

CORPORATE SOCIAL RESPONSIBILITY: A CASE STUDY OF FIVE AUTOMOBILE COMPANIES

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ABSTRACT

Life will undoubtedly include transportation to some extent. To meet the needs of their customers, automobile companies produce and innovate regularly. The duty of company in contemporary business practise extends beyond the provision of high-quality goods and services, therefore automobile companies are expected to do more than simply meet the wants of their customers. Under the study, we chose five automobile companies, primarily Tata Motors, Hero Motocorp, Maruti Suzuki, Eicher Motors, and Bajaj Motor, among others, and asked them to allocate at least 2% of their profits to CSR. Along with whether it has been spent or not, as we know, it was changed in the 2013 Companies Act that it is mandatory for all companies to spend at least 2% of their profits. The data used in this study comes from that company. According to the annual report as well as the web pages of the concerned companies. We, as researchers, take the initiative to look into the CSR investment and activities of the automobile industry. The main emphasis of this study is the theoretical underpinning for the CSR initiatives taking place in the NSE 05 -listed automobile businesses.

Keywords: Stakeholder, Sustainability, Securities and Exchange Board of India (SEBI), Corporate Social Responsibility Report (CSR).

Introduction

Without the support of its stakeholders, a business house cannot continue. According to theoretical framework, business houses employ the factor support rendered by the households and in compensation, pay the households factor payments. However, in the contemporary day, simply the factor payments are inadequate. Stakeholder relationships stand to be one of the most important components in today competitive business climate as every organisation wants to preserve its activities.

The word sustainable, which meaning to last for a very long time, is where the word sustainability comes from. In the business sector, sustainability refers to long-term viability. Any firm that begins operations has the goal of becoming larger, extending through time, and being in business permanently. Every risk-taker or company owner has the desire to build their enterprise in a manner that guarantees sustainability.

Under the Companies Act 2013, Section 135, the Chairman of the CSR Committee has mentioned that it is mandatory for companies to spend at least 2% of their profits on the interests of society. Spending on the interests of society does not mean that they There is no such thing as a donation or assistance to the people, but it is the responsibility of every organisation to provide, keeping in mind the interests of the society, directly to the people of the society, the problems related to the society such as education, health, electricity, water, and other types so that everyone can benefit from this type of work because when any amount is spent on the society under CSR, the amount is directly laced by the society. He stated that the company should work for their interests by establishing direct contact with the people of society; there is no mercy or charity for them, but it becomes the responsibility of the companies. Companies that practise social responsibility don't just use resources for initiatives that boost their bottom line.

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Review of Literature

G.Silpa (2017) in their research paper "Corporate Social Responsibility of Indian IT Companies- A study on CSR activities of select companies, explores CSR in relation to the Indian economy.

The research's objectives include categorizing and evaluating the CSR efforts of a few chosen businesses, as well as determining if these efforts are consistent with Schedule VII of the 2013 Companies Act. According to the research, every company emphasizes implementing several environmental initiatives, while giving community engagement initiatives the least consideration.

Shyam R. (2016) did a study titled "An Analysis Of Corporate Social Responsibility In India." The paper offers ideas for accelerating the development of CSR projects. In order to comprehend the CSR regulating regulations, the growth of CSR in India, and the shifting trends and activities done by SMEs regarding the CSR guidelines, which make it mandatory for every company to incur at least 2% of profit.

S. Vijay Kumar In his 2017 article "Corporate Social Responsibility In India: An Overview," examines the many stages of CSR in India, as well as its relevance, drivers, major problems, and hopes for the future.

N. Kumar (2014) titled "Corporate Social Responsibility-"An Analysis of Impact and Challenges in India",

Kumar N (2014) titled "Corporate Social Responsibility: An Analysis Of Impact And Challenges In India," According to the findings of the study, Indian corporations are now aware of their social responsibilities and how CSR affects business practices. The study attempted to inform those involved in policymaking, policy analysis, policy research, practitioners, and other stakeholders about the most recent developments in the CSR sector while also assisting them in understanding the concept of CSR and the difficulties associated with putting CSR policies into practice. According to the study's findings, Indian corporations are now cognizant of their social responsibilities.

Kaur S. and Tandon N. (2017), in their article titled "The Role of Corporate Social Responsibility in India," discuss the growing significance of SCR, the global CSR guidelines, and the CSR activities of some corporations in India. They draw the conclusion that some businesses have already begun using CSR as a strategy that aims at the concurrent development of the company and the community.

