

Dissertation Project Report

On

**CORPORATE SOCIAL RESPONSIBILITY SPENDING**

By

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**MSC STATISTICS Class of 2014-16**

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FIINOVATION

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## **TABLE OF CONTENT**

<b>Chapter No.</b>	<b>Particulars</b>	<b>Page No.</b>
<b>1</b>	Declaration	<b>4</b>
<b>2</b>	Acknowledgement	<b>5</b>
<b>3</b>	Certificate	<b>6</b>
<b>4</b>	Corporate Social accountability: An Introduction to Fiinnovation Practices	<b>7</b>
<b>4.1</b>	Corporate governance	<b>7</b>
<b>4.2</b>	Social Accountability	<b>7</b>
<b>4.3</b>	Corporate Social Responsibility	<b>8</b>
<b>4.4</b>	Companies Act and CSR	<b>11</b>
<b>4.5</b>	Company Profile	<b>13</b>
<b>5</b>	Sectoral Approach in CSR	<b>14</b>
<b>5.1</b>	Review of literature	<b>14</b>
<b>5.2</b>	Sectoral focus under CSR	<b>16</b>
<b>6</b>	Research Methodology	<b>19</b>
<b>6.1</b>	Introduction	<b>19</b>

<b>6.2</b>	Hypothesis	20
<b>6.3</b>	Objective	20
<b>6.4</b>	Research design	21
<b>6.5</b>	Limitation	21
<b>7</b>	CSR Spending Analytics	22
<b>7.1</b>	Spending Trends	22
<b>7.2</b>	Comparative Analysis	39
<b>7.3</b>	Spatial trends of fund allocation	66
<b>8</b>	Conclusion	72
<b>9</b>	Recommendation and way forward	73
<b>10</b>	Annexure	74
<b>11</b>	Bibliography	78

## **Declaration**

Title of Project Report

“ CORPORATE SOCIAL RESPONSIBILITY SPENDING ”

I declare

(a)That the work presented for assessment in this Dissertations Report is my own, that it has not previously been presented for another assessment and that my debts (for words, data, arguments and ideas) have been appropriately acknowledged

(b)That the work conforms to the guidelines for presentation and style set out in the relevant documentation.

Date .....

MANU SHUKLA

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MSC STATISTICS

## Acknowledgement

I take this opportunity to express my sincere thanks and deep gratitude to all those people who extended their wholehearted co-operation and have helped me in completing this project successfully.

I would like to give special thanks to **Mr. Soumitro Chakraborty**, CEO IFA Pvt. Ltd for giving me the opportunity to work with the organization.

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I am extremely thankful and pay my gratitude to my faculty guide **Dr. Jitendra Kumar** (HOD, AIAS, Amity University ) for his valuable guidance and support on completion of this project in its presently.

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At last but not the least, gratitude goes to all of my friends who directly or indirectly helped me to complete this project report.

Any omission in this brief acknowledgement does not mean lack of gratitude.

**Manu Shukla**

**MSC STATISTICS**

## **Certificate**

I Dr Jitendra Kumar hereby certify that Manu Shukla student of MASTER OF SCIENCE (STATISTICS) at Amity Institute of Applied Sciences, Amity University, Uttar Pradesh has completed the Project Report on — “CORPORATE SOCIAL RESPONSIBILITY SPENDING”, under my guidance.

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Faculty Guide

Amity Institute of Applied Sciences

# **CORPORATE SOCIAL ACCOUNTABILITY: AN INTRODUCTION TO FIINOVATION PRACTICES**

## **CORPORATE GOVERNANCE**

Corporate Governance, a way of governing a corporation or one can say it is a technique of managing and carrying a business as per the desires of the stakeholders. It is all about creating a balance between individual, societal, economic and social goals. The dimensions of corporate governance should not be overlooked i.e. there must be healthy relationship owners and managers and owners must see to the fact that managers performance are according to predefined standards. In the modern corporations, tasks of owners and managers should be clear. It deals with determining ways to take effective strategic decisions. It gives ultimate authority and complete responsibility to the Board of Directors. In today's market- oriented economy, the need for corporate governance arises. Also, efficiency as well as globalization are significant factors urging corporate governance. It is essential to develop added value to the stakeholders which ensures transparency that leads to strong and balanced economic development.

## **SOCIAL ACCOUNTABILITY**

Social accountability can be defined as an approach towards building accountability that relies on civic engagement, i.e., in which it is ordinary citizens and/or civil society organizations who participate directly or indirectly

in exacting accountability. The aim of this civic engagement is to stimulate demand from citizens and thus put pressure on the state or private sector to meet their obligations to provide quality services. The supply side of this equation is about building state capability and responsiveness. Social accountability mechanisms are separate from conventional accountability mechanisms such as political checks and balances, accounting and auditing systems, administrative rules and legal procedures. However, the former can complement, reinforce and in some cases activate the latter. Examples of social accountability mechanisms include freedom of information petitions and investigative journalism, citizen report cards and community score cards, community monitoring of public service delivery, participatory budgeting, public expenditure tracking, public commissions and hearings, citizen advisory boards and citizen Charters.

## **CORPORATE SOCIAL RESPONSIBILITY**

Corporate Social Responsibility is a management concept whereby companies integrate social and environmental concerns in their business operations and interactions with their stakeholders. CSR is generally understood as being the way through which a company achieves a balance of economic, environmental and social imperatives (Triple bottom line approach), while at the same time, addressing the expectations of the shareholders and stakeholders. In this sense it is important to draw a distinction between CSR, which can be strategic business management concept, and charity, sponsorships or philanthropy. Even though the latter can also make a valuable contribution to poverty reduction, will directly enhance the reputation of a company and strength its brand, the concept of CSR clearly goes beyond that, as defined by UNIDO (United nation industrial development organization).



## **EVOLUTION OF CSR**

### ***GLOBAL STORY:***

#### **The First Phase (1950-1960s)**

The focus was on business doing good deeds for society. The drivers of change were events, people and ideas who were instrumental in characterizing the emerging social changes.

#### **The Second Phase (1970s)**

Thinkers such as CARROL ensured the change in thought which argued that firms have responsibilities to societies including economic, legal, ethical and discretionary.

#### **The Third Phase (1980s)**

Taking from Donaldson and Dunfee who highlighted the "tacit social contract between the firm and society" was characterized by an enhanced responsiveness towards stakeholders.

#### **The Fourth Phase (1990s)**

CSR became a strategic issue focusing on Freeman's stakeholder theory. It correlated with current CSR definition that views it as a concept 'whereby companies integrate social and environmental concerns in their business operations and interaction with their stakeholders'.

## ***INDIAN STORY:***

### **The First Phase ( Before 1947)**

The concept manifested itself through charity that was carried out by businessmen and philanthropist with strong religious sentiment.

### **The Second Phase ( Post 1947)**

The Gandhian philosophy of trusteeship was popular. It advocated the role of PSUs as important elements fulfilling the development agenda.

### **The Third Phase ( 1991)**

The era allowed the entry of global players which enhanced competition in the market . the global standards of CSR motivated the local players to respond to the needs and enhance the brand value and meet customers satisfaction.

### **The Fourth Phase ( Post 2000 )**

The global information sharing allowed the Indian government to incorporate the best practices that made India the first country to mandate CSR. The undertone has been focused on partnership and the triple bottom line engagement and not just on monetary alliance.

## COMPANIES ACT AND CSR

The **Companies Act 2013** is an Act of the Parliament of India which regulates incorporation of a company, responsibilities of a company, directors, dissolution of a company. The 2013 Act is divided into 29 chapters containing 470 sections as against 658 Sections in the Companies Act, 1956 and has 7 schedules

Companies Act 2013, sec 135 Corporate Social Responsibility

(1) Every company having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during any financial year shall constitute a Corporate Social Responsibility Committee of the Board consisting of three or more directors, out of which at least one director shall be an independent director.

(2) The Board's report under sub-section (3) of section 134 shall disclose the composition of the Corporate Social Responsibility Committee.

(3) The Corporate Social Responsibility Committee shall,

(a) formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII;

(b) recommend the amount of expenditure to be incurred on the activities referred to in clause (a); and

(c) monitor the Corporate Social Responsibility Policy of the company from time to time.

(4) The Board of every company referred to in sub-section (1) shall,—

(a) after taking into account the recommendations made by the Corporate Social Responsibility Committee, approve the Corporate Social Responsibility Policy for the company and disclose contents of such Policy in its report and also place it on the company's website, if any, in such manner as may be prescribed; and

(b) ensure that the activities as are included in Corporate Social Responsibility Policy of the company are undertaken by the company.

(5) The Board of every company referred to in sub-section (1), shall ensure that the company spends, in every financial year, at least two per cent. of the average net profits of the company made during the three immediately preceding financial years, in pursuance of its Corporate Social Responsibility Policy. Provided that the company shall give preference to the local area and areas around it where it operates, for spending the amount earmarked for Corporate Social Responsibility activities. Provided further that if the company fails to spend such amount, the Board shall, in its report made under clause (o) of sub-section (3) of section 134, specify the reasons for not spending the amount.  
*Explanation.*—For the purposes of this section “average net profit” shall be calculated in accordance with the provisions of section 198.

## **COMPANY PROFILE**

Fiinnovation, a research based organization, is an integrated solution enabler in the CSR and sustainability domain. It is focused towards enhancing quality across organizational value chain through meaningful innovation thereby ensuring sustainability. Over the last six years, the organization has created a niche for itself through its extensive work in the corporate social responsibility arena. It has been helping corporations as well as civil society organization (CSOs) engage in value based CSR initiatives by aligning the objectives of corporations with their social objectives. The organization has been assisting corporations through its research on policy drafting and implementation design to achieve competitive advantage in their respective arenas.

The organization is proud to have Asia's first proposal research laboratory wherein research is focused primarily on four sectors, which include Health, Education, Livelihood and Environment. The state of the art proposal research laboratory facilitates the researchers in conducting both primary as well as secondary research before initiating an assignment, identifying opportunities and providing simplified solutions. Thorough analysis using scientific and rational tools and a dedicated team of sectoral experts make the work more effective and result oriented. Sustainability road maps, which are charted out during a programme design intervention feed into the larger goal of sustainability for the partner corporations.

# **SECTORAL APPROACH**

## **REVIEW OF LITERATURE**

**Manabhanjan Sahu & Dr. D Panigraphy "CORPORATE SOCIAL RESPONSIBILITY" PUBLIC SECTOR Vs PRIVATE SECTOR-A MYTH OR REALITY 2016.** According to the need of the time and in their own long run interest realized the importance of CSR and most of the companies has transformed from their traditional self centered thought to socio economic approaches. They have accepted that business is not just for making money and this is evident through their involvement in various community developmental activities. Many Business firms had realized the importance of using business ethics as a tool for retaining customers and increasing its market share by taking up the initiatives of CSR. They have also taken for providing a clean environment for the society. Also some companies started using the CSR as a strategy, which aims at mutual development of company and the community simultaneously, for a more reliable and long term sustainable development of business.

**Naman Desai, Viswanath Pingali, Arindam Tripathy "Is 2% the Solution? Experimental Evidence on the New CSR Rule in India".** study indicate that individual's charitable contributions and reported CSR spending are anchored on the imposed mandatory limits. Therefore before stipulating any minimum limits regulators should clearly understand the implications of such limits and also conduct a detailed analysis before deciding on the magnitude of any minimum spending limit. Additionally, the results of our study suggest that

organizations and individuals could ignore the impact of strategic benefits gained through CSR spending and anchor solely on the minimum stipulated spending limit. This result is consistent with the research on anchoring which indicates that individuals frequently anchor their decisions on readily available numerical values. The impact of such anchoring behaviour on the overall CSR spending of all corporations should be investigated before imposing any minimum CSR spending limits.

**Richard M. Rossow "Corporate Social Responsibility in India *How the Companies Act May Augment Regional Disparities*"** India's development needs are immense. The country is host to some of the world's most striking social problems, often at massive scale. Yet the country is also on a clear path of economic growth that is quickly expanding prosperity to new sections of society. Focusing policymaking efforts on economic growth will ensure this age of prosperity continues, yet, at least initially, its benefits are likely to be most immediately felt by those in the regions of the country that are poised for quick growth. With India's federal system, central policymaking will also have uneven application across states. Haryana, for instance, enjoys a per capita income level that is four times higher than the state of Bihar. This inequality will likely balance out over time, but will persist in the near term. The new corporate social responsibility provisions included in the Companies Act will increase the level of CSR giving in India. However, limiting the use of these funds to areas where companies have operations could limit the impact of this spending to the states that already have relatively high levels of development. The Indian government should instead clarify that using CSR funds in areas outside of the companies' operational footprint is acceptable and will not result in discriminatory action. There is also ambiguity in terms of what the Indian

government considers the “areas around which it [a company] operates.” Limiting this definition could preclude the widespread use of important new pools of CSR funds to the areas that have the greatest need. The potential changes to the rules requested in this paper should be considered for immediate action. Companies are already considering how best to comply with the rules, and setting plans in motion that may be difficult to amend shortly after. At the very least, if the Modi administration plans to keep the CSR requirement, the Ministry of Corporate Affairs should conduct a rigorous review of the results of this new requirement to ensure compliance, and also that it contributes evenly to alleviating the health, educational, and other development goals enumerated in the Companies Act. And if the intended results are not met, the Indian government should look at ways to strengthen the Act’s provisions and implementation.

## **Sectoral focus under CSR**

IFA pvt. ltd primarily focuses on four sectors viz. Health, Education, Livelihood and Environment.

### **HEALTH**

According to the official statistics of the world bank, the no of poor people has increased by 10.4% between 1987 and 2001 to 2735 million- almost half of worlds population. Poverty is considered to be one of the biggest epidemic that the global public health community faces, resulting in poor health indicators. Different study evidences reiterate and reemphasize an urgent need of working on reproductive health issues in the country , not only for benefitting the particular target groups but for achieving the MDG as well.



The epidemiological trends has also shifted with an increase in life expectancy with the major cause of deaths and disability shifting from generic, maternal, and perinatal causes to chronic disease. To address the issues mentioned there is need to promote rights based approaches towards health rather than developing a generic health based programme. This should encompass a comprehensive health strategy with preventive, promotive, curative and rehabilitative services.

## **EDUCATION**

Despite significant gains during Eleventh plan, education in India faces several challenges. The country's mean years of schooling at 5.12 years is significantly lower than the other emerging market economies. The biggest concern in elementary education is the poor level of school learning. evidence suggest that learning outcomes for children in Indian school are far below corresponding class levels in other countries. annual status of education report(2011) illustrate that over half the children in class V are unable to read even at class II level. The twelfth plan needs to address these challenges in an integrated and holistic manner . A step in the right direction is the right to education Act wherein, the fundamental right of every child between the ages of 6 to 14 years to free and compulsory education is ensured.

## **LIVELIHOOD**

Promotion of livelihood for informal sector, that accounts for an overwhelming proportion of the country's workforce has been a daunting task. The inability to provide suitable livelihood options for the vulnerable and underprivileged sections has lead to widespread poverty resulting in illiteracy, malnourishment, high mortality rates, and low standard of living. 32.7% of the

total Indian people fall below the international poverty line of US\$ 1.25 per day while 68.7% live on less than US\$ 2 per day. Lack of skills, absence of proper marketing strategies and linkages, low crop productivity, lack of physical, social and financial base etc. are some of the major problems that the sector faces. The present scenario can't be changed overnight, but requires adoption of innovative strategies to create honorable livelihood for these vulnerable people.

