



An analysis of corporate social responsibility (CSR) expenditure by Indian companies

Harish Kumar

Research Scholar, Chaudhary Devi Lal University, Sirsa, Haryana, India

Abstract

Corporate Social Responsibility (CSR) has gained much attention in the past few decades. Empirical studies were explicit that CSR contributes to the development of society and businesses. The present study is examined the nature of the avenues of CSR activities specified by the 'Companies Act 2013' and compares the sector-wise expenditure on specified activities. The data of Indian companies listed on the Bombay Stock Exchange (BSE) were obtained from annual reports disclosed on the websites of companies. The study found that companies and sectors selected for the study have invested more than 2 percent of the average net profit and invested less than 2.00 percent of the average net worth and average net turnover for the years 2014-18. This study suggests that a country like India where a deficit of capital at a large scale should make comprehensive planning with corporate at least investment in health and education activities.

Keywords: corporate, responsibility, CSR, Indian

Introduction

Corporate Social Responsibility (CSR) has attracted worldwide attention and acquired a new resonance in the global economy (Ali *et al.*, 2020). There are formal writings on social responsibility mainly from the 20th century, especially from the past 50 years or so (Latapí Agudelo *et al.*, 2019) ^[10]. The first formal effort by the government of India (GOI) started with the issuance of CSR voluntary guidelines in 2009 by the 'Ministry of Corporate Affairs (MCA, 2009) ^[14]. The MCA guidelines are recommended that every business should formulate a board-approved CSR policy to guide its strategic planning. In 2011, the companies bill has passed in the Lok-Shaba, and 'the Companies Act 1956' was replaced through the Companies Act, 2013. After the 'Companies Act, 2013' India becomes the only country in the world that mandates CSR by law (Jammulamadaka, 2013) ^[8]. Companies Act, 2013 has incorporated a certain provision that provides the mandatory guidelines to be followed by a certain clause of companies in this regard (Verma *et al.*, 2019) ^[19]. Clause 135 of the Companies Act, 2013 prescribes the requirements of the CSR for certain companies and determines the applicability of the provisions that prescribe three distinct criteria based on the total turnover, total assets, and the total profit of the company. Clause 135 applies to all organizations having a net worth of INR 500 Crores or more, net profit of INR 5 Crores or more, turnover of INR 1000 Crores or more, and 2% expenditure of an average of the last three financial years of the profit after tax (PAT) are compulsory (Mani Goswami, 2015) ^[12].

Table 1: Total Number of Companies Liable for CSR and Reported on CSR in India

	2014-15	2015-16	2016-17	2017-18	Total
Total Number of Companies liable for CSR	16548	18290	19532	21337	
Actual Number of Companies Reported on CSR	10418	12955	13182	11584	
Amount Spent Actual Number of Companies	10066	14504	14312	13326.69	52208.3
Percentage of Amount Spent Actual Number of Companies	45%	58%	67%	75%	

Source: High-Level Committee (HLC) on CSR 2018 Findings Report Published August 2019.

According to the Companies Act 2013, it is mandatory for organizations to have a board-level CSR Committee consisting of three or more directors with at least one independent director. The formation of the CSR Committee should be revealed in the annual board of directors report. The committee will work on framing and recommending a CSR policy and operation strategy, and for regular watch on CSR activities (Kloppers, 2017) ^[9]. The company's board will be required to accept and reveal CSR policy in the annual director's report and on the company's website. The board will also be in charge of ascertaining the implementation of CSR initiatives as per the policy. If a particular amount (2% of PAT) has not been spent satisfactorily, the annual director's report has to state the causes for it. Undertakings projected in the Schedule will probably be further added after the CSR rules are finalized. Moreover, the rules will also allow some discretion to the CSR committee regarding the scope of the thematic areas and activities. To generate a conducive environment and improvement of capabilities on numerous subjects related to the corporate sector including CSR, the Ministry of Corporate Affairs has created the Indian Institute of Corporate Affairs.

Table 2: The Schedule VII of Companies Act, 2013 has covered the Following Areas

S. NO	Activities
1.	Health, eradicating hunger, poverty, and malnutrition, safe drinking water, sanitation
2.	Education, differently-abled, livelihood
3.	Gender equality, women empowerment, old age homes, reducing inequalities
4.	Environment, animal welfare, conservation of resources
5.	Protection of national art, heritage, and culture
6.	Measures for the benefit to armed forces veterans, war widows, and their dependents
7.	Training to support sports
8.	Contribution to PM fund and any other fund
9.	Contribution to technology incubators located within an academic institution
10.	Rural development projects
11.	Slum area projects
12.	Employment
13.	Others

Source: Companies Act, 2013.

