

TO STUDY ACTIVITY WISE DISTRIBUTION OF CSR FUNDS IN INDIA

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Abstract :

Income is distributed unevenly in India. There are people in poverty from generations to generations. Sometimes the reason for their poverty is lack of facilities and unavailability of opportunities. The Government of India is implementing various schemes for the downtrodden but those schemes are still inadequate to uplift such needy ones.

The present study tries to understand the benefits of CSR and activity wise distribution of CSR funds. Several activities listed down by the Ministry of Corporate Affairs under Companies Act 2013. The MCA expects that companies should spend CSR funds on those activities.

Keywords : *Corporate Social Responsibility, income inequality, stakeholders, CSR fund.*

Introduction :

The level of income inequality is rapidly and drastically increasing in India since the last several years. Wealthiest are becoming richer and the downtrodden are becoming much poorer nowadays. It is not that the poor are not hardworking but sometimes they remain deprived from basic facilities and opportunities which is essential to grow socially and economically. It is a duty of the government to frame policies and schemes which will help such needy people to grow financially and live proudly in the society.

The Indian government's effort to uplift such economically lower-class people seems inadequate. Therefore, the government is expecting the support of the corporate world to hold the hand of the poorest of the poor. Intention of the ministry of corporate affairs through CSR is that private sector and public sector units should also try to eradicate poverty from the country. Numerous problems are making life troublesome for millions of people in India. Poverty, healthcare, scarcity of safe drinking water, hunger, malnourishment, pollution and many more areas listed down where work needs to be done.

Earning profit, customer satisfaction, increasing the market share are the main objectives of the companies. Besides that, they should make sure that they have to do something for the betterment of the society. Economic responsibility, legal responsibility, ethical responsibility, and philanthropic responsibility are the main four types through which the corporate and PSUs can perform their responsibility towards the society.

Till 31st March 2014, CSR was not compulsory for all the companies, but since 1st April



2014 MCA made it mandatory for organizations which comply with the criteria's issued by the government. MCA has developed a list of activities in Schedule VII, companies Act 2013. In 2014, India was the first country to have a mandatory CSR spending legislation. Any company having net worth of rupees 500 crore or more or turnover of rupees 1000 crore or more or net profit of rupees 5 crore or more should mandatorily spend 2% of their net profit per fiscal on CSR activities.

Objectives :

1. To know the benefits of CSR.
2. To study and understand the activity wise spending of CSR funds.

Benefits of CSR :

1. Competitive advantage :

Companies who are performing their social responsibilities always have advantages which will help them to compete effectively in the industry. Customers give preference to those companies which are doing good at the legal, environmental, ethical, and philanthropic level.

2. Corporate image :

Socially responsible companies enjoy better goodwill than others who are indifferent towards social issues. Every stakeholder is interested to be associated with such companies who are wholeheartedly contributing to the society's welfare.

3. Sustainability :

Short term objectives are no longer the target of large conglomerates. Eco-friendly products manufacturing company's existence is a need of the society. Harmful and hazardous products are not just losing customers' trust but they also vitiate the image of the companies in the eyes of the society. Environment safety is becoming now a major and foremost point of concern.

4. Customer satisfaction :

Customers always prefer to purchase products of those companies which are doing business in an ethical manner. As a social responsibility, companies design products which are necessary to the customers and sell them at a minimum price for the benefits of the society. Customer satisfaction is one of the prime objectives of socially responsible companies.

5. Retention of talented employees :

Employees would be more satisfied when they are part of an entity which understands their responsibility towards society and comply with it. In this current scenario retaining talented employees has become a challenge but due to CSR, career-oriented employees love to be part of socially oriented companies.

6. Customer loyalty and trust :

Today's customer is highly educated and much more aware of the company's day to day activities. They take the reviews about products and companies. Trust and loyalty towards TATA's products are no doubt high amongst their customers. Therefore, CSR plays a crucial role while developing customers' trust and loyalty.

