



# Corporate Social Responsibility in Times of Economic Slowdown: Contribution and Trends by Corporate India

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## ABSTRACT

Ever since the mandate that companies must adhere to some basic norms of corporate social responsibility (CSR), organizations have become conscious to the idea of giving back to society wealth both tangible and intangible. With the passage of Companies Act, 2013 there has been a force of legislation and law for every company to contribute. This should actually help increase the spending of company on development initiatives. We try to look at the secondary data to analyze how much corporate has been spending to provide impetus to the act in letter and spirit. The purpose of this paper is to analyses the spending patterns of companies within the public and private domains and also decipher the spending across sectors especially during the economic slowdown.

**Keywords:** Corporate Social Responsibility, Companies Act, 2013, Social Responsibility

## I. INTRODUCTION

Corporate social responsibility (CSR) has become the talk of the town because it is now mandated by the Companies Act, 2013 under section 135. There must be a policy for the CSR in every company and allocation towards the same is compulsory. Whatever be the intention, putting CSR within a legal framework has provided teeth for such activities. Now, organizations cannot fooled around but seriously consider putting their best foot forward to support the cause of CSR. Nonetheless one must note that the idea of CSR is not new but has been a regular feature of all progressive societies (Wang, 2013).

The evolution of CSR is important to understand the scope of CSR. Most of today's biggest institutions in the education, health care and even automobile industry have been a result of charity. Before 1950, most of the CSR activity has been happening due to large hearted individuals contributing in large measure. This can be cited as a philanthropic era, but voluntary. In the 1960's and 70's the perception moved towards bringing awareness to corporate and

business houses their responsibility towards community affairs. The following decades were largely concentrating on companies being responsible to the affairs and issues of society such as urban decay, racial discrimination and pollution problems. (Carroll, 2008).

## II. REVIEW OF LITERATURE

Corporate social responsibility has been growing in recognition for quite some time as a contingent concept. The current literature suggests that CSR is concerned with responsibility of business in connection to the actors in society and it needs to be studied and practiced in such a manner (Davidson, 2016). Many studies in the past have focussed more on western and developed countries with respect to the CSR activities. Theoretical models have for long neglected the developing countries such as India and China (Jamali and Karam, 2016).

In our paper, we wish to understand the extent to which the private and public sector have contributed to the concept of CSR and have they

really implemented it in letter and spirit. When it comes to charity or giving back, Indian corporate has generally lagged behind its western counterparts.

### III. RESEARCH DESIGN

For the purpose of this study, we have set an objective to find out the numbers by which corporate India has involved in CSR activity. The data has been collected from the MCA 21 Online portal for corporate affairs. The data has been purely secondary.

### V. ANALYSIS

S no	COMPANY	CSR Spent in Crores (INR)
1	RELIANCE INDUSTRIES LIMITED	652.0
2	NTPC LIMITED	491.8
3	OIL AND NATURAL GAS CORPORATION LIMITED	421.0
4	TATA CONSULTANCY SERVICES LIMITED	294.2
5	SOUTH EASTERN COALFIELDS LIMITED	270.9
6	ITC LIMITED	247.5
7	CENTRAL COALFIELDS LIMITED	212.8
8	NMDC LIMITED	210.1
9	TATA STEEL LIMITED	204.5
10	INFOSYS LIMITED	202.3

Source: www.mca.gov.in

Table 1: Top ten companies in CSR spending during 2015 – 16

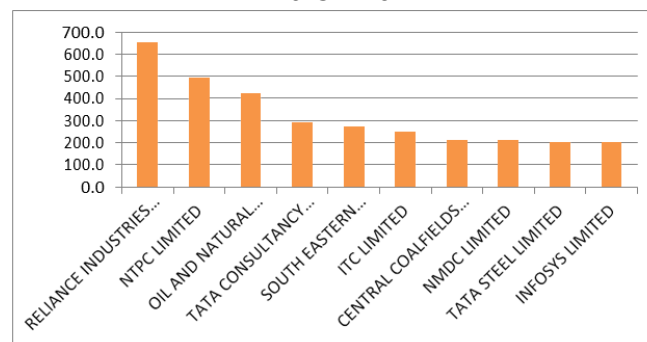


Figure 1: Top ten companies in CSR spending

Table 2: Contribution from the top 5 companies

S no	COMPANY	CSR Spent in Crores (INR)
1	RELIANCE INDUSTRIES LIMITED	652.0
2	NTPC LIMITED	491.8
3	OIL AND NATURAL GAS CORPORATION LIMITED	421.0
4	TATA CONSULTANCY SERVICES LIMITED	294.2
5	SOUTH EASTERN COALFIELDS LIMITED	270.9