## **ENVIRONMENT**

According to world bank, between 1995 and 2010, India made one of the fastest progresses in addressing its environmental issues and improving its environmental quality. This however came after India saw its worst period in terms environmental degradation from 1947 through 1995. Mismanagement and overuse of India's once abundant forest has resulted in desertification, contamination, and soil depletion throughout the subcontinent. loss of biodiversity and loss of resilience in ecosystems are one of the effects of environmental pollution. with climate change looming large over the Indian ecosphere, there is a need to chart out sustainable development strategies. as climate change is one of the gravest threats that the earth faces today, major funding agencies have diverted funds towards tackling climate change and reducing carbon emissions. Environmental grants are being routed through multilateral and bilateral agencies for enhancing climate proofing.

# **Research Methodology**

## **INTRODUCTION**

Business are an integral part of the society and have a critical role to play in the social sector of an economy. The performance of an organization should be judged beyond the financial parameters and the authorities need not only focus on the financial performance but to examine into its CSR performance as well. From the third phase i.e. post 1991 both corporate houses and public sector undertakings are involved in the development of social sector creating a balance between economic, environmental and social imperatives. In 2013, Companies Act, 2013 was introduced and India became the first country to mandate complementary 2% spending as CSR funds of the average net profit of three preceding financial years. But with introduction of CSR mandate question arises. Does the new law made any differences? Is there any comparative differences in the social accountability quotient among the Corporate houses and Public sector undertaking for CSR activities and how the funds provided by them are dispersed in the country?

## **HYPOTHESIS**

- Companies Act does not made any positive impact on CSR spending.
- There is no significant difference in the CSR spending of Corporate houses and PSU's.
- CSR spending is concentrated in certain pockets same as companies' location.

## **Objective**

The objectives of the study are:

- To identify the trends in the CSR spending of the companies before and after the CSR mandate.
- To identify the trends in the banking sector in the CSR spending over the years.
- To run a comparative analysis among the overall CSR spending and sector specific CSR spending of the Corporate houses and PSU's.
- To track the dispersion of CSR funds in the country.

## **Research Design**

A research uses either primary, secondary or both the research methods to collect the data depending on the research need and depth of information & coverage needed. Secondary Research is used to collect the information for this research. A sample of 100 leading companies operating in the Indian market, Forbes list for CSR activities, BSE and NSE index as per the market size were selected. Data is extracted from the annual report of these companies, Ministry of Corporate Affairs website and reports, NGO's reports and analyzed for existing trends, comparative analysis, funds distribution across the country (45% of the total spending) with the help of Excel, R, QGIS.

## **Limitation**

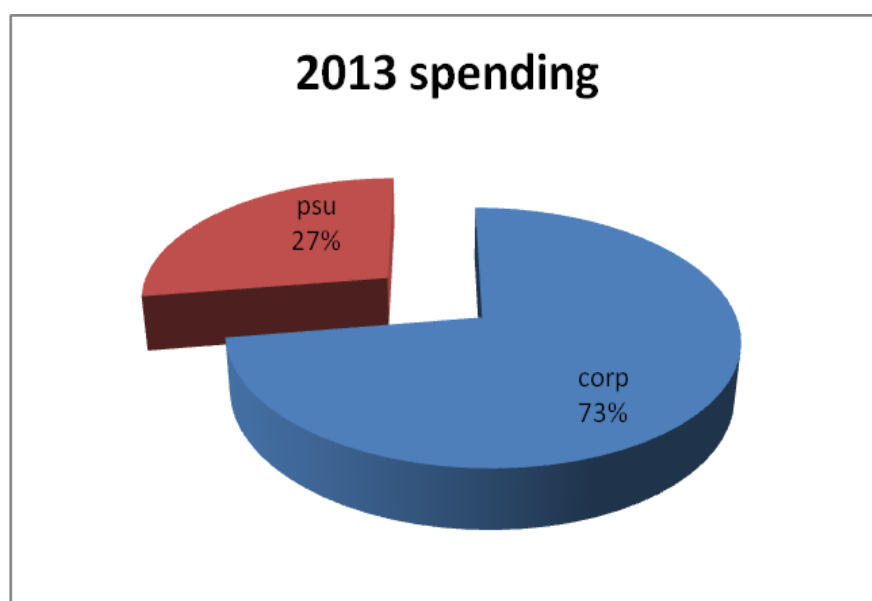
- Research is time crucial due to the deadline placed on the submission of the final research findings.
- Data availability was another issue i.e state level information was not available for all the companies.

## **Corporate social responsibility spending Analytics**

### **TRENDS IN CORPORATE SOCIAL RESPONSIBILITY SPENDING**

Spending in the financial Year 2013:

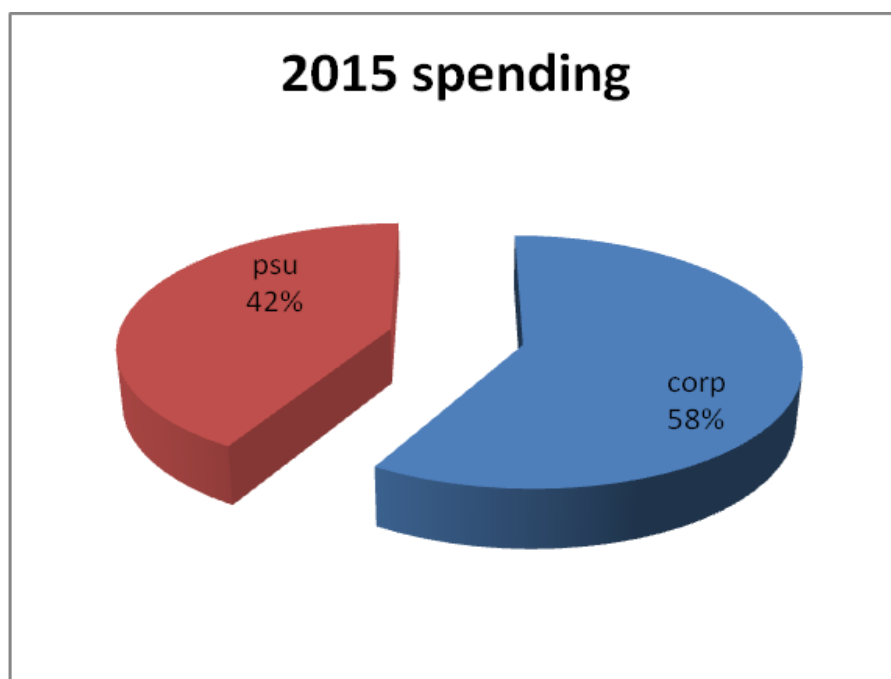
TYPE	Total	SPENDING(in crore)
CORPORATE HOUSES	61	2940.2
PUBLIC SECTOR UNDERTAKINGS	27	1114.3



Out of total CSR spending of Rs 4054.4992 Crore, 73% of the spending were made by the corporate houses whereas 23% of the spending were made by the public sector undertakings.

Spending in the financial Year 2015:

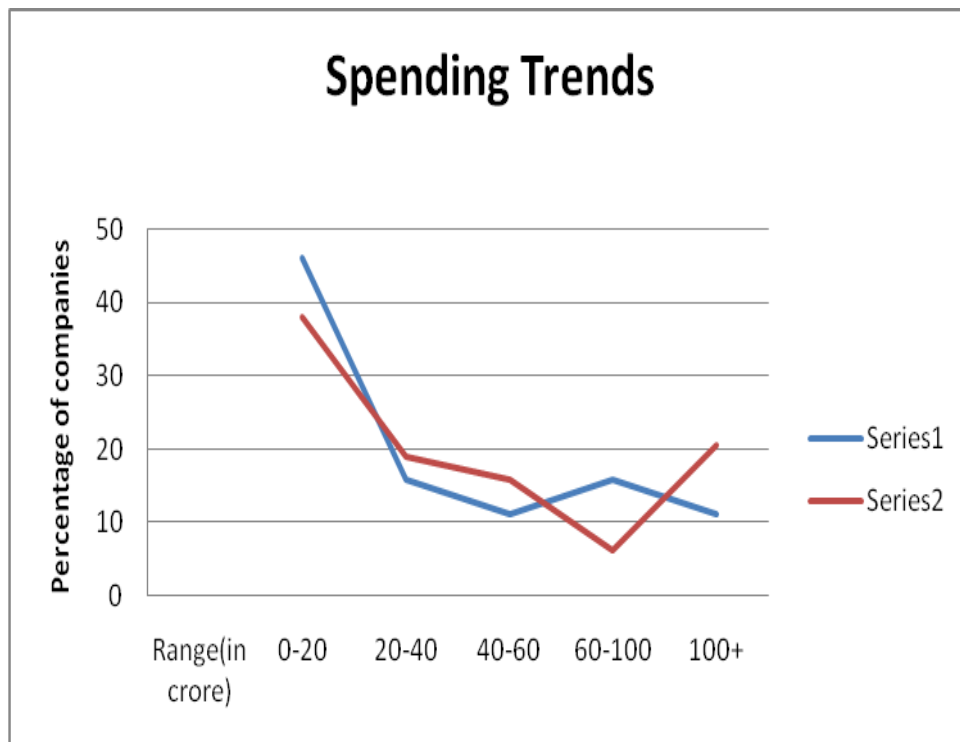
TYPE	Total	SPENDING(in crore)
CORPORATE HOUSES	61	2484.389428
PUBLIC SECTOR UNDERTAKINGS	27	1771.58



Out of total CSR spending of Rs 4255.92894 Crore, 58% of the spending were made by the corporate houses whereas 42% of the spending were made by the public sector undertakings.

Series1 represents the percentage of companies(Corporate houses' and PSU's) in the financial year 2012-13

and Series 2 represents the percentage of companies(Corporate houses' and PSU's) in the financial year 2014-15.



We cannot infer about any upward or downward trend in the financial years 2013-15. So in order to obtain trends we will use hypothesis testing.



## Paired t-test for testing significant change over the time

Hypothesis:

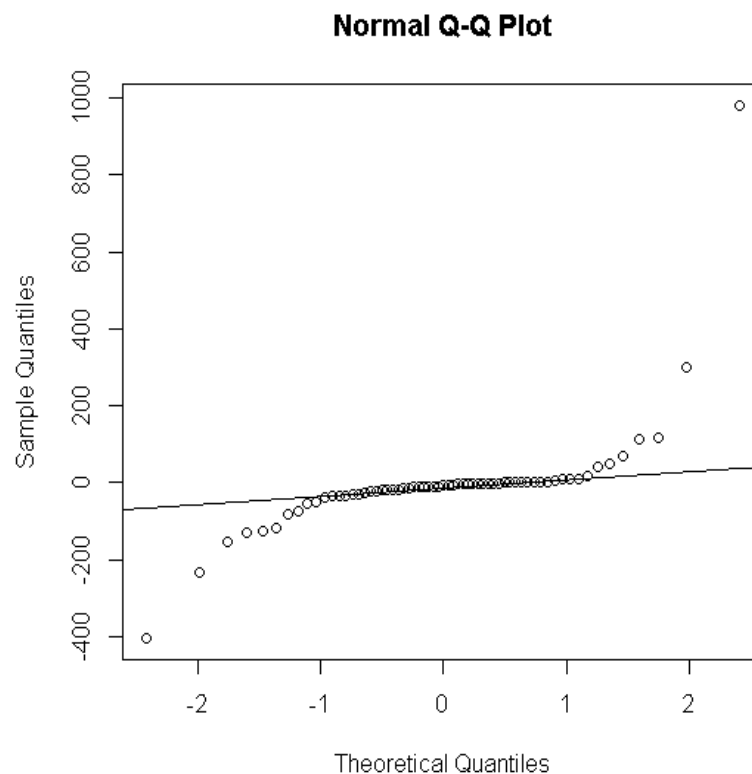
Ho: There is no significant difference between the average spending of the companies in the financial year 2012-13 and 2014-15.

H<sub>1</sub>: The average spending of the companies in the financial year 2014-15 is better than the average spending of the companies in the financial year 2012-13.

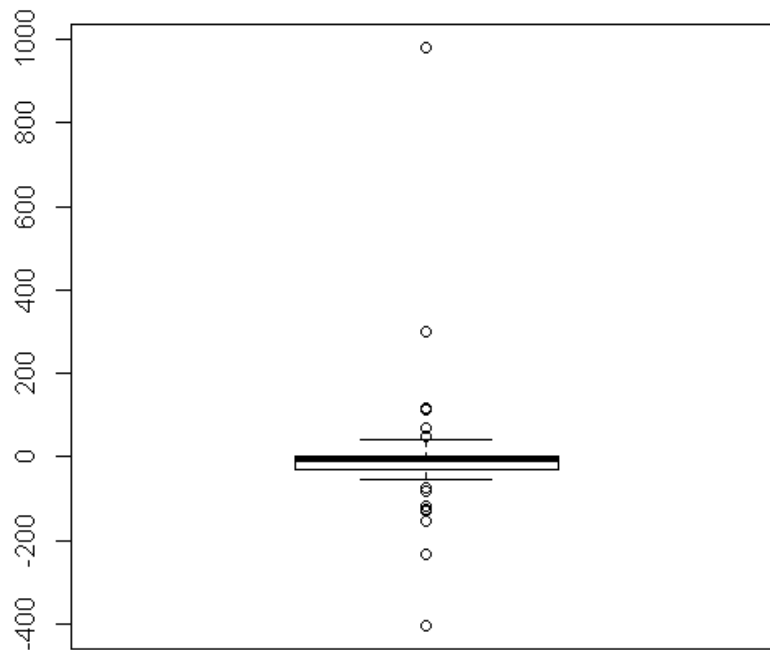
Assumptions:

- Normality and presence of outliers:

### QUANTILE PLOT



## BOXPLOT



From the quantile plot and boxplot, it is clear that the sample violates the assumption of Normality and is influenced by the outliers. Since we cannot drop the outliers, we will use non parametric test.

### Wilcoxon signed rank test

Spend1: 2013 , spend2: 2015

data: spend1 and spend2

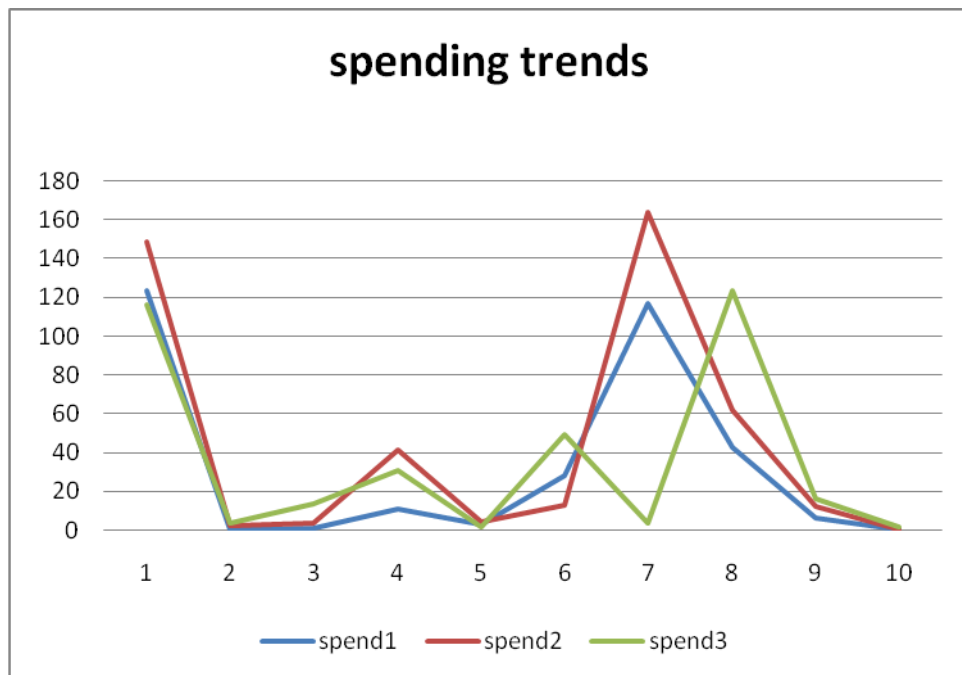
$V = 532$ , p-value = 0.0005663

alternative hypothesis: true location shift is less than 0

Since the p-value  $< 0.05$ , we reject the null hypothesis  $H_0$  at 5% level of significance and infer that the average spending in 2014-15 is more than the average spending in 2012-13 i.e. Spending from 2013-2015 shows an upward trend.