Literature Overview

(Windsor, 2001) ^[20] examined the future of the relationship between business and society or CSR in the long run. The study found three emerging alternatives to CSR that is global corporate citizenship, conception of responsibility, and stakeholder management practices. (Mishra & Suar, 2010) ^[15] Investigated CSR activities towards primary stakeholders influence the non-financial and financial performance of Indian companies. The analysis shows that stock listed better financial performance and firms show responsible business practices than the non-stock-listed firms. Responsible business practices toward primary, stakeholders can be beneficiaries and profitable to Indian companies. (Choi *et al.*, 2010) ^[3] Examined the empirical relation between Corporate Social Responsibility and customer financial performance (CFP) in Korea. The study found a positive and significant relationship between the stakeholders' weighted CSR index and CFP and the stakeholder's weighted CSR index, but not the equal-weighted CSR index.

(Mitra, 2011) ^[16] Studied the relationship between CSR and the corporate reputation of the Indian largest automotive company, Tata Motors. The study found a positive and significant relationship between CSR and corporate reputation and suggested that firms are increased corporate reputation with better CSR efforts and larger public relations. (Maneet & Sudhir, 2011) ^[11] Investigated the empirical relationship between brand image and corporate social responsibility in the mind of customers. The study found a positive and significant relationship between CSR and corporate brand image. The benefit of using CSR in branded content is endless. The most important is that CSR helps to build a brand's reputation as a point of differentiation. (Gupta & Hodges, 2012) ^[7] examined the perceptions of customers in India regarding CSR in the apparel industry and investigated its importance in the apparel decision-making process and found that participants are supportive of CSR and think that CSR is important and corporations should give back to society. (Goyal *et al.*, 2013) ^[6] examined the relationship between companies' performance and sustainability performance and provided a way for future research in this field of study. The study shows that most of the research in the field of firm performance and sustainability performance association analyzed this relationship in developed countries.

(Sharma & Mani, 2013) ^[17] their paper entitled Corporate Social Responsibility: An Analysis of Indian Commercial Banks examined the corporate social responsibility activities carried out by Indian commercial banks. The study found that the Indian banks are making efforts in the CSR areas still there is a requirement for more emphasis on CSR. Further, the study found foreign banks and private sector banks are still lagging in this area while the public sector banks have the overall highest contribution in these activities. (Usman & Amran, 2015) ^[18] investigated the trend and nature of CSR practices and examined the connection between CSR disclosure and corporate financial performance (CFP) among listed companies in Nigeria. The study found that there is a significant negative relationship between environmental disclosure and financial performance and community involvement disclosure, product and customer disclosure, and human resources disclosures enhanced financial performance. (Boccia & Sarnacchiaro, 2018) ^[2] investigated consumer preference regarding responsible practices and initiatives of a firm. The study found a positive relationship between consumer knowledge, awareness, and buying behavior. (Dharmapala & Khanna, 2018) ^[4] investigated CSR activity using quasi-experimental variation covered by Section 135 of India's Companies Act of 2013, which requires that firms satisfying specific size or profit thresholds spend a minimum of 2 percent of their average net profit for the last three years on CSR activities. The study found that firms initially spent less than 2% and increased their CSR activities after the mandatory guidelines. Large firms initially spent more than 2% and reduced their CSR activities after the mandatory guidelines.

(Maqbool & Zameer, 2018) ^[13] study the relationship between financial performance and CSR on 28 Indian commercial Banks listed on BSE for 10 years from 2007 to 2016. The study analyzed the data with the help of a panel data regression model and it concludes that CSR positively impacts profitability and stock. (Dyck *et al.*, 2019) studied two distinct quasi-natural experiments to evaluate the effect of institutional shareholders on financial performance and CSR. The study found that higher ownership specifically reduces certain negative

CSR issues that might lead to regulatory penalties and lawsuits due to unsafe workplaces, gender discrimination, improper marketing, and non-compliance with environmental regulations.

This study has taken the same independent variable and analyzed their impact on profitability, financial performance, image building, cost reduction, the involvement of activities, and stock pricing. The present study will analyze sector-specific characteristics and comparative impact in making an expenditure on different mandatory activities. These works are untapped in the literature.

1. Hypothesis Development

H₀: There is no significant difference between amounts invested by various sectors.

H₀₁: There is a significant difference between amounts invested by various sectors.

Methodology

This study is based on descriptive-cum-exploratory research design as per the nature of data and mentioned techniques. A total of fifty Indian companies were selected and secondary data were obtained from annual reports and websites of the companies for years from 2014-15 to 2017-18. The companies were divided into ten sectors for comparison. The average net profit after tax of four years is taken with the conjecture that a business cycle period is generally completed in four years instead of three years. Collected data have been analyzed through the percentage method.