Need / Importance of the Study

How much is the contribution of automobile companies to society? When we talk about education and health or talk about electricity, water, and health, then we want to know that the companies which do their business are responsible for the air pollution in our society, water pollution, pollution of the population, and other types of chemical pollution that the people of the society also have to bear. Since profit is earned only by the companies, is it not the duty of the company to give some part of its profits as per the Companies Act 2013? According to this, it is mandatory to do at least 2%, and this amount is not only 2% but at least 2%; no maximum limit or percentage is applicable on the maximum share of its profit that the company can spend. Our goal is to determine whether the amount of CSR shown by companies on their balance sheets, thereby reducing profit, is actually or commercially spent on society.

Objectives

- To carefully examine how much money the chosen firms spend on CSR initiatives (if any)
- To examine how the businesses are spending the required amount on CSR.

Hypothesis

The hypothesis reflected in the study is tested for Tata Motors, Hero Motocorp Pvt. Ltd. Bajaj Motors, Eicher Motors and Maruti Suzuki that the relation between amounts of profit earned and CSR from the F.Y. 2017-2018 to 2021-2022 is as follows:

- **Null Hypothesis**, i.e., H0: The study reflects that there is no relationship between amounts of profit earned and amounts spend on CSR.
- **Alternative Hypothesis**, i.e., H1: It reflects that there is a relationship between amounts of profit earned and amounts spent on CSR.

Research Methodology

Data Sources

The study is descriptive in nature and was done using secondary data. Panel data was gathered for this investigation. The annual reports of the chosen firms from the years 2019-2022 serve as the study's primary source of data. The yearly reports were obtained from the firms' official websites. In addition, a few publications and periodicals were investigated.

Sample Selection

The business under investigation is chosen from the Top 05 companies for the Risk Management Committee listed in the NSE based on market capitalization as of March 31, 2022. (National Stock Exchange). For the analysis, all automotive-related NSE 05 (firms based on market capitalization as of March 31, 2022, for the Risk Management Committee) companies are taken into account. Maruti Suzuki, Tata Motors, Bajaj Auto, Eicher Motors, and Hero MotoCorp are the businesses that were selected for the study.

Period of Study

According to Schedule VII and Section 135 of the Companies Act of 2013, every company with a net worth of at least Rs. 500 crore, a revenue of at least Rs. 1000 crore, or a net profit of at least Rs. 5 crore must form a corporate social responsibility committee and engage in the activities listed in Schedule VII. Consequently, the time frame of our research spans the years 2018–2022. The Companies Act of 2013 will be in effect for the first time in 2014.

Result & Discussion

India has the sixth-largest vehicle industry in the world. The country's market share in the car sector is expected to grow even further in light of the nation's expanding population, rising income levels, and growing demand for private transportation vehicles. The car industry's major firms are boosting their CSR efforts in India along with their market share there. Let's examine five Indian automakers that are serious about CSR in this scenario.

- **Tata Motors**

According to the financial year reports, Tata Motors spent on CSR in fiscal years 2021-2022 and 2020-2021. 2019-2020, 2018-2019, and 2017-2018: Rs. 23.69, Rs. 23.99, Rs. 22.91, Rs. 22.40, and Rs. 21.43, respectively. The CSR programmes, which are implemented in project mode and are components of our Common Minimum Programs (CMP) and location-specific programmes (LSP), received the lion's share of the funding.

- **Maruti Suzuki**

Year over year, Maruti Suzuki has increased its CSR spending. It demonstrates its dedication to CSR by virtually always spending more than is necessary. CSR Report for F.Y. 2021-2022, 2020–2021. 2019-2020, 2018-2019 and 2017-18 Rs. 100.66, Rs.140.90, Rs.168.20, Rs.154.07 and Rs.125.08 respectively given that the ordinary Indian has little understanding of road safety, Maruti Suzuki devotes a significant portion of its CSR efforts to improving it. In every small town and major metro, pedestrians and cars are known to disobey the law. In order to solve this, the business established driving schools around the nation in partnership with its dealers to provide top-notch driving instruction. The business has carried out this with the assistance of state governments.