## BANKING SECTOR

Spend1 represents the spending of 10 banks in the financial year 2012-13, spend 2 represents the spending of 10 banks in the financial year 2013-14, and spend 3 represents the spending of 10 banks in the financial year 2014-15.



We cannot infer about any upward or downward trend from the financial years 2013 to 2015. So in order to obtain trends we will use hypothesis testing.

## **Paired t-test for testing significant change over the time**

Hypothesis:

Ho<sub>a</sub>: There is no significant difference between the average spending of the banks in the financial year 2012-13 and 2013-14

Hob: There is no significant difference between the average spending of the banks in the financial year 2013-14 and 2014-15

Hi<sub>a</sub>: The average spending of the banks in the financial year 2013-14 is better than the average spending of the banks in the financial year 2012-13.

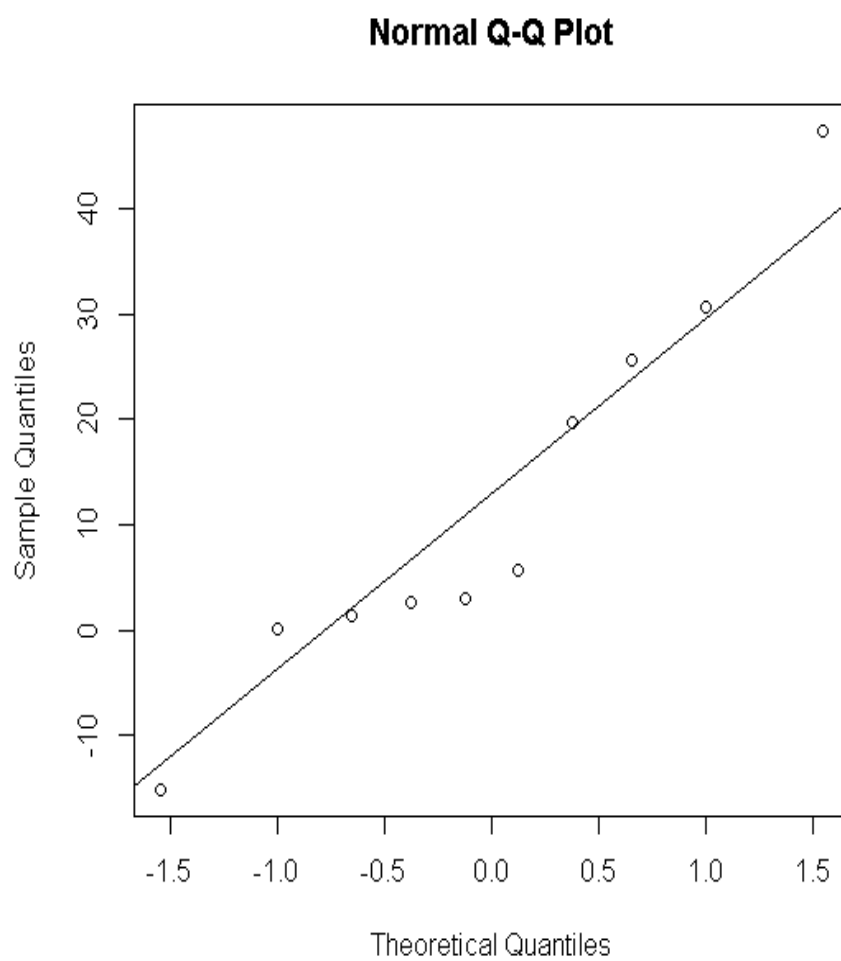
Hib: The average spending of the banks in the financial year 2014-15 is better than the average spending of the banks in the financial year 2013-14.

➤ 2013 Vs 2014

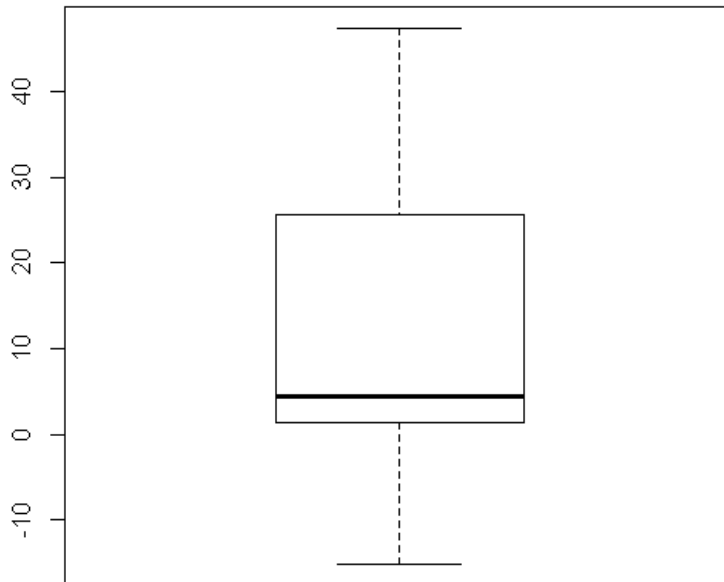
Assumptions:

➤ Normality and presence of outliers:

## QUANTILE PLOT



## BOXPLOT



From the Quantile plot and Boxplot, it is clear that the sample violates the assumption of Normality but it is not influenced by the outliers. So we will use non parametric test.

### Wilcoxon signed rank test

data: spend1 and spend2

$V = 6$ , p-value = 0.01367

alternative hypothesis: true location shift is less than 0

Since the p-value  $< 0.05$ , we reject the null hypothesis  $H_0$  at 5% level of significance and infer that the average spending of banks in 2013-14 is better than the average spending in 2012-13.

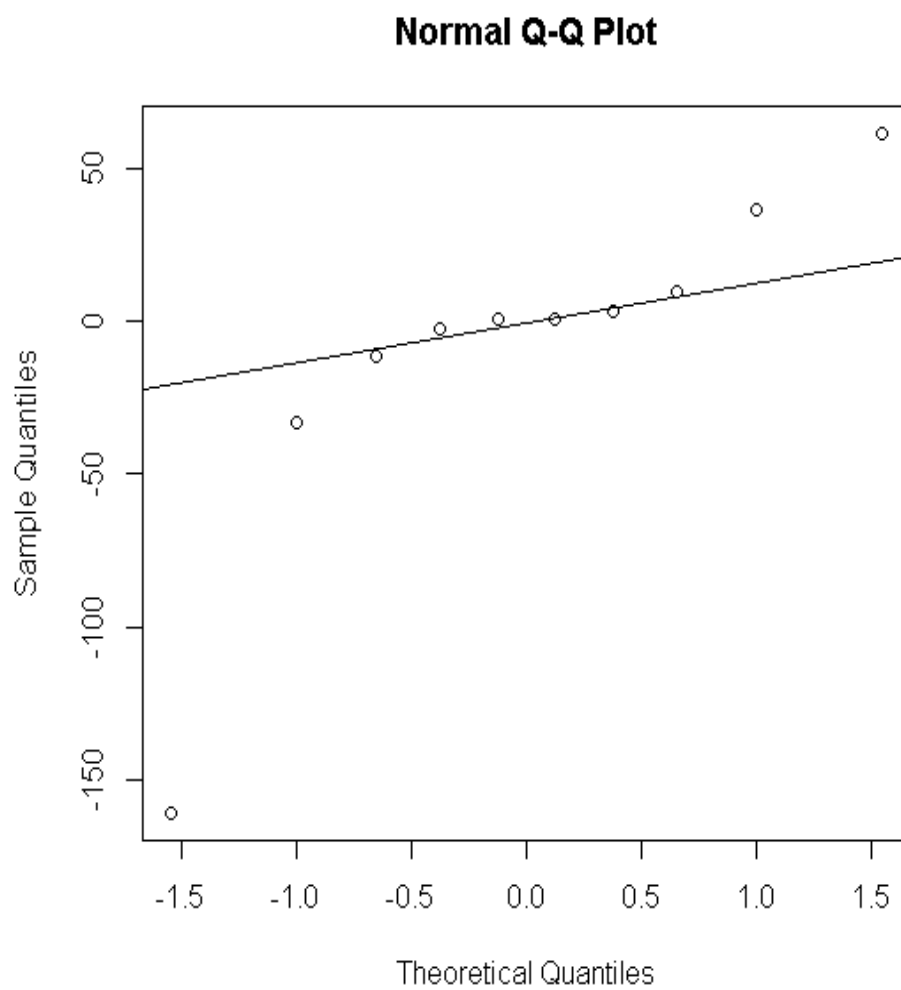


➤ 2014 Vs 2015

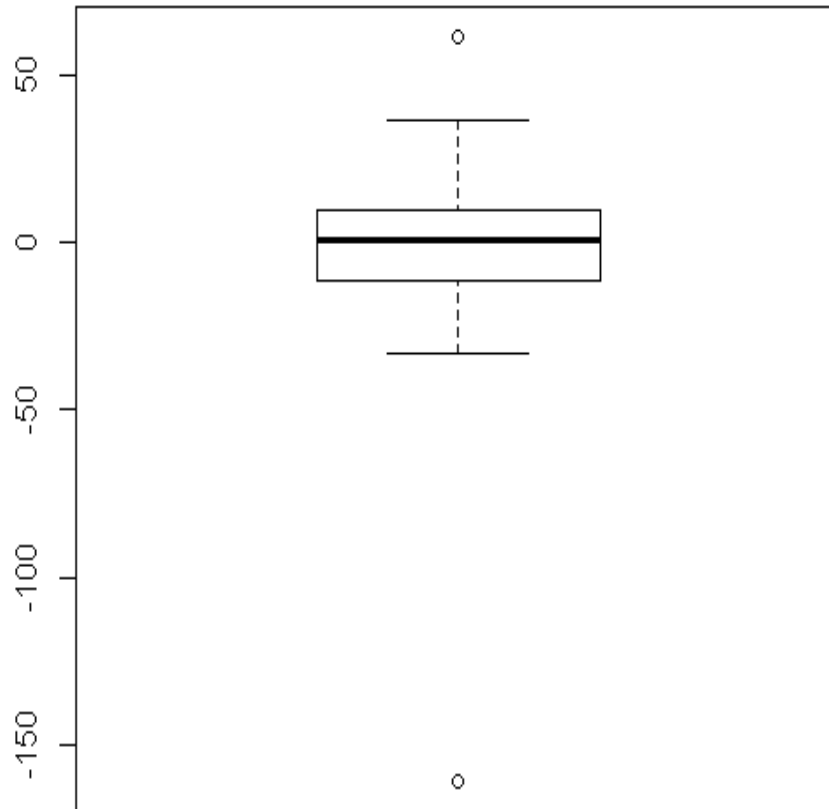
Assumptions:

➤ Normality and presence of outliers:

QUANTILE PLOT



## BOXPLOT



From the quantile plot and boxplot, it is clear that the sample violates the assumption of Normality and is influenced by the outliers. Since we cannot drop the outliers, we will use non parametric test.

### **Wilcoxon signed rank test**

data: spend2 and spend3

$V = 26$ , p-value = 0.4609

alternative hypothesis: true location shift is less than 0

Since the p-value  $> 0.05$ , we Accept the null hypothesis  $H_0$  at 5% level of significance and infer that there is no significant difference between the average spending of the banks in the financial year 2013-14 and 2014-15

Since there is no change in the CSR spending we will test whether there is any significance change in the profit after tax or not.

### **Paired t-test for testing significant change over the time**

Hypothesis:

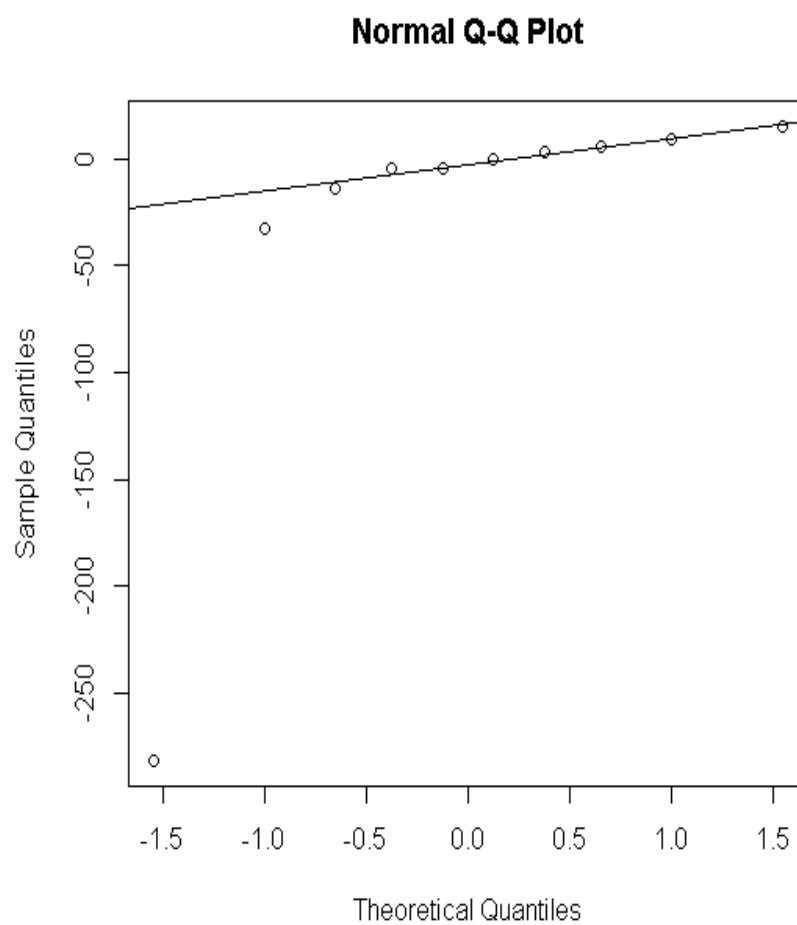
$H_0$ : There is no significant difference between the average Profit of the banks in the financial year 2012-13 and 2013-14

$H_1$ : The average Profit of the banks in the financial year 2013-14 is better than the average Profit of the banks in the financial year 2012-13.

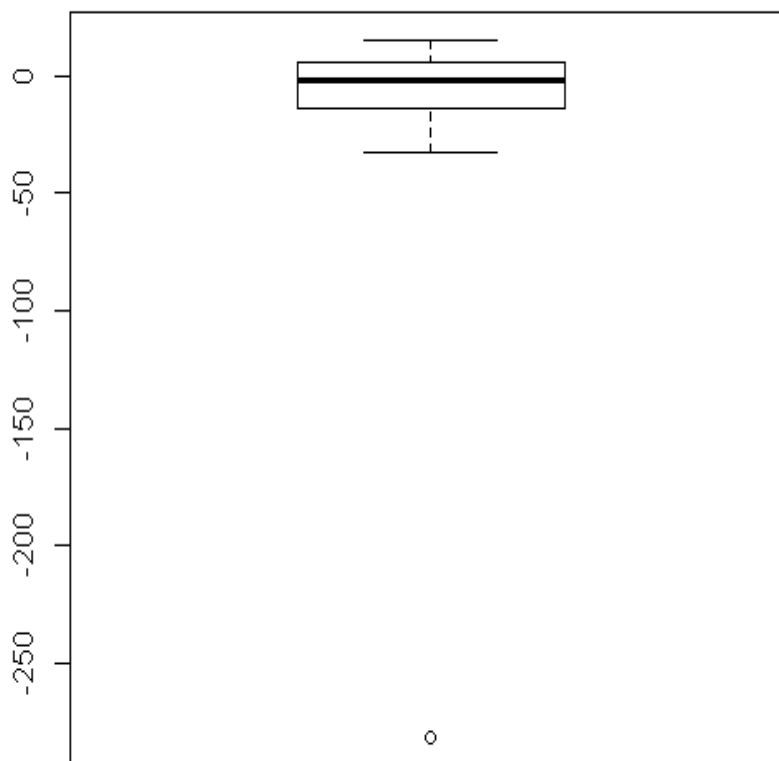
Assumptions:

- Normality and presence of outliers:

## QUANTILE PLOT



## BOX PLOT



From the quantile plot and boxplot, it is clear that the sample violates the assumption of Normality and is influenced by the outliers. Since we cannot drop the outliers, we will use non parametric test.