The study includes three variables namely; turnover, net worth, and net profit. Turnover includes gross inflows of cash, receivables, or other consideration that arises in the ordinary activities of an enterprise from the sale of goods, from the rendering of services, and the use of enterprise resources yielding interest, royalties, and dividends. It excludes the investment income, gains, and losses in the disposal of fixed assets (ICAI). Net worth is also known as book value or shareholders' equity. It is the submission of total share capital and reserves and net profit is calculated by adding up a business's total expenses and subtracting that from its revenue.

Computation of Percentage Score

- Percentage of social activities investment (PSAI) to average turnover for 2014-2018

PSAI= Total investment per activities×100/Average Turnover

Average Turnover = Total turnover of 2014 to 2018/4

- Percentage of social activities investment (PSAI) to average net worth for 2014-2018

PSAI= Total investment per activities×100/Average net worth

Average net worth= Total net worth from 2014 to 2018/4

- Percentage of social activities investment (PSAI) to average net profit for 2014-2018

PSAI= Total investment per activities×100/Average net profit

Average net profit = Total net profit from 2014 to 2018/4

Analysis and Interpretations

1. Percentage of Social Activities Investment to Average Net Turnover For 2014-2018.

Table 3: Sector-wise CSR expenditure based on average net turnover. (Amount in Crore)

Activities	IT Sector	Banking Sector	Pharma Sector	Power Sector	Automobiles Sector
1.	149.005 (0.0868)	33.2725 (0.0166)	43.2775 (0.1715)	148.715 (0.1043)	27.77 (0.0046)
2.	197.4975 (0.1150)	127.4275 (0.0637)	6.64 (0.0263)	86.4075 (0.0606)	125.16 (0.0207)
3.	1.7625 (0.0010)	0.5625 (0.0003)	0.6625 (0.0026)	0.8375 (0.0006)	8.93 (0.0015)
4.	118.425 (0.0690)	14.1875 (0.0071)	1.3225 (0.0052)	36.005 (0.0252)	36.6825 (0.0060)
5.	11.465 (0.0067)	Nil	Nil	6.4475 (0.0045)	1.2425 (0.0002)
6.	7.365 (0.0043)	1.375 (0.0007)	Nil	0.2975 (0.0002)	0.1950 (0.0001)
7.	Nil	0.125 (0.0001)	0.6325 (0.0025)	3.55 (0.0249)	1.74 (0.0001)
8.	169.2775 (0.0986)	26.1975 (0.0131)	0.245 (0.0009)	0.8075 (0.0005)	15.5575 (0.0025)
9.	Nil	Nil	Nil	0.0525 (0.0001)	0.0625 (0.0001)
10.	33.455 (0.0001)	291.7625 (0.1459)	14.765 (0.0586)	22.67 (0.0159)	20.695 (0.0034)
11.	Nil	Nil	Nil	0.085 (0.0001)	Nil

12.	1.59 (0.0009)	7.1575 (0.0036)	1.4575 (0.0057)	1.2925 (0.0009)	5.9575 (0.0010)
13	20.5625 (0.0120)	77.67 (0.0058)	Nil	12.105 (0.0084)	2.37 (0.0001)
Total	710.40 (0.4138)	579.235 (0.2897)	69.0025 (0.2734)	319.2725 (0.2241)	246.3625 (0.0407)
Average Turnover	171662.4175	199922.725	25228.935	142476.8625	604881.32

Source: Annual reports of the Companies

The sector-wise analysis based on the percentage of social activities investment to average net turnover for 2014-2018 reveals that the IT sector is the biggest contributor to average CSR investment of 0.4077 percent (710.4 crore). This is followed by the Banking sector 0.2897 percent (579.235 crore), Pharmaceutical sector 0.2734 percent (69.0025 crore), Power sector 0.2241 percent (319.2725 crore), and Automobiles sector 0.0407 percent (246.3625 crore). (see Table 3).

Table 4: Sector-wise CSR expenditure based on average net turnover. (Amount in Crore)