7. Availability of Eco-friendly products :

Several companies are producing and many have started thinking of manufacturing eco-friendly products. CSR emphasizes environmental sustainability. It is expected from every company to promote green marketing.

8. Brand Image :

Numerous ways are available for organizations to create their image in the public. Gone are days when customers did not have any choice. But now customers review many aspects while choosing the products and one of the major facets now is the CSR contribution of the company. Brands which promote any of the four CSR types have preferably more image in the market.

9. Long term relationship with stakeholders :

Investors, customers, employees, suppliers, dealers, banks, government and society are having relationships with the companies. Stakeholders always wish to continue relationships with those organizations who function in a legal and ethical manner.

10. Greater Social impact :

CSR is one of the sublime methods to create greater social impact in society. Philanthropic is such a type of CSR which gives opportunity to firms to transform the lives of many needy people.

11. Contributes in sustainable Development Goals :

Most of the activities of CSR are the same as mentioned by the United Nations in their list of 17 sustainable development goals. Through CSR, organizations are also making efforts to achieve goals specified in SDG. This is an additional avenue through which nation is trying to achieve target of creating a better world.

Table No- 1 CSR spending activity wise

| Development Sector (Activities) | Amount Spent FY 2014-15 (INR Cr.) | Amount Spent FY 2015-16 (INR Cr.) | Amount Spent FY 2016-17 (INR Cr.) | Amount Spent FY 2017-18 (INR Cr.) | Amount Spent FY 2018-19 (INR Cr.) | Amount Spent FY 2019-20 (INR Cr.) | Amount Spent FY 2020-21 (INR Cr.) | TOTAL (INR Cr.) | RANK |
|---|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------|------|
| Education | 2589.42 | 4057.45 | 4519.24 | 5763.08 | 6102.22 | 7175.85 | 6607.64 | 36814.90 | 1 |
| Health Care | 1847.74 | 2569.43 | 2499.95 | 2776.95 | 3612.03 | 4902.69 | 7182.67 | 25391.46 | 2 |
| Rural Development Projects | 1059.35 | 1376.16 | 1561.45 | 1724.1 | 2433.44 | 2299.63 | 1847.15 | 12301.28 | 3 |
| Environmental Sustainability | 773.99 | 796.69 | 1076.46 | 1301.99 | 1367.99 | 1470.26 | 1029.12 | 7816.50 | 4 |
| Poverty, Eradicating Hunger, Malnutrition | 274.7 | 1252.08 | 606.55 | 811.2 | 1192.59 | 1159.01 | 1380.27 | 6676.40 | 5 |
| Livelihood Enhancement Projects | 280.17 | 393.38 | 516.7 | 832.4 | 907.64 | 1077.59 | 821.16 | 4829.04 | 6 |
| Other Central Government Funds | 277.1 | 334.35 | 419.99 | 292.73 | 731.06 | 931.97 | 1564.89 | 4552.09 | 7 |
| Vocational Skills | 277.07 | 344.4 | 378.74 | 546.46 | 798.36 | 1181.13 | 640.43 | 4166.59 | 8 |
| Nec/ Not Mentioned | 1338.4 | 1051.16 | 388.96 | 15.2 | 87.61 | 503.59 | 282.65 | 3667.57 | 9 |
| Prime Minister'S National Relief Fund | 228.18 | 218.04 | 158.8 | 200.42 | 321.19 | 797.13 | 1678.76 | 3602.52 | 10 |
| Sanitation | 299.54 | 631.8 | 423.74 | 460.68 | 506.66 | 521.72 | 335.45 | 3179.59 | 11 |
| Art And Culture | 117.37 | 119.17 | 305.57 | 395.22 | 225.94 | 933.47 | 484.68 | 2581.42 | 12 |
| Training To Promote Sports | 57.62 | 140.12 | 180.76 | 285.41 | 309.59 | 303.72 | 242.49 | 1519.71 | 13 |
| Safe Drinking Water | 103.95 | 180.16 | 156.32 | 220.87 | 228.23 | 253.18 | 202.32 | 1345.03 | 14 |
| Women Empowerment | 72.87 | 122.79 | 142.14 | 251.37 | 236.54 | 259.37 | 204.8 | 1289.88 | 15 |
| Swachh Bharat Kosh | 113.86 | 325.52 | 184.06 | 272.07 | 95.5 | 53.42 | 160.85 | 1205.28 | 16 |
| Special Education | 41.43 | 125.84 | 165.33 | 140.01 | 186.13 | 196.88 | 207.61 | 1063.23 | 17 |
| Socio-Economic Inequalities | 39.04 | 77.97 | 148.01 | 155.95 | 167.92 | 214.85 | 126.66 | 930.40 | 18 |
| Conservation Of Natural Resources | 44.6 | 49.85 | 119.09 | 228.14 | 173.55 | 160.6 | 90.96 | 866.79 | 19 |
| Animal Welfare | 17.29 | 66.67 | 78.71 | 63.52 | 98.33 | 106.12 | 192.71 | 623.35 | 20 |
| Gender Equality | 55.21 | 73.85 | 72.6 | 24.01 | 51.86 | 82.93 | 42.54 | 403.00 | 21 |
| Slum Area Development | 101.14 | 14.1 | 51.49 | 39.16 | 51.01 | 42.94 | 88.85 | 388.69 | 22 |
| Agro Forestry | 18.12 | 57.85 | 45.48 | 66.79 | 64.75 | 67.38 | 19.24 | 339.61 | 23 |
| Setting Up Homes And | 8.74 | 29.28 | 62.22 | 70.58 | 57.01 | 48.5 | 43.27 | 319.60 | 24 |