### **Wilcoxon signed rank test**

data: (spend1/percent1) and (spend2/percent2)

$V = 33$ , p-value = 0.7217

alternative hypothesis: true location shift is less than 0

Since the p-value  $> 0.05$ , we Accept the null hypothesis  $H_0$  at 5% level of significance and infer that there is no significant difference between the average profit of the banks in the financial year 2012-13 and 2013-14.

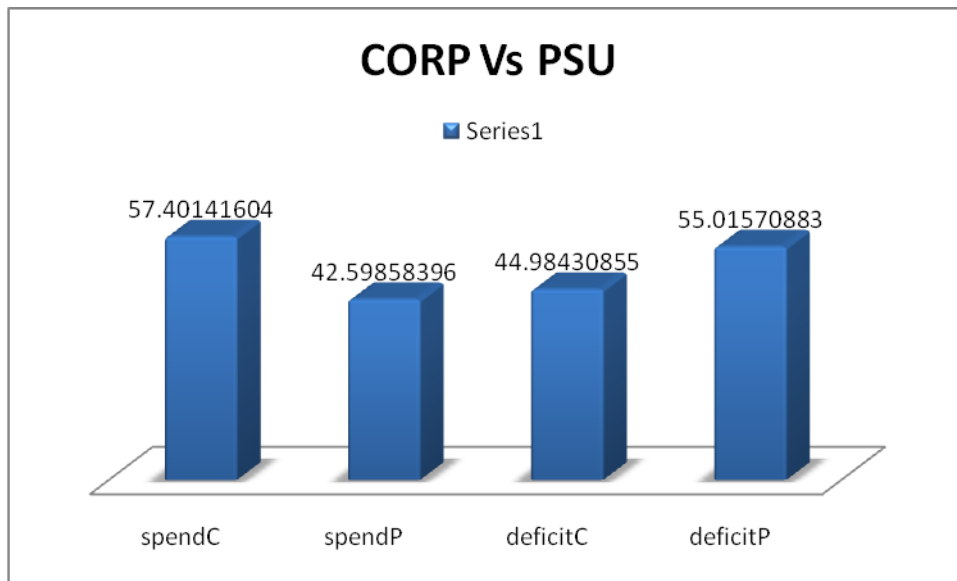
So from the test we can infer that CSR spending of the banks shows an upward trend in 2012-2014 but stabilizes in 2013-2015 as the average net profit for the year stabilizes.

## ***CORPORATE HOUSES Vs PUBLIC SECTOR UNDERTAKINGS***

### ***THE CURRENT SCENARIO***

CORPORATE HOUSES: 61

PUBLIC SECTOR UNDERTAKINGS: 27



Out of total CSR budget corporate house's spending and deficit are 57% and 44% whereas PSU's spending and deficit are 42% and 55% but total no. of corporates and psus in the study is not same, comparing with just total funds is not feasible. So we will use Hypothesis testing method.

## Independent sample T-test

### SPENDING

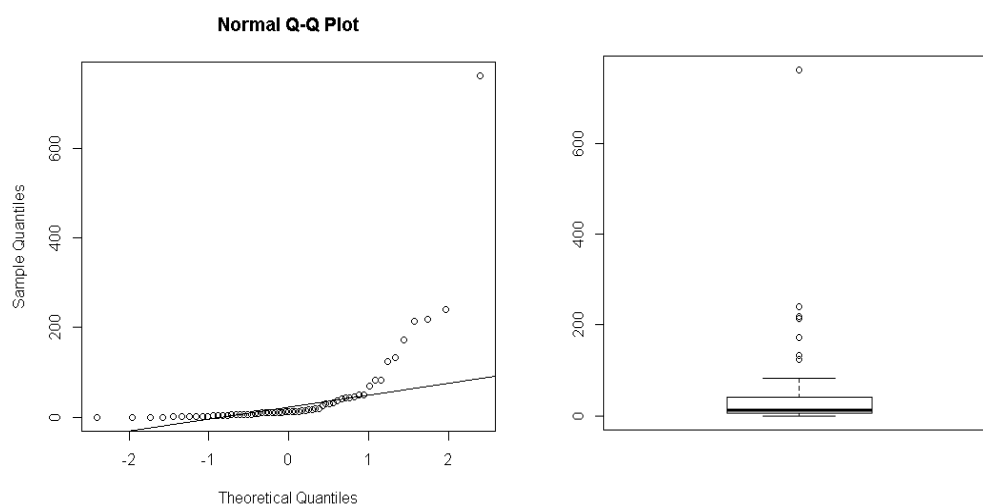
Hypothesis:

Ho: There is no significant difference between the average spending of the Corporate Houses and Public Sector Undertaking's in 2014-15.

Hi: The average spending of the Corporate houses in the financial year 2014-15 is better than the average spending of the Public Sector Undertakings in the financial year 2014-15.

Assumptions for Corporate House's spending:

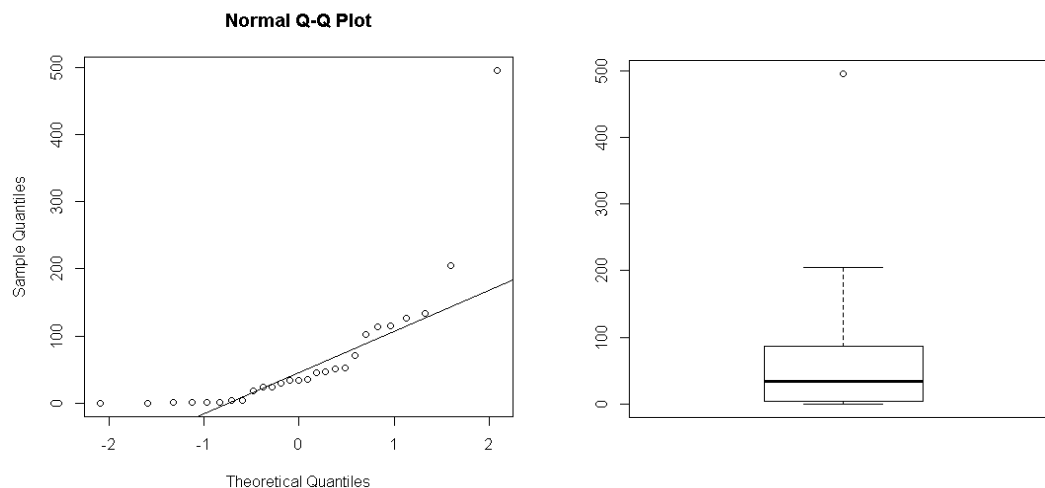
- Normality and presence of outliers:





## Assumptions for Public Sector Undertaking's spending:

### ➤ Normality and presence of outliers:



From the quantile plot and boxplot, it is clear that the samples violates the assumption of Normality and are influenced by the outliers. Since we cannot drop the outliers, we will use non parametric test.

### **Wilcoxon rank sum test with continuity correction**

data: spendC and spendP

W = 661, p-value = 0.9299

alternative hypothesis: true location shift is greater than 0

Since the p-value  $> 0.05$ , we Accept the null hypothesis  $H_0$  at 5% level of significance and infer that there is no significant difference between the average spending of corporate Houses and Public Sector Undertakings..

### **DEFICIT**

Hypothesis:

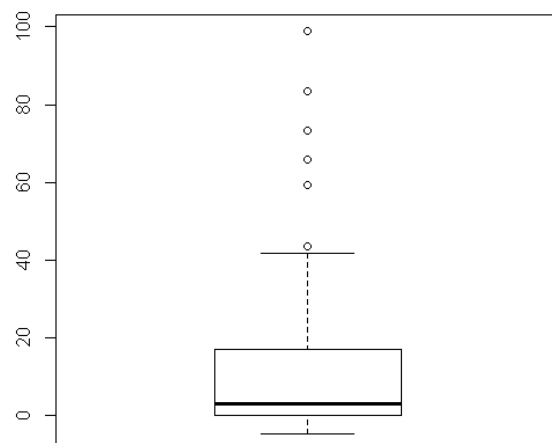
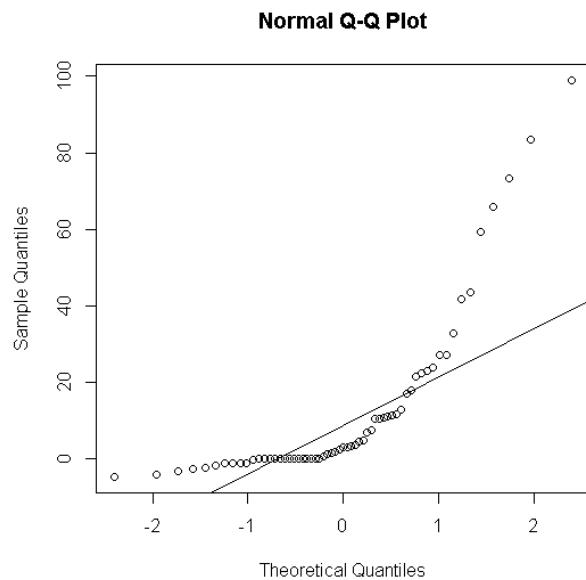
$H_0$ : There is no significant difference between the average spending of the Corporate Houses and Public Sector Undertaking's in 2014-15.

$H_1$ : The average spending of the Corporate houses in the financial year 2014-15 is better than the average spending of the Public Sector Undertakings in the financial year 2014-15.

## Assumptions for Corporate House's Deficit:

- Normality and presence of outliers:

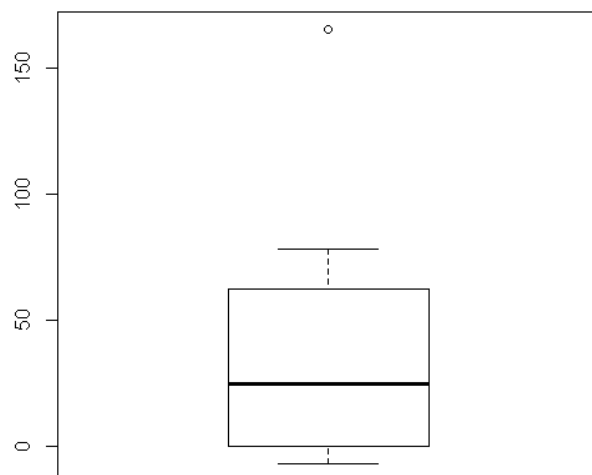
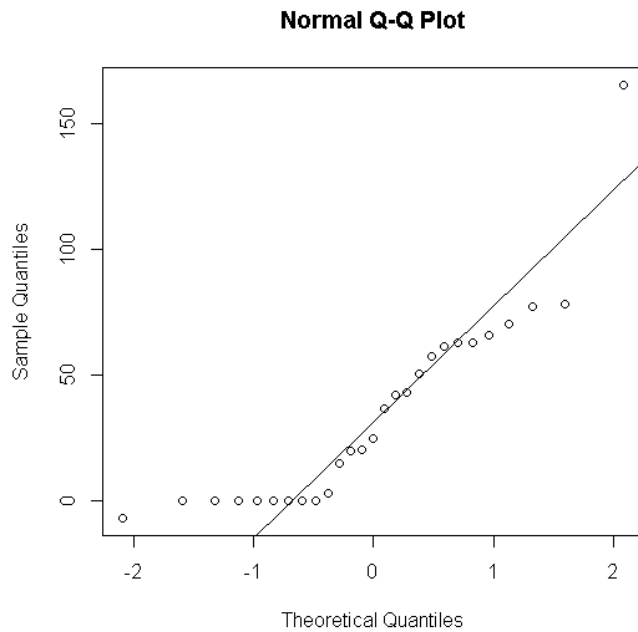
## QUANTILE PLOT & BOX PLOT:



Assumptions for PSU's Deficit:

- Normality and presence of outliers:

QUANTILE PLOT & BOX PLOT:



From the quantile plot and boxplot, it is clear that the samples violates the assumption of Normality and are influenced by the outliers. Since we cannot drop the outliers, we will use non parametric test.

### **Wilcoxon rank sum test with continuity correction**

data: deficitC and deficitP

$W = 523$ ,  $p\text{-value} = 0.003276$

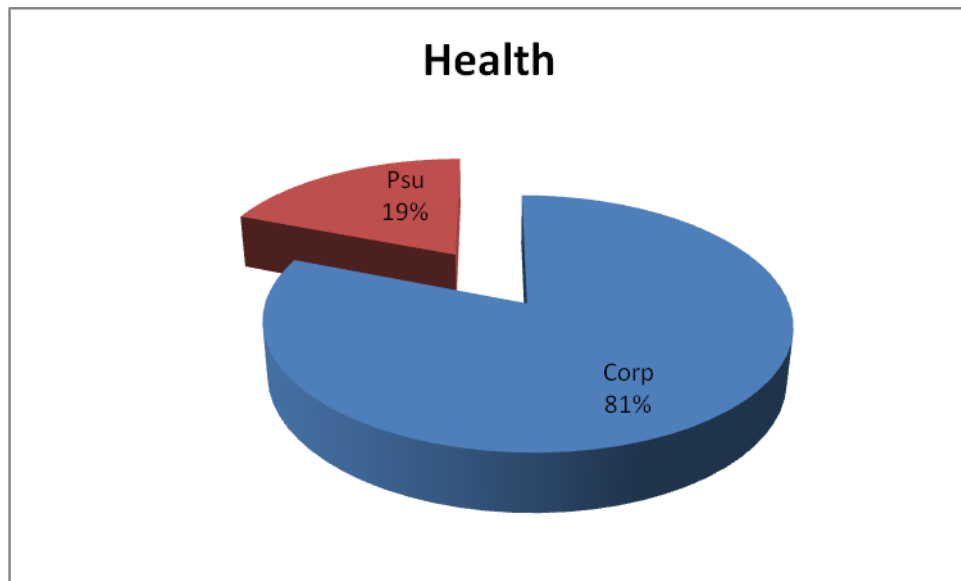
alternative hypothesis: true location shift is less than 0

Since the  $p\text{-value} < 0.05$ , we reject the null hypothesis  $H_0$  at 5% level of significance and infer that the average deficit of Corporate Houses is more than the average deficit of Public Sector Undertakings.

So if we consider the current scenario, we can infer that Corporate houses' spending is better then Public Sector Undertaking's spending.

## SECTOR SPECIFIC SPENDING

### Health sector:



Out of total CSR spending of Health sector 81% of the spending were made by the corporate houses whereas 19% of the spending were made by the public sector undertakings. Now in order to test whether there is any significant difference in the health sector spending by Corporate and PSU, we use hypothesis testing method.