Activities	Cements Sector	Finance Sector	Electricals Sector	Fertilizers Sector	Real Estate Sector	Total
1.	5.8675 (0.0275)	20.23 (0.0583)	28.355 (0.0235)	10.68 (0.0517)	12.6975 (0.0068)	479.57 (0.0360)
2.	12.4275 (0.0583)	41.6525 (0.1200)	21.38 (0.0177)	8.9175 (0.0432)	1.8325 (0.0013)	629.3425 (0.0475)
3.	1.2625 (0.0072)	0.7425 (0.0021)	0.125 (0.0001)	0.4925 (0.0024)	0.1475 (0.0018)	15.525 (0.0012)
4.	2.3 (0.0122)	5.9325 (0.0171)	4.000 (0.0033)	1.308 (0.0063)	2.7875 (0.0337)	222.9505 (0.0168)
5.	2.5875 (0.0122)	2.1275 (0.0061)	0.045 (0.0001)	Nil	2.0175 (0.0244)	25.9325 (0.0020)
6.	0.01 (0.0001)	Nil	Nil	0.025 (0.0001)	0.0125 (0.0001)	9.28 (0.0007)
7.	0.6200 (0.0029)	0.1275 (0.0004)	0.4275 (0.0003)	0.005 (0.0001)	0.015 (0.0001)	7.2425 (0.0005)
8.	5.4175 (0.0254)	4.5625 (0.0131)	1.3725 (0.011)	0.57 (0.0027)	0.0625 (0.0007)	224.07 (0.0169)
9.	Nil	Nil	Nil	0.025 (0.001)	Nil	0.14 (0.0001)
10.	10.55 (0.0495)	0.965 (0.0028)	0.965 (0.0007)	5.8285 (0.0413)	3.13 (0.0378)	404.786 (0.0305)
11.	Nil	Nil	Nil	Nil	Nil	0.085 (0.0001)
12.	1.4025 (0.0066)	93.4525 (0.2693)	24.64 (0.0204)	0.08 (0.0001)	0.005 (0.0001)	137.035 (0.0103)
13	0.3925 (0.0018)	0.00125 (0.0001)	0.0125 (0.0001)	Nil	Nil	113.1137 (0.0085)
Total	42.5375 (0.1996)	169.7938 (0.4894)	81.3225 (0.0673)	27.9315 (0.1352)	22.645 (0.2739)	2269.0727 (0.1713)
Average Turnover	21307.8675	34695.9925	120880.255	20652.39	8283.2575	1324763.0875

Source: Annual Reports of the Companies

The sector-wise analysis based on the percentage of social activities investment to average net turnover for 2014-2018 reveals that the Finance sector is the biggest contributor to average CSR investment of 0.4894 percent (169.7935 crore). This is followed by the Real estate sector 0.2739 percent (22.645 crore), cement sector 0.1996 percent (42.5375 crore), Fertilizer sector 0.1352 percent (27.9315 crore), and Electrical sector 0.0673 percent (81.3225 crore). (see Table 4).

Overall based on the percentage of social activities investment to average net turnover for 2014-2018 the study found that in terms of the amount IT sector invested Rs 710.40 crore while the Finance sector invested Rs. 169.79 crore in CSR activities. Further, in terms of percentage, average profit to average turnover results elicited that the finance and IT sector have 0.4894 and 0.4138 percent investment respectively. Besides this, analysis shows that different sectors have given preference to second activities i.e. Education and livelihood with the investment of Rs. 629.3425 crores; it was 0.0475 percent of the total turnover of all the sectors.

2. Percentage of Social Activities Investment to Average Net Worth for 2014-2018.

Table 5: Sector-wise CSR expenditure based on average net worth. (Amount in Crore)

Activities	IT Sector	Banking Sector	Pharma Sector	Power Sector	Automobiles Sector
1.	149.005 (0.0855)	33.2725 (0.0173)	43.2775 (0.1715)	148.715 (0.1155)	27.77 (0.0373)
2.	197.4975 (0.1134)	127.4275 (0.0664)	6.64 (0.0263)	86.4075 (0.0671)	125.16 (0.1683)
3.	1.7625 (0.0010)	0.5625 (0.0003)	0.6625 (0.0026)	0.8375 (0.0006)	8.93 (0.0120)
4.	118.42 (0.0680)	14.1875 (0.0074)	1.3225 (0.0052)	36.005 (0.0280)	36.6825 (0.0493)
5.	11.465 (0.0066)	Nil	Nil	6.4475 (0.0050)	1.2425 (0.0017)
6.	7.365 (0.0042)	1.375 (0.0007)	Nil	0.2975 (0.0002)	0.195 (0.0002)
7.	Nil	0.125 (0.0001)	0.6325 (0.0025)	3.55 (0.0027)	1.74 (0.0023)
8.	169.2775 (0.0972)	26.1975 (0.0136)	0.245 (0.0097)	0.8075 (0.0006)	15.5575 (0.0209)
9.	Nil	Nil	Nil	0.0525 (0.0001)	0.0625 (0.0004)
10.	33.455 (0.0192)	291.7625 (0.1520)	14.765 (0.0585)	22.67 (0.0176)	20.695 (0.0278)
11.	Nil	Nil	Nil	0.085 (0.0001)	Nil
12.	1.59 (0.0009)	7.1575 (0.0037)	1.4575 (0.0058)	1.2925 (0.0010)	5.9575 (0.0080)
13.	20.5625 (0.0118)	77.67 (0.0405)	Nil	12.105 (0.0094)	2.37 (0.0008)
Total	710.4 (0.4077)	579.235 (0.3018)	69.0025 (0.2071)	319.2725 (0.2480)	246.3625 (0.3313)
Average Net Worth	174215.9125	191963.70754	25231.185	128753.9275	74356.285

Source: Annual Reports of the companies

The sector-wise analysis based on the percentage of social activities investment to average net worth for 2014-2018 reveals that the IT sector is the biggest contributor to average CSR investment of 0.4077 percent (710.4 crore). This is followed by the Automobiles sector 0.3313 percent (246.3625 crore), Banking sector 0.3018 percent (579.235 crore), Power sector 0.2480 percent (246.3625 crore), and Pharmaceutical 0.2071 percent (69.0025 crore). (see Table 5).