- **Hero Motocorp.**

For the previous four succeeding financial years, Hero Moto Corp has been going over budget for its CSR projects. CSR Report for F.Y. 2021-2022, 2020–2021. 2019-2020, 2018-2019 and 2017-18 Rs. 87.85, Rs.99.73, Rs.130.61, Rs.93.72 and Rs.84.34 respectively, Hero MotoCorp, a corporate leader and the top motorbike manufacturer in India, adheres to the philosophy of "Manufacturing Happiness" in all of its facilities. This is done to lessen the negative effects on the environment and foster the growth of a thriving ecosystem. Hero MotoCorp has four main programmes as part of its "We Care" CSR initiative: Happy Earth, Ride Safe India, Hamari Pari, and Educate to Empower. Hero MotoCorp is able to maintain its position as the nation's top two-wheeler manufacturer thanks to these initiatives.

- **Bajaj Auto Limited**

Bajaj Auto's CSR policy takes into account all of its stakeholders. The corporation must prioritise protecting the rights of people and the environment while maintaining its moral standards. The company's CSR activities are therefore centred on the slogan "Growth with Mother Nature's Blessings." Through NGOs and philanthropic organisations, the corporation carries out its CSR projects. Local governments and civil society organisations are also included when necessary for the implementation of certain CSR projects, in addition to the non-profit sector. CSR Report, spent for F.Y. 2021-2022, 2020–2021, 2019-2020, 2018-2019 and 2017-18 Rs. 75.66, Rs.128.25, Rs.116.23, Rs.112.32 and Rs.100.51 respectively.

- **Eicher Motors**

To carry out its aim of "educating India's children with a specific emphasis on the girl child commencing with elementary education for the rural poor," the firm established the Goodearth Education Foundation. CSR Report spent for F.Y. 2021-2022, 2020–2021. 2019-2020, 2018-2019 and 2017-18 Rs. 52.32, Rs.56.37, Rs.55.39, Rs.45.39 and Rs.30.85 respectively and company's founders' strong desire to

support initiatives in the area of education, which they see as crucial to promoting change and advancement in India, gave rise to the mission statement. The Foundation's work focuses on initiatives to raise educational standards, primarily in government elementary schools in rural regions.

PROFIT/LOSS AFTER TAX AND BEFORE EXTRAORDINARY ITEMS						
5 Automobile Company w.e.f March 2018 to March 2022						
Year	31.03.2022	31.03.2021	31.03.2020	31.03.2019	31.03.2018	Average
Maruti Suzuki	3,766.30	4,229.70	5,650.60	7,500.60	7,721.80	5,773.80
Tata Motors	-1,739.23	-2,295.44	-7,289.63	2,020.60	-1,034.85	-2,067.71
Hero Motocorp	2,473.02	2,964.20	3,633.26	3,384.87	3,697.36	3,230.54
Eicher Motors	1,586.22	1,329.70	1,903.82	2,054.44	1,712.91	1,717.42
Bajaj Auto Limited	5,018.87	4,554.59	5,099.98	4,675.18	4,068.10	4,683.34

Amount spent on CSR (Corporate Social Responsibility)						
5 Automobile Company w.e.f March 2018 to March 2022						
Year	31.03.2022	31.03.2021	31.03.2020	31.03.2019	31.03.2018	Average
Maruti Suzuki	100.66	140.90	168.20	154.07	125.08	137.78
Tata Motors	23.69	23.99	22.91	22.40	21.43	22.88
Hero Motocorp	87.85	99.73	130.61	93.72	84.34	99.25
Eicher Motors	52.32	56.37	55.39	45.39	30.85	48.06
Bajaj Auto Limited	75.66	128.25	116.23	112.32	100.51	106.59

Finding

Profit after tax and CRS spending in 5 Automobile Companies in the Financial Year 2021-2022					
Company	PAT	CSR Spending	2% of PAT	Variance	% Variance
Maruti Suzuki	3,766.30	100.66	75.33	25.33	25.17
Tata Motors	-1,739.23	23.69	-34.78	58.47	246.83
Hero Motocorp	2,473.02	87.85	49.46	38.39	43.70
Eicher Motors	1,586.22	52.32	31.72	20.60	39.36
Bajaj Auto Limited	5,018.87	75.66	100.38	-24.72	-32.67

Profit after tax and CRS spending in 5 Automobile Companies in the Financial Year 2020-2021					
Company	PAT	CSR Spending	2% of PAT	Variance	% Variance
Maruti Suzuki	4,229.70	140.90	84.59	56.31	39.96
Tata Motors	-2,295.44	23.99	-45.91	69.90	291.37
Hero Motocorp	2,964.20	99.73	59.28	40.45	40.56
Eicher Motors	1,329.70	56.37	26.59	29.78	52.82
Bajaj Auto Limited	4,554.59	128.25	91.09	37.16	28.97