## Independent sample T-test

Hypothesis:

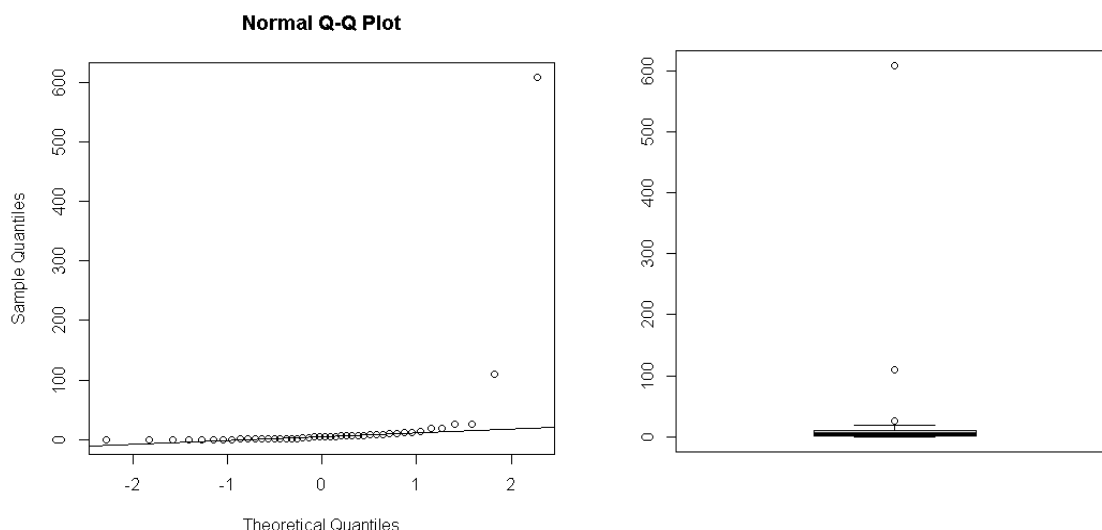
Ho: There is no significant difference between the average spending in the health sector of the Corporate Houses and Public Sector Undertaking's in 2014-15.

Hi: The average spending in health sector of the Corporate houses in the financial year 2014-15 is better than the average spending of the Public Sector Undertakings in the financial year 2014-15.

Assumptions for Corporate House's spending:

- Normality and presence of outliers:

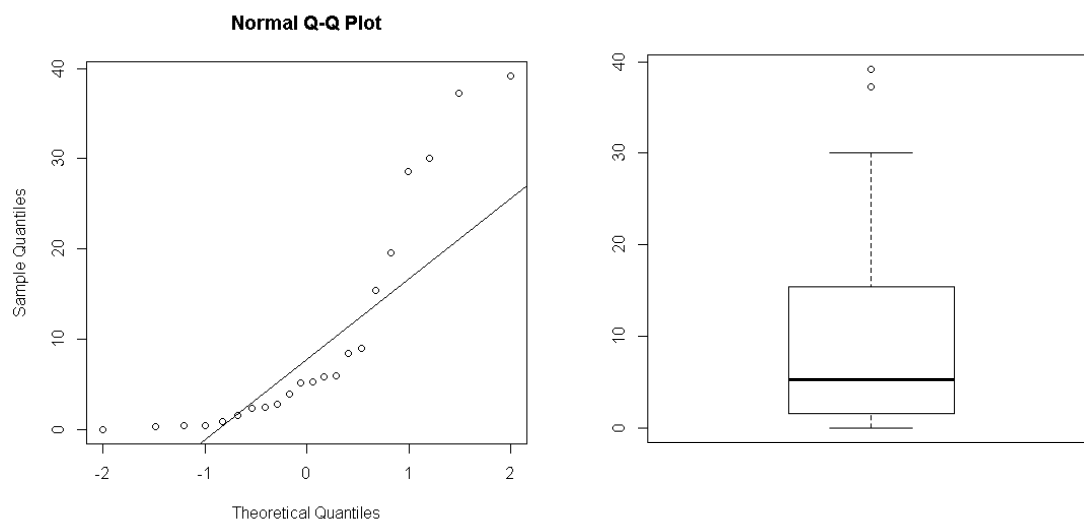
QUANTILE PLOT & BOX PLOT:



Assumptions for Public Sector Undertaking's spending:

- Normality and presence of outliers:

QUANTILE PLOT & BOX PLOT:



From the quantile plot and boxplot, it is clear that the samples violates the assumption of Normality and are influenced by the outliers. Since we cannot drop the outliers, we will use non parametric test.



### Wilcoxon signed rank test

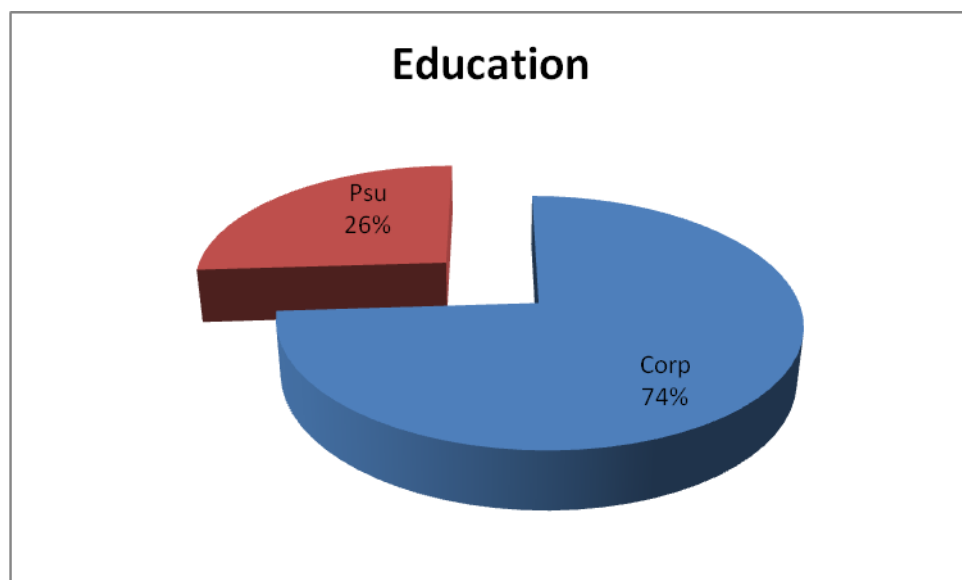
data: AC and AP

$V = 179$ ,  $p\text{-value} = 0.9573$

alternative hypothesis: true location shift is less than 0

Since the  $p\text{-value} > 0.05$ , we Accept the null hypothesis  $H_0$  at 5% level of significance and infer that there is no significant difference between the average spending of corporate Houses and Public Sector Undertakings in the Health sector.

### EDUCATION SECTOR:



Out of total CSR spending of Education sector 74% of the spending were made by the corporate houses whereas 26% of the spending were made by the public sector undertakings. Now in order to test whether there is any significant difference in the Education sector spending by Corporate and PSU, we use hypothesis testing method.

### **Independent sample T-test**

Hypothesis:

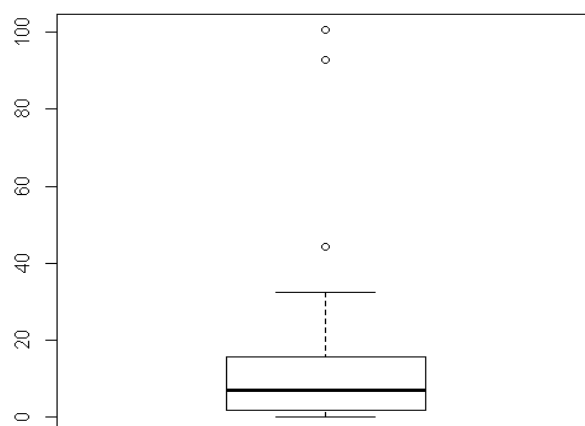
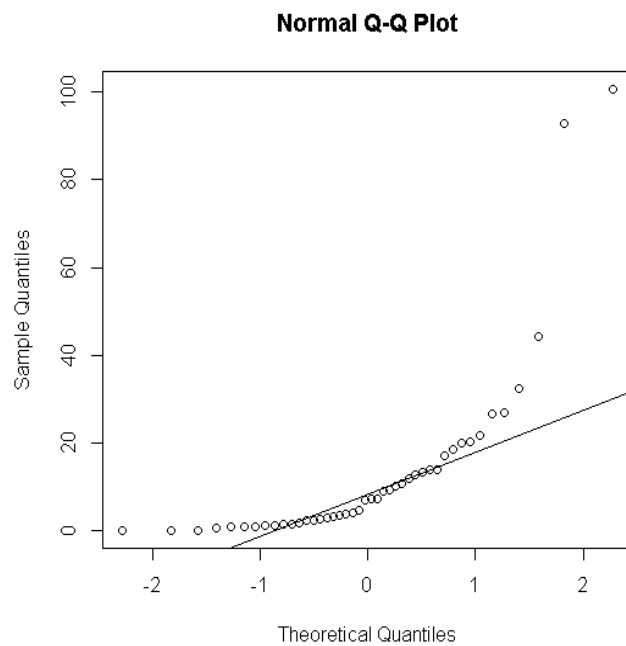
Ho: There is no significant difference between the average spending in the Education sector of the Corporate Houses and Public Sector Undertaking's in 2014-15.

H<sub>1</sub>: The average spending in Education sector of the Corporate houses in the financial year 2014-15 is better than the average spending of the Public Sector Undertakings in the financial year 2014-15.

Assumptions for Corporate House's spending:

- Normality and presence of outliers:

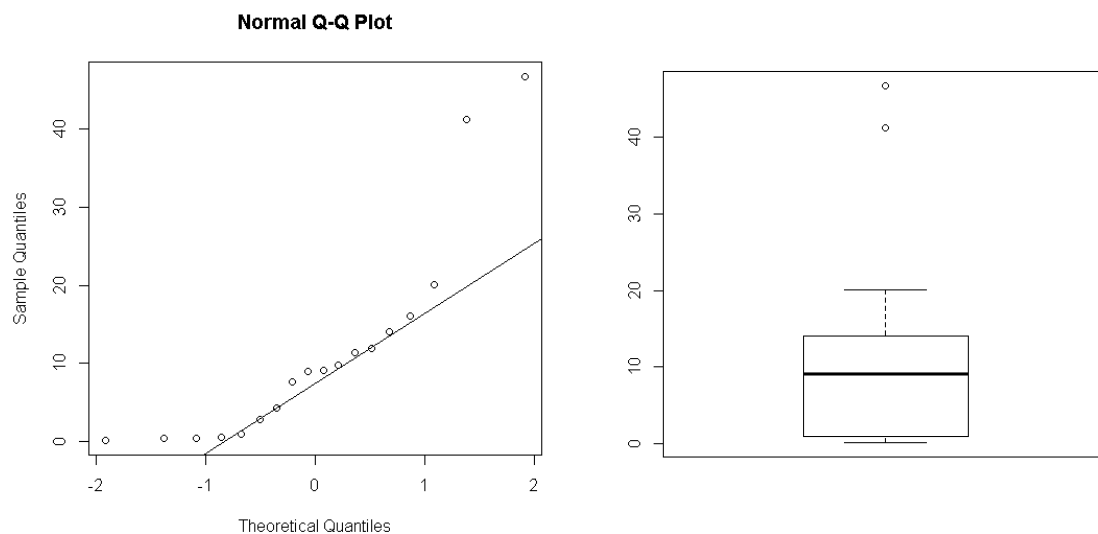
QUANTILE PLOT & BOX PLOT:



Assumptions for Public Sector Undertaking's spending:

- Normality and presence of outliers:

QUANTILE PLOT & BOX PLOT:



From the quantile plot and boxplot, it is clear that the samples violates the assumption of Normality and are influenced by the outliers. Since we cannot drop the outliers, we will use non parametric test.

### Wilcoxon signed rank test

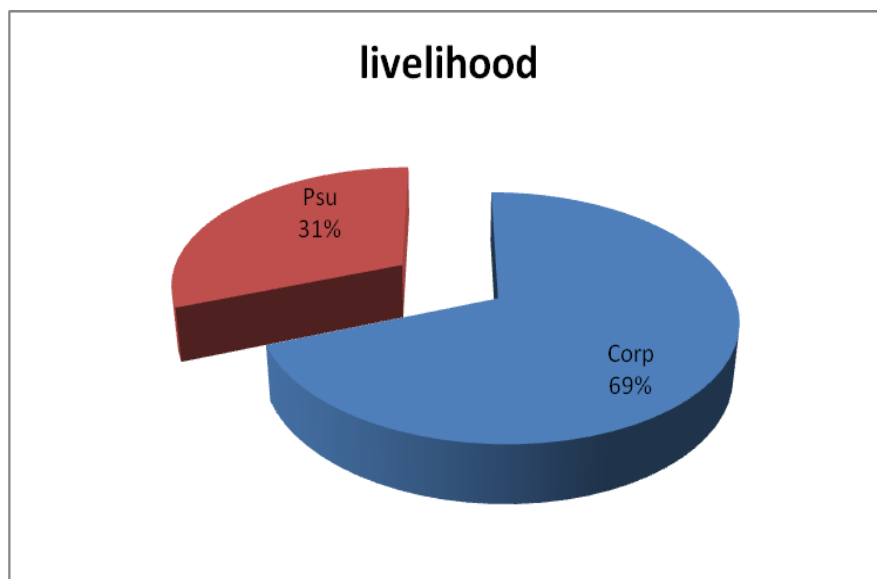
data: BC and BP

$V = 145$ ,  $p\text{-value} = 0.9967$

alternative hypothesis: true location shift is less than 0

Since the  $p\text{-value} > 0.05$ , we Accept the null hypothesis  $H_0$  at 5% level of significance and infer that there is no significant difference between the average spending of corporate Houses and Public Sector Undertakings in the Education sector.

### LIVELIHOOD:



Out of total CSR spending of Livelihood Sector sector 69% of the spending were made by the corporate houses whereas 31% of the spending were made by the public sector undertakings. Now in order to test whether there is any significant difference in the Livelihood sector spending by Corporate and PSU, we use hypothesis testing method.

### **Independent sample T-test**

Hypothesis:

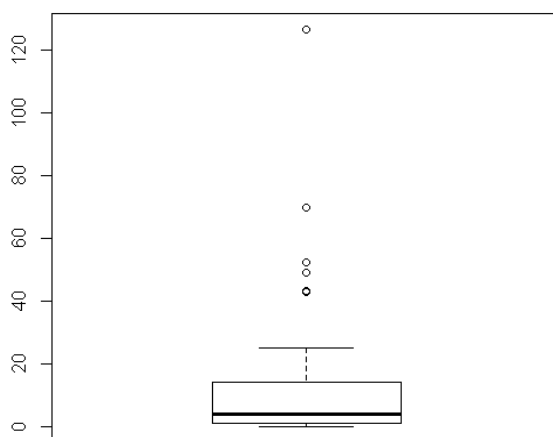
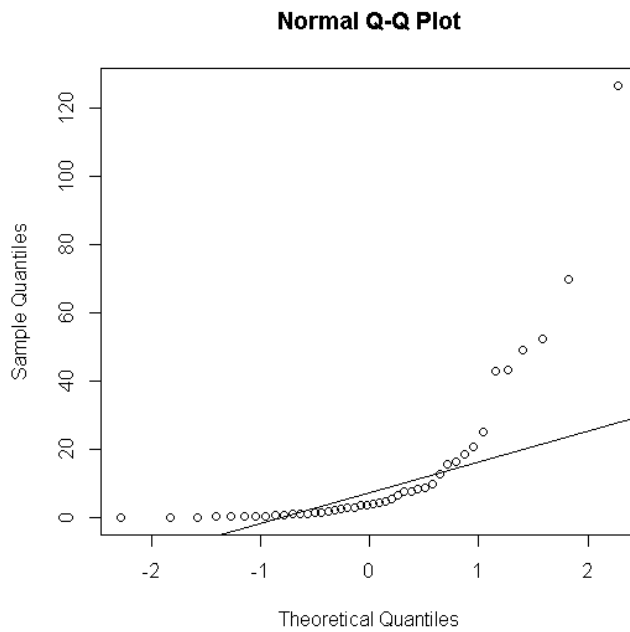
H<sub>0</sub>: There is no significant difference between the average spending in the Livelihood sector of the Corporate Houses and Public Sector Undertaking's in 2014-15.