Source: www.mca.gov.in

Contribution from Top 5 Companies

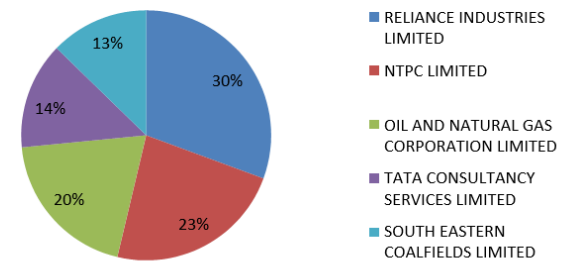


Table 3: Comparison of Contribution

COMPANY	CSR IN CRORE	
	2014-15	2015-16
RELIANCE INDUSTRIES LIMITED	652.0	760.6
NTPC LIMITED	491.8	495.2
OIL AND NATURAL GAS CORPORATION LIMITED	421.0	239.5
TATA CONSULTANCY SERVICES LIMITED	294.2	214.1
SOUTH EASTERN COALFIELDS LIMITED	270.9	210.4
ITC LIMITED	247.5	205.2
CENTRAL COALFIELDS LIMITED	212.8	188.7
NMDC LIMITED	210.1	171.5
TATA STEEL LIMITED	204.5	156.0
INFOSYS LIMITED	202.3	133.3

Source: www.mca.gov.in

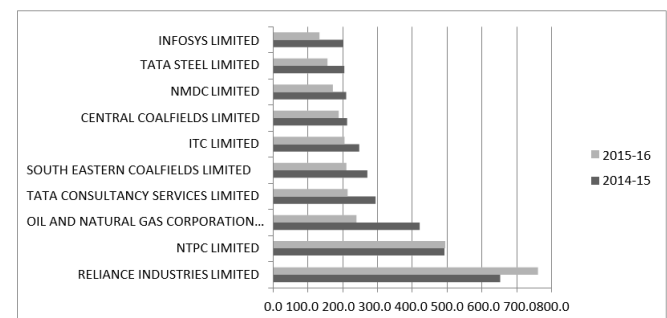


Figure 3: Comparison of Contribution

### VI. FINDINGS

According to table 1 it is evident that most companies in the space of Oil and natural gas have been highly contributively as far as corporate social responsibility is concerned. For instance the top five companies are Reliance, NTPC, ONGC and Southern Eastern Coalfields. Table 3 compares their two year contribution. It is rather satisfying to see an increase in their provisions. Among the IT companies, Tata Consultancy services (TCS) are taking a lead in contributing massively for the CSR, followed by Infosys. We can note that among the Tata Sons, there are two companies TCS and Tata Steel that are seen as top contributors.

Five of the top ten companies are public sector companies. This indicates that Public sector

companies are leading from the front, and it is also heartening to see 50 % contribution from the private sector. ITC is right in the middle, but its contribution is also increasing over the two years.

- [6] Grigoris and Theotokas (2011), The effect of financial crisis in corporate social responsibility, *International Journal of Marketing studies*, Vol. 3, No.1

## VI. DISCUSSION

Grigoris and Theotokas (2011), in the study on effects of financial crisis in corporate social responsibility found from a survey of 120 odd companies that, companies tend to increase the corporate social responsibility budgets and attention, in order to regain the lost trust from the markets. They concluded that companies were actually more proactive during the economic distress and financial troubles in order to keep alive animal spirits.

Yaesmain (2010) examined the effects of financial crisis on the number and extent of CSR projects. It was found that there has been a significant drop in numbers and extent of projects undertaken under the CSR head during the financial crisis. This study became a landmark in initiating a discussion on CSR and the ways they are affected during the financial crisis.

Cheney et al (1990), was a pioneering study on bringing discussions regarding CSR and conservative approach firms adopt during tough financial times and fail to meet the expectations of related parties.

## VI. REFERENCES

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