| | | | | | | | | | |
|--|------|-------|-------|-------|-------|-------|-------|--------|----|
| Hostels For Women | | | | | | | | | |
| Armed Forces, Veterans, War Widows/ Dependents | 4.76 | 11.14 | 37.86 | 29.09 | 90.18 | 62.04 | 83.76 | 318.83 | 25 |
| Senior Citizens Welfare | 8.94 | 21.87 | 27.75 | 40.1 | 46.51 | 52.18 | 55.96 | 253.31 | 26 |
| Technology Incubators | 4.74 | 26.34 | 25.4 | 16.94 | 32.1 | 53.5 | 62.62 | 221.64 | 27 |
| Setting Up Orphanage | 5.12 | 16.9 | 16.8 | 39.87 | 12.89 | 36.5 | 21.76 | 149.84 | 28 |
| Clean Ganga Fund | 5.47 | 32.82 | 24.37 | 33.96 | 8.11 | 6.63 | 13.39 | 124.75 | 29 |

Source- MCA (CSR Data) <https://www.mca.gov.in/>

Amount spent under CSR on education during 2014 to 2021 was a whopping amount which is 36814.90 crore, for health care it is 25391.46 crore and spending on rural development projects is 12301.28 crore. Above three sectors are top in the ranks as far as spending is concerned.

Amount spent on Technology incubators is 221.64, setting up orphanages is 149.84 and Clean Ganga a fund i.e. 124.75 crore, these three sectors where comparatively less amount is spent under CSR.

Conclusion :

The Ministry of Corporate Affairs has developed a magnificent scheme under Companies Act 2013, which has multifold benefits to all the stakeholders. Each activity listed under CSR is helping to resolve some or other social issues prevailing in the society.

There are around twenty-eight activities listed down under CSR where funds are being utilized. Activity wise spending is divided and there are some activities where a large amount is utilized as per the requirement and scale of the social cause. Education, healthcare, and rural development projects where CSR funding is more compared to less priority areas.

Implementation of the CSR needs to be much more effective. Companies should not prefer spending on those activities which they find convenient, contrary they should see the necessity of that activity. Under CSR, the company should also ensure that the recipients are really benefitted.

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