H<sub>1</sub>: The average spending in Livelihood sector of the Corporate houses in the financial year 2014-15 is better than the average spending of the Public Sector Undertakings in the financial year 2014-15.

Assumptions for Corporate House's spending:

- Normality and presence of outliers:

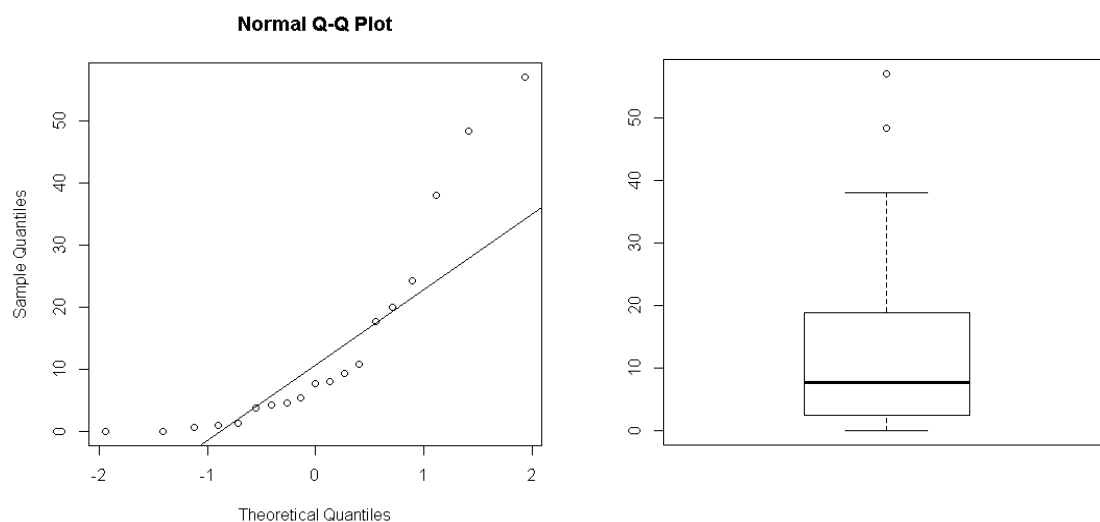
QUANTILE PLOT & BOX PLOT:



Assumptions for Public Sector Undertaking's spending:

- Normality and presence of outliers:

QUANTILE PLOT & BOX PLOT:



From the quantile plot and boxplot, it is clear that the samples violates the assumption of Normality and are influenced by the outliers. Since we cannot drop the outliers, we will use non parametric test.



## Wilcoxon signed rank test

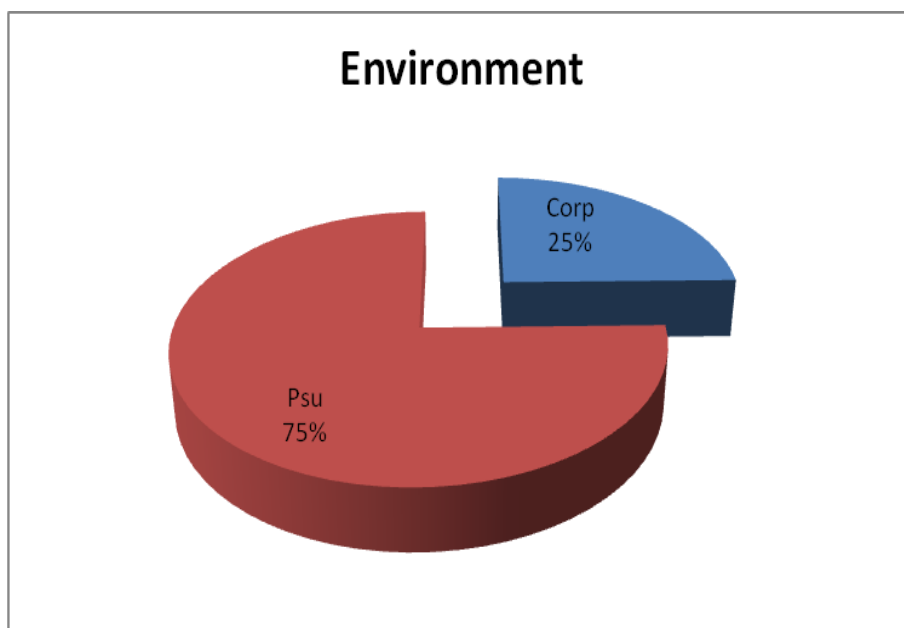
data: CC and CP

$V = 151$ ,  $p\text{-value} = 0.9898$

alternative hypothesis: true location shift is less than 0

Since the  $p\text{-value} > 0.05$ , we Accept the null hypothesis  $H_0$  at 5% level of significance and infer that there is no significant difference between the average spending of corporate Houses and Public Sector Undertakings in the Livelihood sector.

## ENVIRONMENT:



Out of total CSR spending of Environment sector 75% of the spending were made by the public sector undertakings whereas 25% of the spending were made by the corporate houses. Now in order to test whether there is any significant difference in the Education sector spending by Corporate and PSU, we use hypothesis testing method.

### **Independent sample T-test**

Hypothesis:

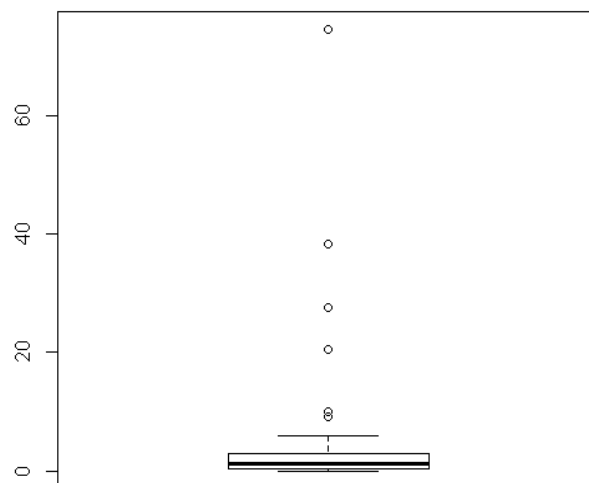
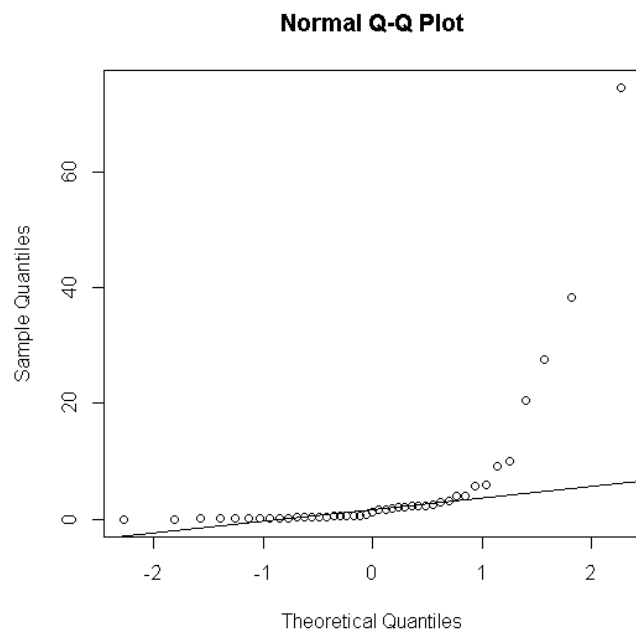
Ho: There is no significant difference between the average spending in the Environment sector of the Corporate Houses and Public Sector Undertaking's in 2014-15.

H<sub>1</sub>: The average spending in Environment sector of the Corporate houses in the financial year 2014-15 is better than the average spending of the Public Sector Undertakings in the financial year 2014-15.

Assumptions for Corporate House's spending:

- Normality and presence of outliers:

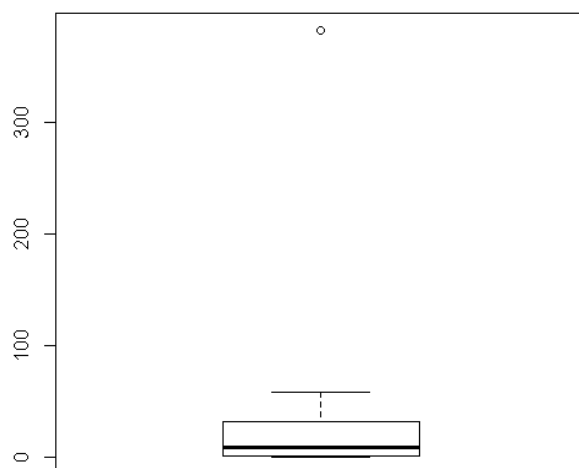
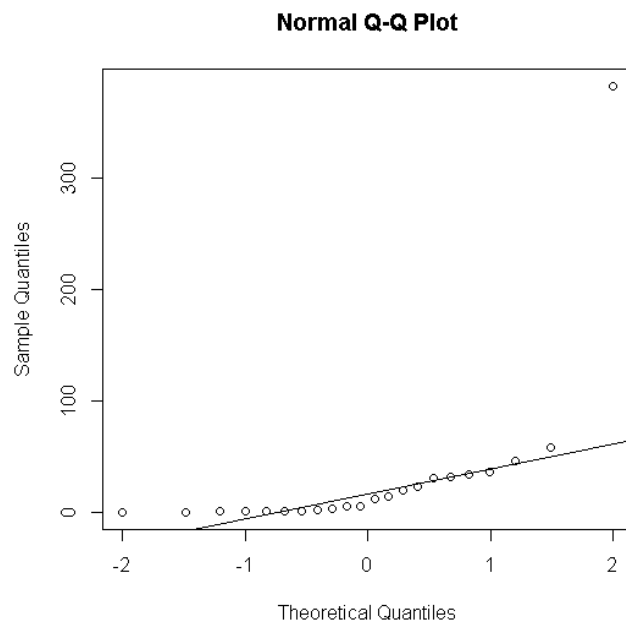
QUANTILE PLOT & BOX PLOT:



Assumptions for Public Sector Undertaking's spending:

- Normality and presence of outliers:

QUANTILE PLOT & BOX PLOT:



From the quantile plot and boxplot, it is clear that the samples violates the assumption of Normality and are influenced by the outliers. Since we cannot drop the outliers, we will use non parametric test.

### Wilcoxon signed rank test

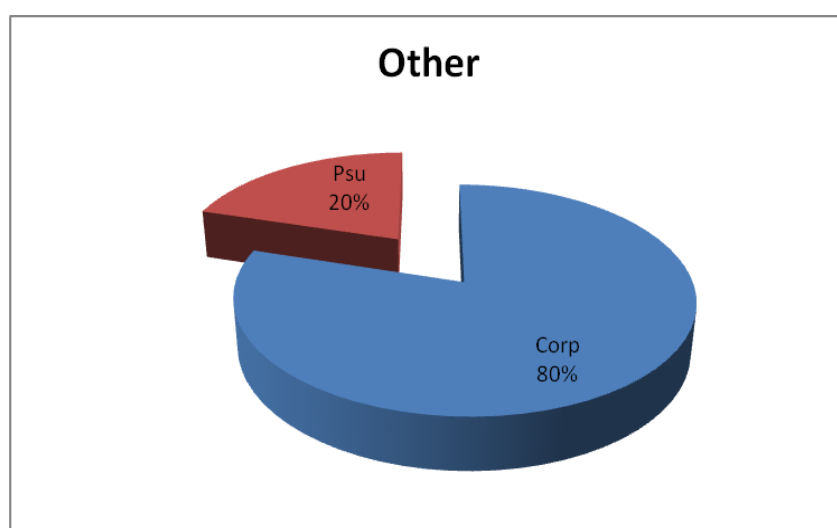
data: DC and DP

$V = 75$ ,  $p\text{-value} = 0.04921$

alternative hypothesis: true location shift is less than 0

Since the  $p\text{-value} < 0.05$ , we Reject the null hypothesis  $H_0$  at 5% level of significance and infer that the average spending of Public Sector Undertakings are better than that of the Corporate Houses in the Environment sector.

### OTHERS:



Out of total CSR spending Other sectors 80% of the spending were made by the corporate houses whereas 20% of the spending were made by the public sector undertakings. Now in order to test whether there is any significant difference in the Other sector spending by Corporate and PSU, we use hypothesis testing method.

### **Independent sample T-test**

Hypothesis:

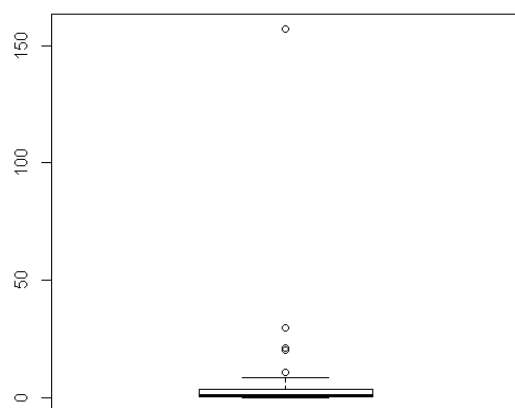
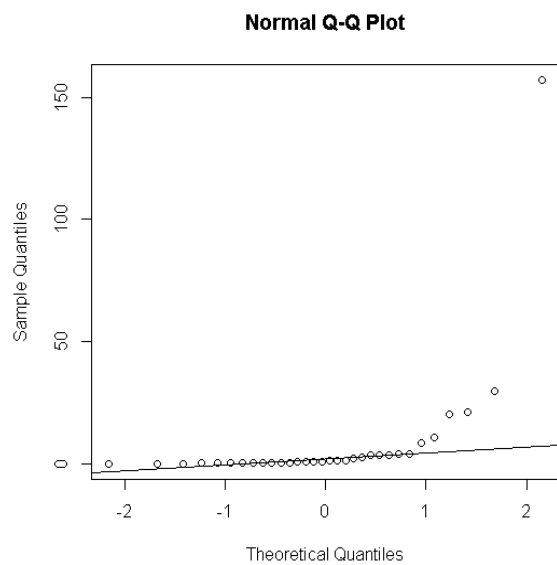
Ho: There is no significant difference between the average spending in the Other sectors of the Corporate Houses and Public Sector Undertaking's in 2014-15.

H<sub>1</sub>: The average spending in Other sectors of the Corporate houses in the financial year 2014-15 is better than the average spending of the Public Sector Undertakings in the financial year 2014-15.

