design

The existing study has been taken to know how Indian companies discharge their social responsibility towards the society, therefore, a descriptive and analytical study design was used.

Sample: five companies (BHEL, Tata Motors, Bajaj Auto, Tech Mahindra and NTPC) were drawn by applying accidental technique of sampling.

Data: Information related to this study is collected through the annual reports and financial statements of the companies.

Analytical Tools

Ratios

To study the trends of the CSR performed by the selected companies towards the employee and government the year wise Employee Benefits to Total Revenue ratios and Total Tax Liability to Profit before Tax were calculated.

$$\text{Employee Benefits to Total Revenue Ratio} = \frac{\text{Employee Benefits}}{\text{Total Revenue}} * 100$$

Here,

Employee Benefits: The benefits given the company to the employee,

Total Revenue : Total revenue includes revenue from operations, dividend and other income.

Total Tax Liability

$$\text{Total Tax Liability to Profit before Tax} = \frac{\text{Total Tax Liability}}{\text{Profit before Tax}} * 100$$

Here,

Total Tax Liability: it includes current tax and deferred tax liability.

Analysis and Explanation

**Table-1 Year Wise Employee Benefits to Total Revenue Ratios**

(%)

Year	Companies				
	BHEL	Tata Motors Ltd.	Bajaj Auto Ltd.	Tech Mahindra Ltd.	NTPC
2017-18	10.76	----	2.05	42.55	4.76
2018-19	18.95	4.9	1.52	42.25	4.74
2019-20	12.47	4.75	2.58	38.30	5.90
2020-21	11.09	4.9	2.68	35.19	5.98
2021-22	11.61	6.05	3.07	33.04	6.44

Source: Self-calculated

Table-1 presents description of the CSR performed by the Indian companies. The table shows Indian companies distribute their revenue over their employees and Table-2 presents how Indian companies contribute in the form of tax liability to the government. BHEL's Employee Benefits to Total Revenue ratios imply that its highest contribution to the employee benefits (18.95%) was in the financial year 2018-19 and the lowest contribution (10.76%) was in the year financial year 2017-18 and its contribution in the financial year 2022-22 was 11.61%. Tata Motors' Employee Benefits to Total Revenue ratios imply that its highest contribution to the employee benefits (6.05%) was in the financial year 2021-22 and the lowest contribution (4.75%) was in the year financial year 2019-20. Bajaj Auto's Employee Benefits to Total Revenue ratios imply that its highest contribution to the employee benefits (3.07%) was in the financial year 2021-22 and the lowest contribution (1.52%) was in the year financial year 2018-19 (as indicated by Table-1). Tech Mahindra's Employee Benefits to Total Revenue ratios imply that its highest contribution to the employee benefits (42.55%) was in the financial year 2017-18 and the lowest contribution (33.04%) was in the year financial year 2021-22 (as indicated by Table-1). NTPC's Employee Benefits to Total Revenue ratios imply that its highest contribution to the employee benefits (6.44%) was in the financial year 2021-22 and the lowest contribution (4.74%) was in the year financial year 2018-19 (as indicated by Table-1).

Table-2 Year Wise Total Tax Liability to Profit before Tax Ratios

(%)

Year	Companies				
	BHEL	Tata Motors Ltd.	Bajaj Auto Ltd.	Tech Mahindra Ltd.	NTPC
2017-18	35.28	1.23	31.48	2.78	5.84
2018-19	34.59	26.31	29.34	2.27	4.97
2019-20	33.25	17.51	23.18	2.15	4.57
2011-12	31.66	7.36	25.38	2.89	5.44
2021-22	29.86	72.53 (Credit)	28.65	2.41	5.67

Source: Self-calculated

BHEL's Total Tax Liability to Profit before Tax ratios for the various financial years imply that its highest contribution (35.28%) in the form of tax liability to the government was in the financial year 2017-18 and the lowest contribution (29.86%) was in the year financial year 2021-22. Tata Motors' Total Tax Liability to Profit before Tax ratios for the various financial years imply that its highest contribution (26.31%) in the form of tax liability to the government was in the financial year 2018-19 and the lowest contribution (1.23%)



was in the year financial year 2017-18. An amount of RS.126.88 crore (tax) was credited in profit and loss account during the year 2021-22. Bajaj Auto's Total Tax Liability to Profit before Tax ratios for the various financial years imply that its highest contribution (31.48%) in the form of tax liability to the government was in the financial year 2017-18 and the lowest contribution (23.18%) was in the year financial year 2019-20 (as indicated by Table-2). Tech Mahindra's Total Tax Liability to Profit before Tax ratios for various financial years imply that its highest contribution (2.89%) in the form of tax liability to the government was in the financial year 2020-21 and the lowest contribution (2.15%) was in the year financial year 2019-20 (as indicated by Table-2). NTPC's Total Tax Liability to Profit before Tax ratios for various financial years imply that its highest contribution (5.84%) in the form of tax liability to the government was in the financial year 2017-18 the lowest contribution (4.57%) was in the year financial year 2019-20 (as indicated by Table-2).

Analysis in Qualitative Manner

Tech Mahindra

Tech Mahindra Foundation (TMF) was instituted in 2007 as a section 25 non-profit making company. TMF is focused on the areas of Education, Vocational Training and Disability. This company commits itself to a vision of a more equitable and inclusive India and value of good corporate governance, ethical practices and dignity of the individual.

BHEL

BHEL carries out its CSR activities in many areas, including adoption villages, organizing free health camps/supporting charity clinics, schools for underprivileged and disabled children, relief aid. in disaster/disaster, collect rainwater, plant millions of trees, save energy, etc.

Tata Motors

Tata Motors discharging its CSR in ways given here:

- 1) Scholarships for higher studies,
- 2) Preventive health services,
- 3) Drinking water solutions with the support of Sumant Moogaonkar
- 4) development platform is provided to the villages,
- 5) Donation given to NGOs for organizing social programmes, and other.

BAJAJ

Kamalnayan Bajaj School- Chinchwad commenced in 1976,
Kamalnayan Bajaj Hospital- Aurangabad established in 1990,

NTPC

- 1) Access to water, road and electricity,
- 2) Education,
- 3) Sanitation and public health
- 4) Community centers

Findings

The major findings are as:

- All the selected companies are engaged in discharging their responsibilities towards the society.
- Tech Mahindra Ltd. is giving more employee benefits than all other selected companies under the study.

Suggestions



Business entities are performing their CSR activities in many ways but their expenditure on CSR activities not given in financial statements in numerals. The companies should provide data related to CSR activities in quantitative form so that stakeholders may get more information.

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