Profit after tax and CRS spending in 5 Automobile Companies in the Financial Year 2019-2020					
Company	PAT	CSR Spending	2% of PAT	Variance	% Variance
Maruti Suzuki	5,650.60	168.20	113.01	55.19	32.81
Tata Motors	-7,289.63	22.91	-145.79	168.70	736.37
Hero Motocorp	3,633.26	130.61	72.67	57.94	44.36
Eicher Motors	1,903.82	55.39	38.08	17.31	31.26
Bajaj Auto Limited	5,099.98	116.23	102.00	14.23	12.24

Profit after tax and CRS spending in 5 Automobile Companies in the Financial Year 2018-2019					
Company	PAT	CSR Spending	2% of PAT	Variance	% Variance
Maruti Suzuki	7,500.60	154.07	150.01	4.06	2.63
Tata Motors	2,020.60	22.40	40.41	-18.01	-80.41
Hero Motocorp	3,384.87	93.72	67.70	26.02	27.77
Eicher Motors	2,054.44	45.39	41.09	4.30	9.48
Bajaj Auto Limited	4,675.18	112.32	93.50	18.82	16.75

Profit after tax and CRS spending in 5 Automobile Companies in the Financial Year 2017-2018					
Company	PAT	CSR Spending	2% of PAT	Variance	% Variance
Maruti Suzuki	7,721.80	125.08	154.44	-29.36	-23.47
Tata Motors	-1,034.85	21.43	-20.70	42.13	196.58
Hero Motocorp	3,697.36	84.34	73.95	10.39	12.32
Eicher Motors	1,712.91	30.85	34.26	-3.41	-11.05
Bajaj Auto Limited	4,068.10	100.51	81.36	19.15	19.05

On the basis of research, it was found that despite the losses incurred by Tata Motors from the years 2017–18 to 2021–22, a considerable amount was spent by the company on CSR. In percentage terms, Bajaj Motors contributed the most in CSR from 2017-18 to 2021-22, followed by Hero Honda, also known as Hero Motocorp, and Eicher Motors contributed the least. We can say that if a company spends not only 2% of its profit on CSR, but also the majority of its profit, it will lead to the development of our society. Under CSR, companies should spend more and more on education, health, electricity, water, and cleaning, among other things.

Recommendations/Suggestions

- Automobile companies should spend more than 2% of their profits on CSR.
- Even if there is a loss instead of profit, companies can spend 2% or more of their accumulated profit on CSR.
- Maximum expenditure should be made on education and health because when the majority of people in our country have an education and good health, only themselves, their families, and society as a whole will be developed. This work will be done for profit by companies and can be done well through technology.
- There should be competition among companies to spend on CSR.

Conclusion

On studying the automobile companies, including Tata Motors, Maruti Suzuki, Hero MotoCorp., Eicher Motors, and Bajaj Motor, it was found that the maximum amount under CSR has been spent by Bajaj Motors in the last 5 years, followed by Hero Motor Corp. Most of the companies spend 2% of their profit, which is mandatory under the Companies Act 2013, but many times the company is able to spend less than 2%, due to which the development of our country should have happened in the form of education, and health. It is not possible in the form of power, water, health, and other facilities. Our government should pay special attention to this, and businesses should be encouraged to actively participate in societal work at that time. Participate. The government should provide this type of platform to these companies in the form of other subsidies in the form of tax so that the company can spend the maximum portion of its profit on society while staying within the two-cent limit.

Limitations

Automobile companies have to face competition not only in their country but also abroad. Many times, due to negative competition, companies suffer losses, that should be compensated by the government, along with those of companies that share 2% of their profits. wants to spend on CSR. Societal problems while spending, such as legal action regarding education or health, which companies must face frequently during audits and provide proof of. Whether or not the work done in practise is available in sufficient quantity with the company, the government should also provide subsidies in the form of tax or interest on loans, which are frequently lacking in automobile companies.

Scope for Future Research

Only five automobile companies were studied in the study, and only a two percent CSR amount was studied on the basis of the company's profit and profit from 2017-18 to 2021. 22 Despite the fact that only five companies were studied, more than five companies should be studied, and time should also be taken for more than five years. Now, more research is needed in this regard, so that our society can solve the problems of education, health, electricity, water, and other types of problems. If possible, our research is not the final research, it is just the beginning, and much more remains to be done.

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