Assumptions for Corporate House's spending:

- Normality and presence of outliers:

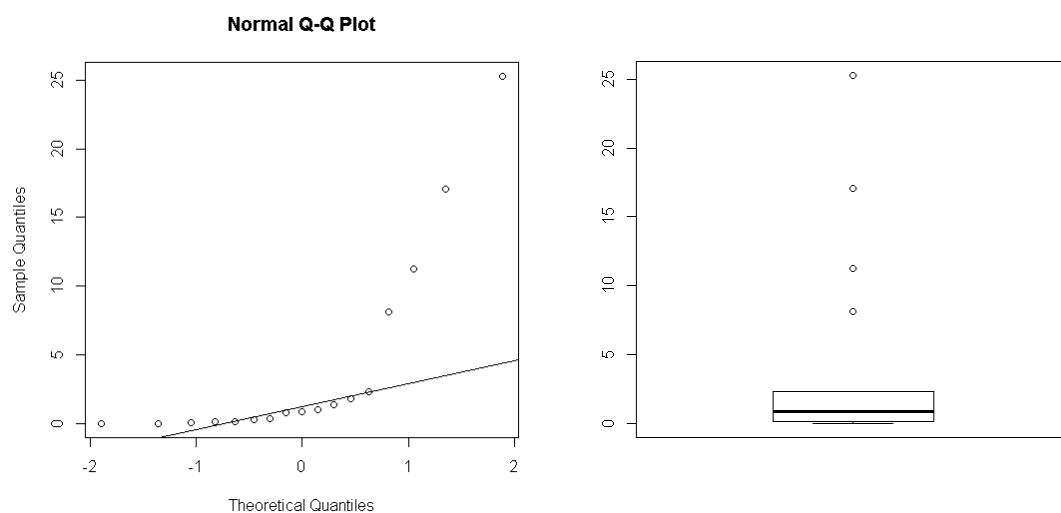
QUANTILE PLOT & BOX PLOT:



Assumptions for Corporate House's spending:

➤ Normality and presence of outliers:

QUANTILE PLOT & BOX PLOT:



From the quantile plot and boxplot, it is clear that the samples violates the assumption of Normality and are influenced by the outliers. Since we cannot drop the outliers, we will use non parametric test.



### **Wilcoxon signed rank test**

data: OC and OP

$V = 114$ ,  $p\text{-value} = 0.9643$

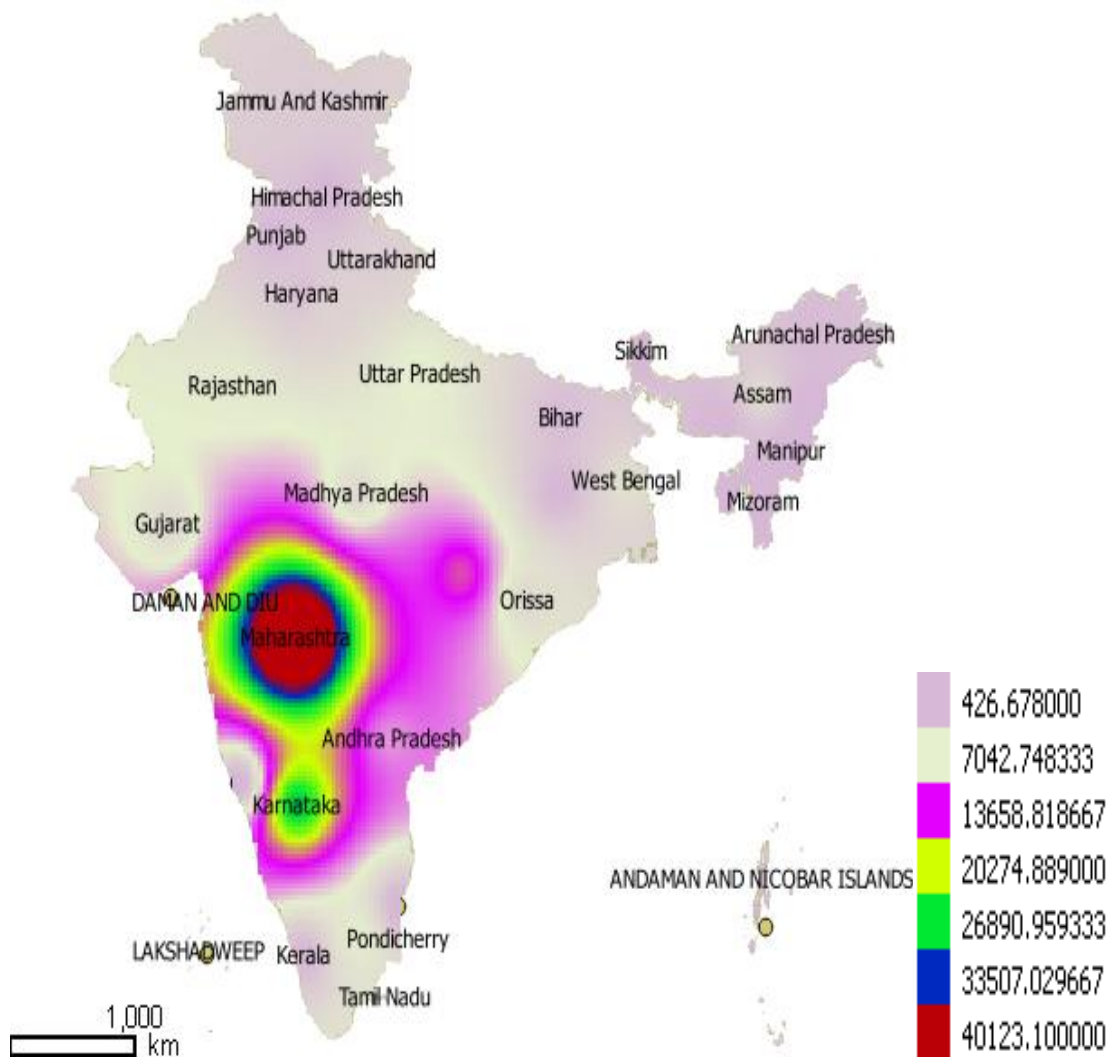
alternative hypothesis: true location shift is less than 0

Since the  $p\text{-value} > 0.05$ , we Accept the null hypothesis  $H_0$  at 5% level of significance and infer that there is no significant difference between the average spending of corporate Houses and Public Sector Undertakings in the Other sectors.

## GEOGRAPHICAL DISTRIBUTION OF CSR FUNDS

### **Total CSR Funding in the Year 2014-15:**

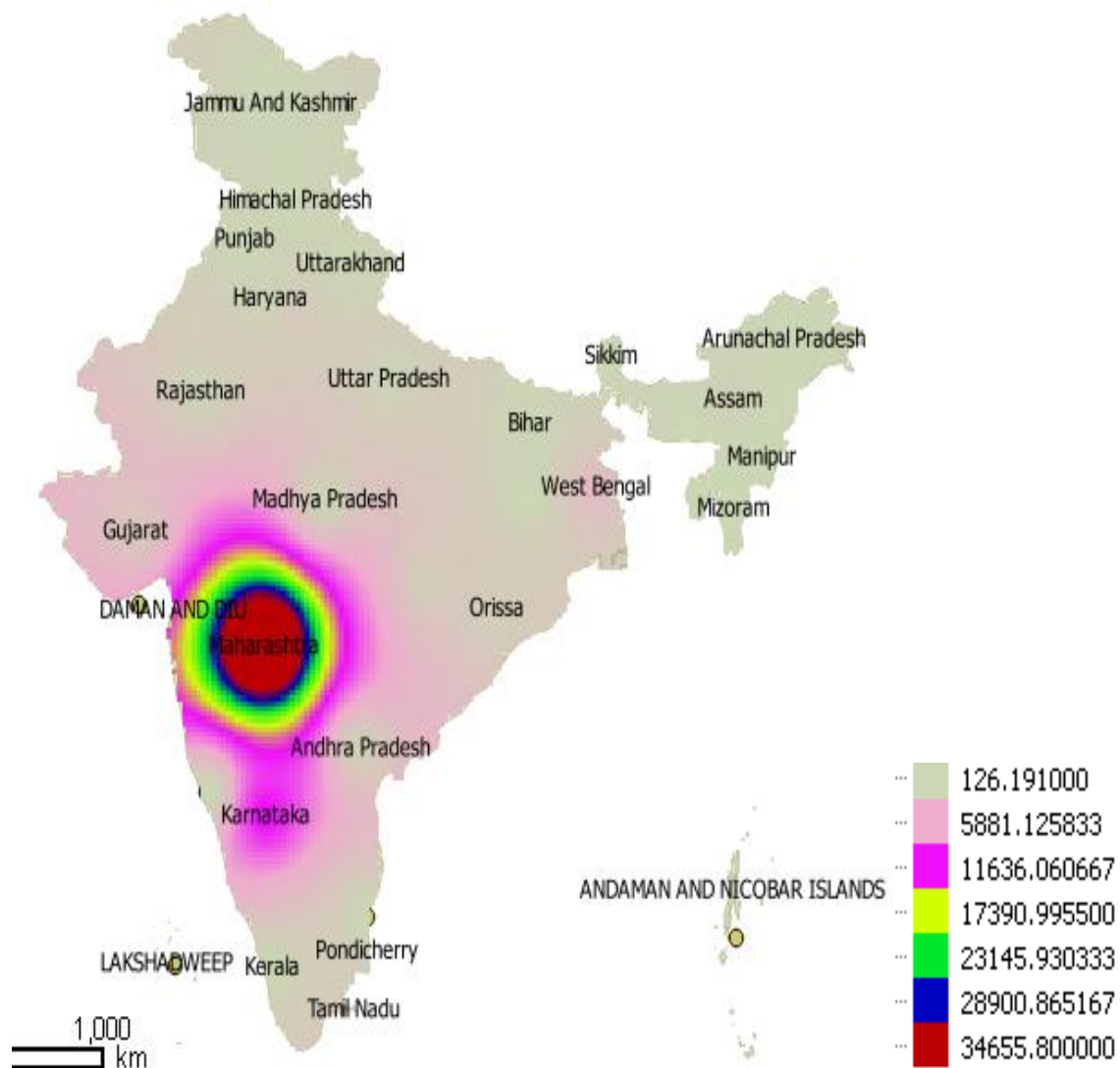
In order to obtain geographical distribution of funds, we use spatial interpolation method with distance coefficient 2.0.



From the map we can infer that the maximum funding of CSR fund(in lacs) is allocated in the Maharashtra region whereas Northern and Eastern region receiving the least funding.

## Health sector funding:

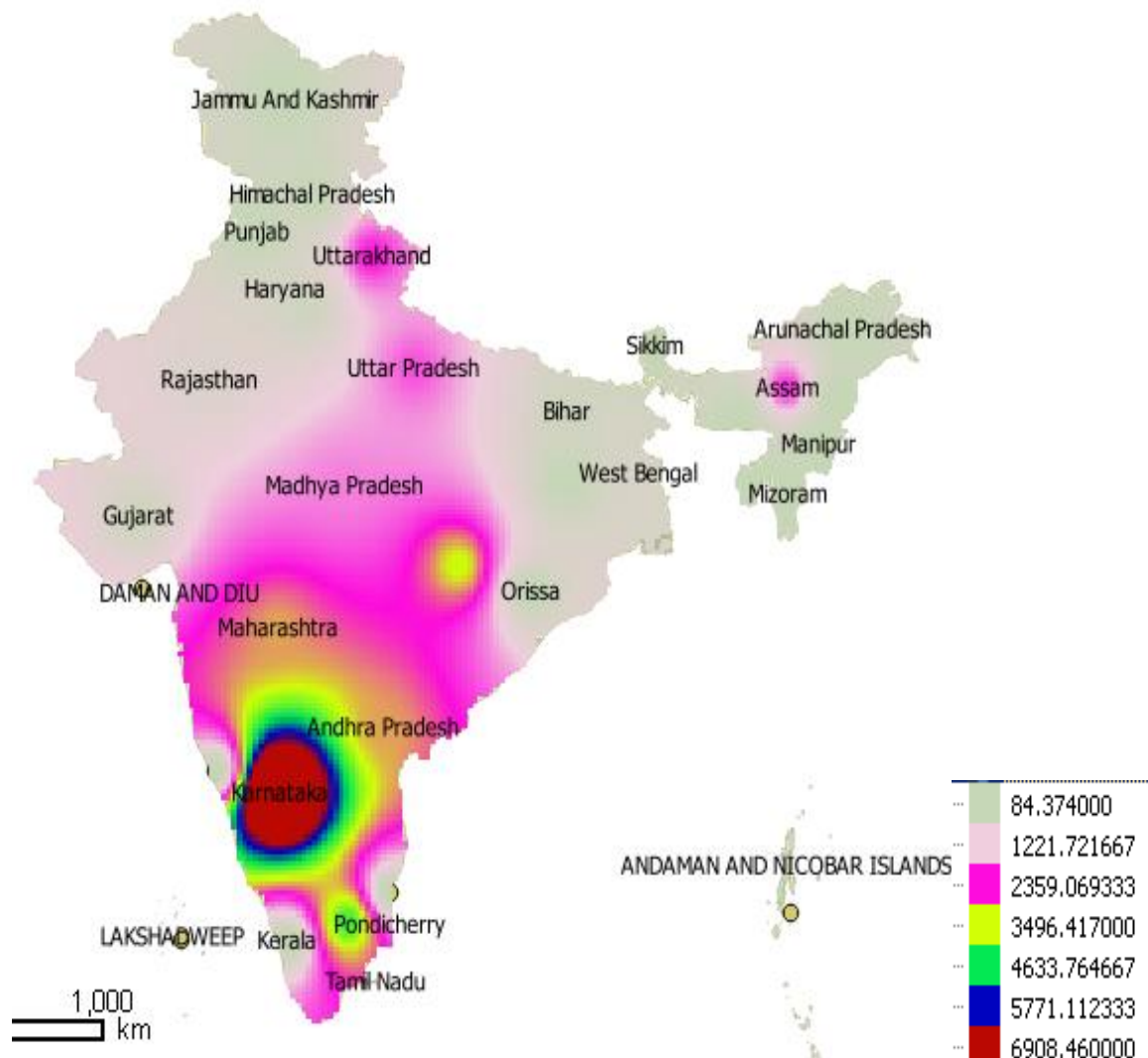
Using spatial interpolation with distance coefficient 2.00, we have



From the map we can infer that the maximum funding(in lacs) of CSR in Health is allocated in the Maharashtra region whereas Northern and Eastern region receiving the least funding.

## Education sector funding:

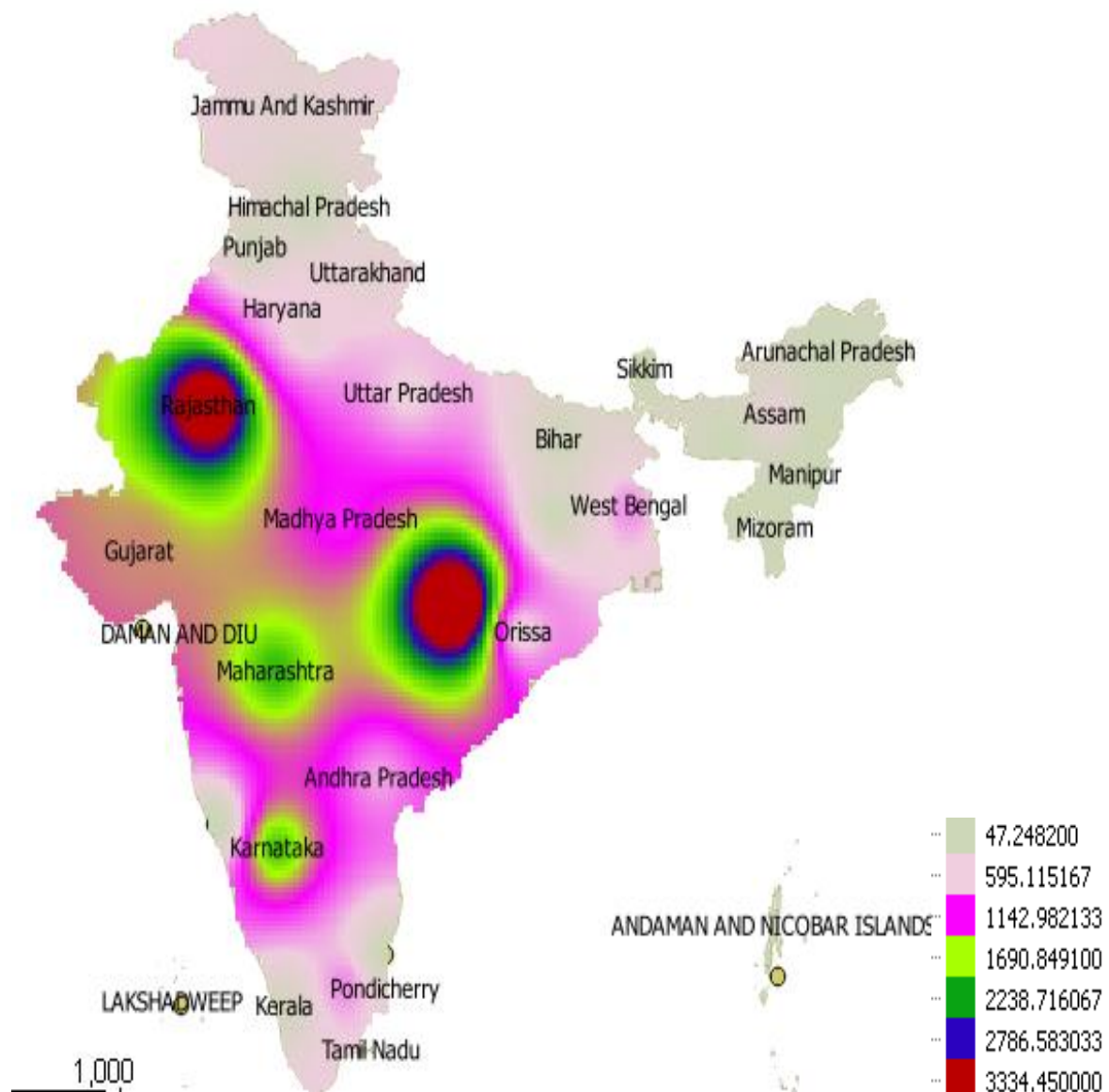
Using spatial interpolation with distance coefficient 2.00, we have



From the map we can infer that the maximum funding(in lacs) of CSR in Education sector is allocated in the Karnataka region whereas Northern and Eastern region receiving the least funding.