Table 6: Sector-wise CSR expenditure based on average net worth. (Amount in Crore)

Activities	Cements Sector	Finance Sector	Electricals Sector	Fertilizers Sector	Real Estate Sector	Total
1.	5.5675 (0.0333)	20.23 (0.0550)	28.355 (0.0681)	10.68 (0.1025)	12.6975 (0.1000)	479.57 (0.0672)
2.	12.4275 (0.0745)	41.6525 (0.1098)	21.38 (0.0514)	8.9175 (0.0856)	1.8325 (0.0144)	629.3425 (0.0882)
3.	1.2625 (0.0076)	0.7425 (0.0020)	0.125 (0.0003)	0.4925 (0.0047)	0.1475 (0.0012)	15.525 (0.0022)
4.	2.3 (0.0138)	5.9325 (0.0156)	4.00 (0.0096)	1.308 (0.0125)	2.7825 (0.0180)	222.9505 (0.0313)
5.	2.5875 (0.0155)	2.1275 (0.0056)	Nil	Nil	2.0175 (0.0159)	25.9325 (0.0036)
6.	0.01 (0.0001)	Nil	Nil	0.025 (0.0001)	0.0125 (0.0001)	9.28 (0.0013)
7.	0.62 (0.0037)	0.1275 (0.0003)	0.4275 (0.0010)	0.005 (0.0001)	0.015 (0.0002)	7.2425 (0.0010)
8.	5.4175 (0.0325)	4.5625 (0.0120)	1.3725 (0.0033)	0.57 (0.0055)	0.0625 (0.0005)	224.07 (0.0313)
9.	Nil	Nil	Nil	0.025 (0.0002)	Nil	0.14 (0.0001)

10.	10.55 (0.0632)	0.3575 (0.0009)	0.965 (0.0023)	5.8285 (0.0559)	3.13 (0.0247)	404.786 (0.0567)
11.	Nil	Nil	Nil	Nil	Nil	0.085 (0.0001)
12.	1.4025 (0.0084)	93.4525 (0.2462)	24.64 (0.0592)	0.08 (0.0002)	0.005 (0.0001)	137.035 (0.0120)
13.	0.3925 (0.0024)	0.00125 (0.0001)	0.0125 (0.0001)	Nil	Nil	113.1137 (0.0158)
Total	42.5375 (0.2550)	169.7935 (0.4458)	81.3225 (0.1954)	27.9315 (0.2675)	22.645 (0.1789)	2269.0727 (0.3178)
Average Net Worth	16683.7225	37948.6975	41613.095	10423.3325	12693.04	713882.905 04

Source: Annual Reports of the Companies.

The sector-wise analysis based on the percentage of social activities investment to average net worth for 2014-2018 reveals that the Finance sector is the biggest contributor to average CSR investment of 0.4458 percent (169.7935 crore). This is followed by the Fertilizer sector 26.75 percent (27.9315 crore), cement sector 0.2550 percent (42.5375 crore), Electrical sector 0.1954 percent (81.3225 crore), and Real estate sector 0.1789 percent (22.645 crore). (see Table 6).

Overall, based on the percentage of social activities investment to average net worth for 2014-2018 the study found that in terms of amount IT sector invested Rs 710.40 crore while the Finance sector invested Rs. 169.79 crore in CSR activities. Further, in terms of percentage, average profit to average net worth results elicited that the finance and IT sector have 0.4458 and 0.4077 percent investment respectively. Besides this, analysis shows that different sectors have given preference to second activities i.e. Education and livelihood with the investment of Rs. 629.3425 crores; it was 0.0882 percent of the total average net worth during 2015-18 of all the sectors.

3. Percentage of Social Activities Investment to Average Net Profit for 2014-2018.

Table 7: Sector-wise CSR expenditure based on average net Profit. (Amount in Crore)

Activities	IT Sector	Banking Sector	Pharma Sector	Power Sector	Automobiles Sector
1.	149.005 (0.3671)	33.2725 (0.2206)	43.2775 (0.8625)	148.715 (1.1655)	27.77 (0.8217)
2.	197.4975 (0.4866)	127.4275 (0.8448)	6.64 (0.1323)	86.407 (0.6772)	125.16 (3.7035)
3.	1.7625 (0.0043)	0.5625 (0.0037)	0.6625 (0.0132)	0.8375 (0.0065)	8.93 (0.2642)
4.	118.425 (0.2918)	14.1875 (0.0940)	1.3225 (0.0264)	36.005 (0.2821)	36.6825 (1.0854)
5.	11.465 (0.0282)	Nil	Nil	6.4475 (0.0505)	1.2425 (0.0368)
6.	7.365 (0.0181)	1.375 (0.0091)	Nil	0.2975 (0.0023)	0.195 (0.0058)
7.	Nil	0.125 (0.0008)	0.6325 (0.0126)	3.55 (0.0278)	1.74 (0.0515)
8.	169.2775 (0.4171)	26.1975 (0.1737)	0.245 (0.0049)	0.8075 (0.0063)	15.5575 (0.4603)
9.	Nil	Nil	Nil	0.0525 (0.0004)	0.0625 (0.0018)
10.	33.455 (0.0824)	291.7625 (1.9344)	14.765 (0.2942)	22.67 (0.1777)	20.695 (0.6124)
11.	Nil	Nil	Nil	0.085 (0.0006)	Nil
12.	1.59 (0.0039)	7.1575 (0.0475)	1.4575 (0.0290)	1.2925 (0.0101)	5.9575 (0.1763)
13.	20.5625 (0.0507)	77.6695 (0.5149)	Nil	12.105 (0.0949)	2.37 (0.0701)
Total	710.40 (1.7503)	579.235 (3.8436)	69.0025 (1.3751)	319.2775 (2.5022)	246.3625 (7.28999)
Average Net Profit	40586.5725	15083.0725	5017.8225	12759.16	3379.5175

Source: Annual Reports of the Companies.

The sector-wise analysis based on the percentage of social activities investment to average net profit for 2014 to 2018 reveals that the Automobile sector is the biggest contributor to the average CSR investment of 7.2899 percent (246.3625 crore). This is followed by the Power sector 2.5022 percent (319.2775 crore), Banking sector 3.8436 percent (579.235 crore), IT sector 1.7503 percent (710.40 crore), and Pharma sector 1.3725 percent (69.0025 crore). (see Table 7).

Table 8: Sector-wise CSR expenditure based on average net turnover. (Amount in Crore)

Activities	Cements Sector	Finance Sector	Electricals Sector	Fertilizers Sector	Real Estate Sector	Total
1.	5.8675 (0.2674)	20.23 (0.4125)	28.355 (1.6369)	10.68 (0.9852)	12.6975 (1.1214)	479.57 (0.05461)
2.	12.4275 (0.5665)	41.65 (0.8493)	21.38 (1.2343)	8.9175 (0.8227)	1.8325 (0.1618)	629.3425 (0.7162)
3.	1.2625 (0.0575)	0.7425 (0.0151)	0.1250 (0.0072)	0.4925 (0.0006)	0.1475 (0.0130)	15.525 (0.0191)
4.	2.3 (0.1048)	5.9325 (0.1210)	4.00 (0.2309)	1.308 (0.1207)	2.7875 (0.2462)	222.9505 (0.2537)
5.	2.5875 (0.1179)	2.1275 (0.0439)	0.045 (0.0026)	Nil	2.0175 (0.1782)	25.9325 (0.0295)
6.	0.01 (0.0001)	Nil	Nil	0.025 (0.0023)	0.0125 (0.0011)	9.28 (0.0106)
7.	0.62 (0.0282)	0.1275 (0.0026)	0.4275 (0.0247)	0.005 (0.0005)	0.015 (0.0013)	7.2425 (0.0082)
8.	5.4175 (0.2470)	4.5625 (0.0930)	1.3725 (0.0792)	0.57 (0.0525)	0.0625 (0.0055)	224.07 (0.2550)
9.	Nil	Nil	Nil	0.025 (0.0023)	Nil	0.14 (0.0001)
10.	10.55 (0.4809)	0.965 (0.0190)	0.965 (0.0557)	5.8275 (0.5376)	3.13 (0.2764)	404.786 (0.4606)
11.	Nil	Nil	Nil	Nil	Nil	0.085 (0.0001)
12.	1.4025 (0.0639)	93.4525 (1.9057)	24.64 (1.4225)	0.08 (0.0074)	0.005 (0.0004)	137.035 (0.1559)
13.	0.3925 (0.0179)	0.00125 (0.0001)	0.0125 (0.0007)	Nil	Nil	113.1137 (0.1287)
Total	42.5375 (1.9390)	169.7938 (3.4502)	81.3225 (4.6948)	27.9315 (2.5725)	22.645 (2.0054)	2269.0727 (2.5822)
Average Net Profit	2193.7625	4903.9395	1732.1482	1083.97	1132.3	87872.2652

Source: Annual Reports of the Companies

The sector-wise analysis based on the percentage of social activities investment to average net profit for 2014-2018 reveals that the Electrical sector is the biggest contributor to the average CSR investment of 4.6948 percent (81.3225 Crore). This is followed by the Finance sector 3.4504 percent (169.7938 crore), Fertilizer sector 2.5725 percent (27.9315 crore), Real estate sector 2.0054 percent (22.645 crore), and cement sector 1.9390 percent (42.5375 crore). (see Table 8).