## Livelihood sector funding:

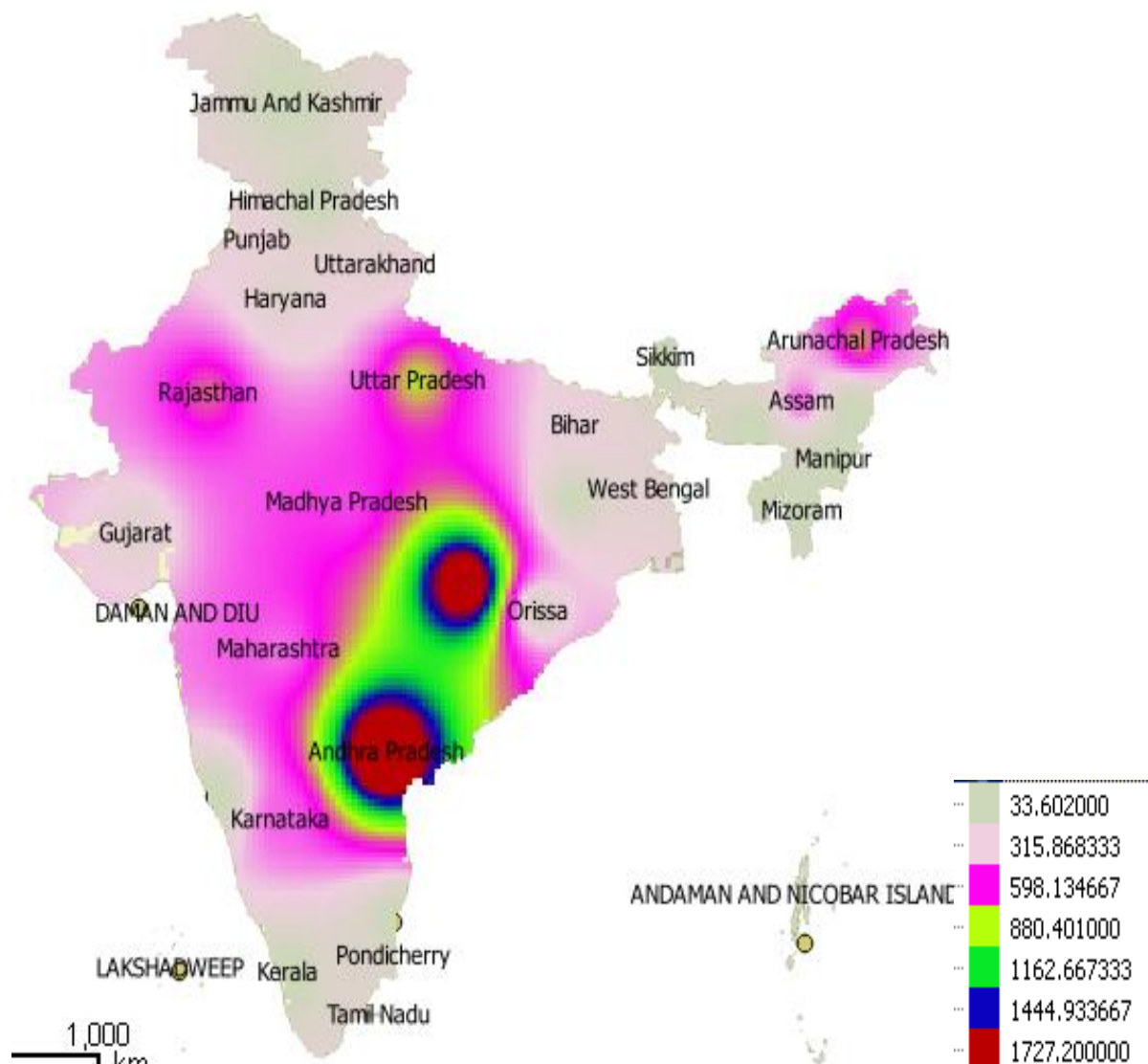
Using spatial interpolation with distance coefficient 2.00, we have



From the map we can infer that the maximum funding(in lacs) of CSR in Livelihood sector is allocated in the Rajasthan and Chhattisgarh region whereas Northern and Eastern and southern region receiving the least funding.

## Environment sector funding:

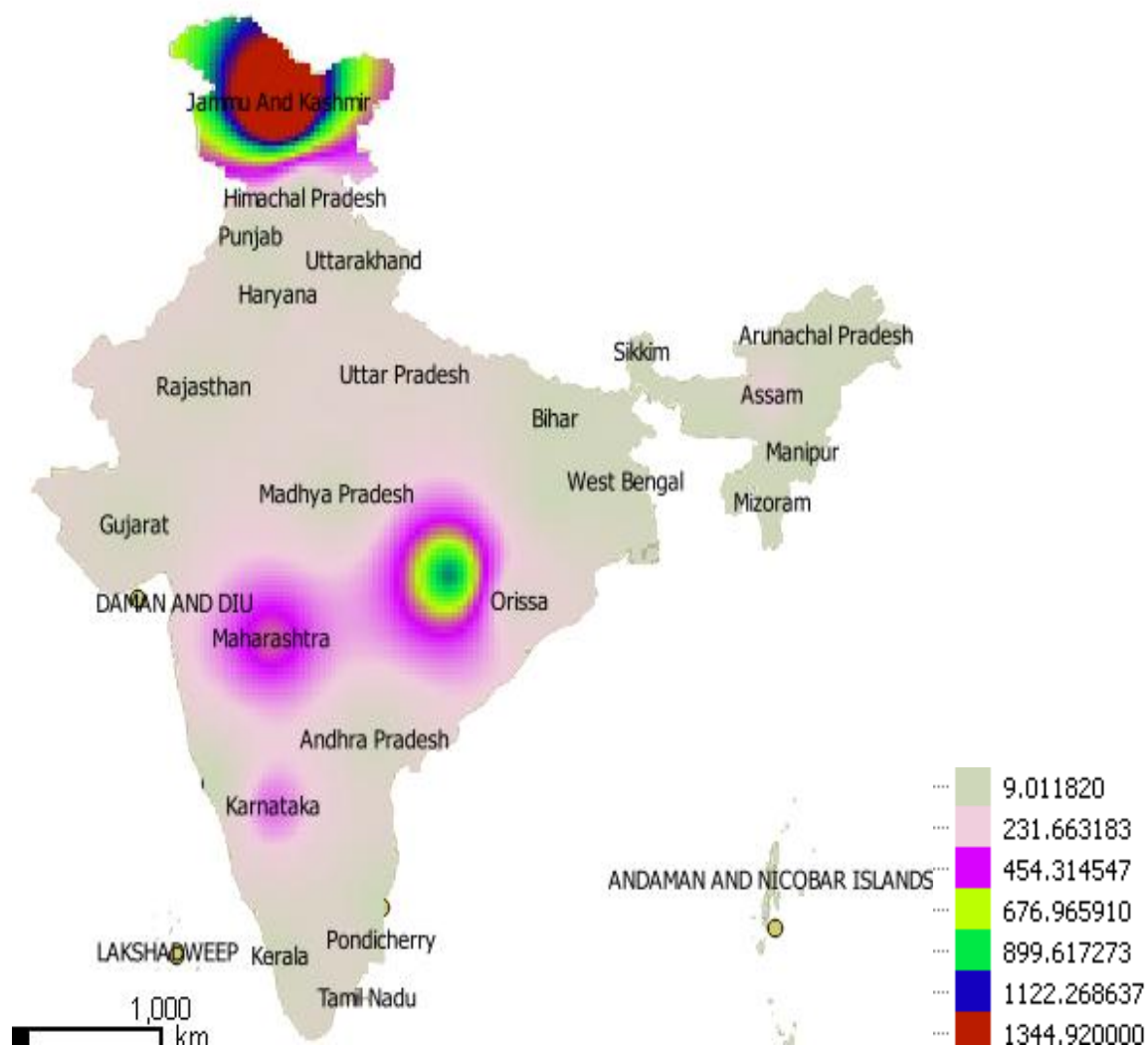
Using spatial interpolation with distance coefficient 2.00, we have



From the map we can infer that the maximum funding(in lacs) of CSR in Environment sector is allocated in the Andhra Pradesh and Chhattisgarh region whereas Northern and Eastern and southern region receiving the least funding.

## Other sectors funding:

Using spatial interpolation with distance coefficient 2.00, we have



From the map we can infer that the maximum funding(in lacs) of CSR in Other sectors(roads constructions, flag days, natural calamities, PMRF etc.) is allocated in Jammu and Kashmir region whereas Eastern and southern region receiving the least funding.

## Conclusion

In 2013, Companies Act, 2013 was introduced and India became the first country to mandate complementary 2% spending as CSR funds of the average net profit of three preceding financial years. The study revealed that CSR mandate has made a difference as corporate houses' and Public Sector Undertaking's sense of responsibility in maintaining a balance among the social environmental and economic imperatives has improved. After the mandate the average spending from 2013-2015 shows an upward trend i.e. the companies got more involved in corporate Social responsibility in terms of projects they undertook and the amount of money they spent. Considering the importance of banking sector in India, top banking institutions are also in the list for undertaking projects, after the mandate the average spending from the banking sector showed humongous growth which later stabilized in the financial year 2014-15. In order to get information regarding that profits were analyzed that leads to the fact that spending stabilizes as the profit stabilizes. After analyzing the trends, a comparative analysis was obtained which gave insight to the fact that corporate house are spending more then PSU's as per the standards and few of the corporate sector organizations are spending more than the desired standards as well. If we see the sector specific spending both the corporate houses and PSU's are indulge in each of the sector equally except the environment sector where corporate houses are more involved. Now looking at the dispersion of CSR funds in the country, we can say that the total CSR spending is concentrated in certain packets same as the corporation's location i.e. Maharashtra is receiving maximum funds for CSR activities and since Health sector funding is concentrated in Maharashtra as well, we can say out of the total CSR fund Health sector is being allocated the highest



## **Recomendation and Way Forward**

According to the evaluation so concerned and underatken it is revealed that CSR fund is pooled in maharashtra which is under first tier catagories of three tier ranking of planning commision for health, Education and infrastructure indicators. So in order to improve the health status of the country the funds must be allocated to the regions where indicators are not good i.e. states like chhattisgarh, up, bihar etc which have worst health facilities as compared to the rest of the states that could leads overall development of society. If we consider the other three sectors viz. Education, Livelihood and Enviroment fund is pooled in Karnataka, Rajasthan, chhattisgarh and odhisa resectively. So for developing education sector some part of the funds should be diverted to Bihar, Telengana and Arunachal and Livelihood Sector's fund should be diverted to Dadra and Nagar, Daman n Diu and lakshadweep. India is home to 48 million SMEs, which are directly or indirectly associated with the major corporate houses, now in order to create greater impact on the social sector development corporate hoooses can create funds by pooling from their business partners for the CSR activities.

As per the companies act guidelines, companies are supposed to prepare a predefined reporting format for CSR activities in the annual report. If we see the CSR sections of the top industries, information regarding the csr funds in different states are not clearly mentioned which is one of the reason that only 45% of the funds is trapped. So the companies should clearly mention the volume of funds spent in each state and sector and the implementing agencies' information in their CSR report.

## ANNEXURE

S NO.	COMPANY	TYPE
1	aditya birla nuvo	corp
2	allahabad bank	corp
3	andhra bank	psu
4	Apollo hospital	corp
5	ashok leyland	corp
6	asian paints	corp
7	axis bank	corp
8	bajaj auto	corp
9	bank of baroda	psu
10	Bharat forge	corp
11	bharat heavy electricals	psu
12	bharat petroleum industries*	psu
13	bharti airtel	corp
14	bharti infratel	corp
15	Bosch	corp
16	cadila health	corp
17	cairn india	corp
18	canara bank	psu
19	chennai petroleum corporation	psu
20	Cipla	corp
21	coal india	psu
22	Colgate	corp
23	corporation bank	corp

24	crompton greaves	corp
25	dabur india	corp
26	divis labs	corp
27	dr reddy's lab	corp
28	Eid-parry (india)	corp
29	essar oil	corp
30	gail (india)	psu
31	grasim industries	corp
32	Havells	corp
33	hcl technologies	corp
34	hero motocorp	corp
35	hindalco industries	corp
36	hindustan petroleum corporation	psu
37	hindustan uniliver	corp
38	housing development finance corporation	corp
39	icici bank	corp
40	idbi bank	psu
41	indian bank	corp
42	indian oil corporation	psu
43	Infosys	corp
44	Itc	corp
45	jaiprakash associates	corp
46	jindal steel & power	corp
47	jsw steel	corp

48	kotak mahindra	corp
49	Larsen & turbo	corp
50	Lupin	corp
51	mahindra and mahindra	corp
52	maruti suzuki india	corp
53	Mmtc	psu
54	motherson sumi system	corp
55	Nhpc	psu
56	Nmdc	psu
57	Ntpc	psu
58	Oil & natural gas corporation	psu
59	oil india	psu
60	oriental bank of commerce	corp
61	petronet lng	psu
62	pnb gilts	psu
63	power finance corporation	psu
64	power grid corporation of india	psu
65	punj lloyd	corp
66	punjab national bank	psu
67	rajesh exports	corp
68	reliance industries	corp
69	reliance infrastructure	corp
70	ruchi soya industries	corp
71	rural electrification system	psu
72	siemens	corp

73	state bank of india	psu
74	state trading corporation of india	psu
75	steel authority of india	psu
76	Sun pharma	corp
77	syndicate bank	corp
78	tata chemicals	corp
79	tata communication	corp
80	tata consulatncy services	corp
81	tata motors	corp
82	tata power company	corp
83	tata steel	corp
84	uco bank	psu
85	ultratech cement	corp
86	united spirits	corp
87	Wipro	corp
88	yes bank	corp

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