Overall, based on the percentage of social activities investment to average net profit for 2014-2018 the study found that in terms of amount IT sector invested Rs 710.40 crore while the Automobiles sector invested Rs. 246.3625 crore in CSR activities. Further, in terms of percentage, average profit results elicited that Automobiles and IT sector have 7.2899 and 1.7503 percent investment respectively. Besides this, analysis shows that different sectors have given preference to second activities i.e. Education and livelihood with the investment of Rs. 629.3425 crores; it was 0.7162 percent of the total average net profit during 2015-18 of all the sectors. The total expenditure percentage of the central government is 21.5048 this is more than 2.5822, with total average investments in specified activities in the companies act 2013 by selected corporate sectors.

Findings and Conclusions

Three variables (average net profit, average net worth, and average turnover) were selected for comparison of CSR investment.

1. Average turnover

It is found that Sectors selected for the study have invested less than 2.00 percent of the average net turnover for the years 2014-18 and invested only 0.1713 percent of the average net turnover for the years 2014-18. However, some sectors in the study found that they have not followed the marked-up investment in the specified activities.

The analysis revealed that all sectors have invested less than 0.5 percent of the average net turnover in the last four years. In terms of specified activities, the study found that the IT sector, Banking sector Automobiles sector, Cement sector have invested a higher amount in the activity specified for education, differently abled, livelihood and Pharmaceuticals sector, power sector, Electricals sector, Chemicals and fertilizers sector, Real Estate sector have invested higher amount in the activity specified for health, eradicating power, poverty, and malnutrition, safe drinking water, sanitation, and Finance sector has invested higher amount in the activity specified for employment. Further, it is found that most sectors also have not taken interest in the activity specified for contribution to technology incubators located within academic institutions and slump area projects.

2. Average net worth

It is found that Sectors selected for the study have invested less than 2.00 percent of the average net worth for the years 2014-18 and invested only 0.3178 percent of the average net worth for the years 2014-18. However, some sectors in the study found that they have not followed the marked-up investment in the specified activities. The analysis revealed that all sectors have invested less than 0.5 percent of the average net worth in the last four years. In terms of specified activities, the study found that the IT sector, Banking sector Automobiles sector, Cement sector have invested a higher amount in the activity specified for education, differently abled, livelihood and Pharmaceuticals sector, power sector, Electricals sector, Chemicals and fertilizers sector, Real Estate sector have invested higher amount in the activity specified for health, eradicating power, poverty, and malnutrition, safe drinking water, sanitation, and Finance sector has invested higher amount in the activity specified for employment. Further, it is found that most sectors also have not taken interest in the activity specified for contribution to technology incubators located within an academic institution and slump area projects.

3. Average net profit

It is found that Sectors selected for the study have invested more than 2.00 percent of the average net profit for the years 2014-18. However, some sectors in the study found that they have not followed the marked-up investment in the specified activities. The analysis revealed that Banking sector, Power sector, Automobiles sector, Finance sector, Electricals sector, Chemicals and Fertilizers sector, Real Estate sector have invested more than 2.0 percent and Information Technology sector, Pharmaceuticals sector and Cement sector have invested less than 2.0 percent of their average net profit of last four years. In terms of specified activities, the study found that the IT sector, Banking sector Automobiles sector, Cement sector have invested a higher amount in the activity specified for education, differently abled, livelihood and Pharmaceuticals sector, power sector, Electricals sector, Chemicals and fertilizers sector, Real Estate sector have invested higher amount in the activity specified for health, eradicating power, poverty, and malnutrition, safe drinking water, sanitation, and Finance sector has invested higher amount in the activity specified for employment. Further, it is found that most sectors also have not taken interest in the activity specified for contribution to technology incubators located within academic institutions and slump area projects.

Suggestions

In view of the findings of the study, the following suggestions have been made which may help in increasing the effectiveness of CSR in companies and also to the integrated social infrastructure development of the nation:

- Companies should invest their specified PAT amount in all activities specified by 'Companies Act-2013'.
- Companies should also focus on contributing to technology incubators located within an academic institution and slump area projects.
- Companies should follow the marked-up investment in the specified activities.
- Government should create awareness amongst the general public for effective implementation of CSR programs.

References

1. Ali HY, Danish RQ, Asrar-ul-Haq M. How corporate social responsibility boosts firm financial performance: The mediating role of corporate image and customer satisfaction. *Corporate Social Responsibility and Environmental Management*,2020;27(1):166-177. <https://doi.org/10.1002/csr.1781>
2. Boccia F, Sarnacchiaro P. The Impact of Corporate Social Responsibility on Consumer Preference: A Structural Equation Analysis. *Corporate Social Responsibility and Environmental Management*,2018;25(2):151-163. <https://doi.org/10.1002/csr.1446>
3. Choi JS, Kwak YM, Choe C. Corporate social responsibility and corporate financial performance: Evidence from Korea. *Australian Journal of Management*,2010;35(3):291-311. <https://doi.org/10.1177/0312896210384681>
4. Dharmapala D, Khanna V. The impact of mandated corporate social responsibility: Evidence from India's Companies Act of 2013. *International Review of Law and Economics*,2018;56:92-104. <https://doi.org/10.1016/j.irl.2018.09.001>
5. Dyck A, Lins KV, Roth L, Wagner HF. Do institutional investors drive corporate social responsibility? International evidence. *Journal of Financial Economics*,2019;131(3):693-714. <https://doi.org/10.1016/j.jfineco.2018.08.013>

6. Goyal P, Rahman Z, Kazmi AA. Corporate sustainability performance and firm performance research: Literature review and future research agenda. *Management Decision*,2013;51(2):361-379. <https://doi.org/10.1108/00251741311301867>
7. Gupta M, Hodges N. Corporate social responsibility in the apparel industry: An exploration of Indian consumers' perceptions and expectations. *Journal of Fashion Marketing and Management*,2012;16(2):216-233. <https://doi.org/10.1108/13612021211222833>
8. Jammulamadaka N. The responsibility of corporate social responsibility in SMEs. *International Journal of Organizational Analysis*,2013;21(3):385-395. <https://doi.org/10.1108/IJOA-Mar-2012-0566>
9. Kloppers HJ. Driving Corporate Social Responsibility (CSR) through the Companies Act: An overview of the role of the social and ethics committee. *Potchefstroom Electronic Law Journal*,2017;16(1):165-199. <https://doi.org/10.17159/1727-3781/2013/v16i1a2307>
10. Latapí Agudelo MA, Jóhannsdóttir L, Davídsdóttir B. A literature review of the history and evolution of Corporate Social Responsibility. *International Journal of Corporate Social Responsibility*,2019;4(1):1-23. <https://doi.org/10.1186/s40991-018-0039-y>
11. Maneet K, Sudhir A. Corporate social responsibility: A tool to create a positive brand image. *ASBBS Annual Conference*,2011;18(1):681-688.
12. Mani Goswami. A study on implications of CSR rules under Companies Act, 2013. XVI International Conference on "GOVERNANCE: CHANGING PARADIGMS" (January 3-4, 2015),2015:978:301-314.
13. Maqbool S, Zameer MN. Corporate social responsibility and financial performance: An empirical analysis of Indian banks. *Future Business Journal*,2018;4(1):84-93. <https://doi.org/10.1016/j.fbj.2017.12.002>
14. MCA. Corporate Social Responsibility Voluntary Guidelines. In Indian Ministry Of Corporate Affairs, 2009, 27(4). http://www.ncbi.nlm.nih.gov/pubmed/20304693%5Chttp://www.mca.gov.in/Ministry/latestnews/CSR_Voluntary_Guidelines_24dec2009.pdf
15. Mishra S, Suar D. Does corporate social responsibility influence firm performance of Indian companies? *Journal of Business Ethics*,2010;95(4):571-601. <https://doi.org/10.1007/s10551-010-0441-1>
16. Mitra R. Framing the corporate responsibility-reputation linkage: The case of Tata Motors in India. *Public Relations Review*,2011;37(4):392-398. <https://doi.org/10.1016/j.pubrev.2011.06.002>
17. Sharma E, Mani M. Corporate Social Responsibility : An analysis of Indian commercial banks. *AIMA Journal of Management & Research*, 2013, 7(6).
18. Usman AB, Amran NAB. Corporate social responsibility practice and corporate financial performance: Evidence from Nigeria companies. *Social Responsibility Journal*,2015;11(4):749-763. <https://doi.org/10.1108/SRJ-04-2014-0050>
19. Verma H, MS, Jain N. CSR stipulations of Companies Act, 2013 and actual CSR expenditure by top Indian companies prior to its implementation: A comparative study. *SSRN Electronic Journal*, 2019, 1-11. <https://doi.org/10.2139/ssrn.3453686>
20. Windsor D. The future of corporate social responsibility. In *International Journal of Organizational Analysis*, 2001, 3(3).