

MEASURING CORPORATE SOCIAL RESPONSIBILITY COMPLIANCE PRACTICES BY INDIAN POWER SECTOR (WITH REFERENCE TO PRIVATE POWER SECTOR COMPANIES OF INDIA)

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ABSTRACT

Corporate social responsibility in India is known from ancient time as social duty or charity, but recognized as an important function contributing to pace the process of overall development of a nation. India being the second most crowded country on the planet, and home to the biggest number of individuals needing fundamental conveniences, henceforth, calls for additional serious endeavors as a feature of such drives in the space of the country. Indian organizations are currently expected to release their social obligations and social commitments. This research paper analyses the CSR expenditure incurred by the private power sector companies in India. Mainly researcher high lightens and compared the actual expenditure and mandatory expenditure of companies in doing corporate social responsibility.

Keywords: *Corporate Social Responsibility, Social Duty, Social Obligations, Social Commitments.*

Introduction

Corporate social responsibility (CSR) is an association's commitment to manage the social, biological and money related effects of its exercises proficiently and as per public presumptions. Society accommodates the business everything so business also liable for add to the overall population. Corporate social responsibility is a wide idea that can take many structures relying upon the organization and industry. Through CSR projects, beneficence, and volunteer endeavors, organizations can help society while empowering their brands. Corporate Social Responsibility is an extension to join the corporate and the general public. This examination work will give a formative history of the corporate social obligation till Modern Era and various meanings of the corporate social obligation. The reason for a business is clear to create a gain by which, the business can thrive better also. Business is supposed to run improvement of society in which it works. This research paper will consist of the expenditure of companies with respect to corporate social responsibility activities undertaken by them.

Review of Literature

Vethirajan.C, Ramu.C (2019)¹, in his article on "Consumers' Knowledge On Corporate Social Responsibility of Select FMCG Companies in Chennai District" the paper shows that the clients have satisfactory information on legitimate, moral and sensible responsibility in CSR practices of FMCG affiliations and that not steady by prudence of different separation in the information across the orders by all around arranged, money related and area consolidates, this can comparably affect the leaning toward the specific relationship for the particular idea things. That the buyers' information on CSR practices of FMCG affiliations tends that they give more inclination in this manner.

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¹ Vethirajan.C, Ramu.C (2019), Consumers' Knowledge on Corporate Social Responsibility of Select FMCG Companies in Chennai District", Journal of International Business and Economics, Volume XII, no. XI, pp.-82-102.

Vethirajan.C, Ramu.C (2019)¹ in his article on “Customers Perception of CSR Impact on FMCG Companies – An Analysis” shows that CSR is associated with ensuring that the affiliation can make on a reasonable base to guarantee the correspondence to its accessories as a whole, since CSR has progressed by and large in India. In any case, it is trying for individual parts to make changes in the overall social advancement of the country. Nonetheless, affiliations have their strategical course of action, specific capacity, human asset, and cash related help for giving socially cautious measures to the general populace. Nevertheless, both the corporate and NGOs ought to converge for accomplishing quicker very much arranged movement inside a brief period.

Ashish Baghla (2018)² said that CSR has the own specific procedure for making its practices solid in India, they should have to also keep up with the different society other vthan being kept up with now for their genuine improvement to make the best Indian economy. He likewise said that we truly need to work joined endeavors for the feasible improvement of India by different CSR rehearses executed and upgraded in India.

Chatterjee and Mitra (2017)³ in their paper “CSR should contribute to the national agenda in emerging economies - the Chatterjee Model” state that India has its own difficulties and issue for example high individuals, that recommends having delinquent assumption, planning, and so on one hand and weight of energetic and upset individuals on the other. They in addition outlined one more model of CSR for example "The Chatterjee Model" which lay supplement on projectivisation of CSR rehearses by the reliable and immense affiliations that guarantees hard and fast straightforwardness and commitment. There is more basic need in India, than in the West, to assemble designs to serve the social essentials for clinical thought, mentoring, and so on. It requests that CSR ought to add to the public game plan from country, helping it with speeding up its shift from arising to made country.

Singh (2016)⁴ in her paper “Corporate social responsibility: Its roles and challenges in Indian context” explains the control of corporate social responsibility and obstruction analyzed its execution and accommodating measures for it. It sees that CSR practices have been seen by the relationship to work on its effect on society and associates. Regardless, the sharing affiliation in like manner faces a couple of challenges like shortfall of neighborhood in CSR works out, straightforwardness, nonattendance of neighborhood in CSR works out, non-availability of clear CSR runs, etc. The corporate region ought to find, advance and execute productive methodologies and practices that accomplish triple essential concern results.

Singh and Sharma (2015) in their paper “Corporate social responsibility practices in India: Analysis of Public companies”⁵ make sense of the administrative structure and CSR frameworks and exercises wrapped up by open locale units for example Coal India Ltd. moreover, GAIL. The drives taken unite direction, limit progress, ladies bracing exercises, improvement of poor and dejected piece of society, food, success and disinfection working environments and country movement. It additionally follows the expected condition of contributing 2% of the ordinary benefit of three rapid going before monetary years towards CSR works out. The disclosures revealed the genuine variables that these affiliations are enormously working for social responsibility and they are not just covering rehearses under Section 135 of Companies Act, 2013 yet on the other hand are going past that.

Kumar, Sachin (2015)⁶ in entitled that “Linking Green Marketing with Corporate Social Responsibility: A Critical Analysis of Home Appliances” the paper depends after breaking down of vision and statements of purpose of the colossal eight home machine affiliations working in India, concerning CSR and what are the green showing scattered and whether it is executed by them.

¹ Vethirajan.C, Ramu.C (2019), “Customers Perception of CSR Impact on FMCG Companies – An Analysis”, IMPACT: International Journal of Research in Business Management, Vol. 7, no.3, pp.39-48.

² Ashish Baghla, (2018), “Corporate Social Responsibility Practices in India: A Study of Few Companies”: Journal of Advances and Scholarly Researches in Allied Education, Vol.15, no.10, pp.22-26(5).

³ Bhaskar Chatterjee¹ and Nayan Mitra “CSR should contribute to the national agenda in emerging economies - the ‘Chatterjee Model’ Chatterjee and Mitra International Journal of Corporate Social Responsibility (2017) 2:1 DOI 10.1186/s40991-017-0012-1.

⁴ Priyanka Singh” Corporate social responsibility: Its roles and challenges in Indian context”International Journal of Applied Research 2016; 2(3): 294-297.

⁵ Satinder Singh Ashwarya Sharma “Corporate social responsibility practices in India: Analysis of Public companies” International journal of business quantitative economic and applied management research.

⁶ Kumar, Sachin (2015),“Linking Green Marketing with Corporate Social Responsibility: A Critical Analysis of Home Appliances”, Asian Journal of Multidisciplinary Studies, Volume 3, Issue 1,pp.82-86.

The gap has been identified from the above literature review that research has not been undertaken to study CSR activities of companies operating in power sector in India. So, there is need to study the working of Indian power sector regarding private companies in corporate social responsibility as mandated by the Companies Act, 2013 issued by Ministry of Corporate Affairs.

Statement of Problem

What is the magnitude towards spending on CSR activities by private sector power companies in Indian power sector?

Objective of the Study

The objective of the study is to examine the compliances of expenditure on CSR activities incurred by companies under study.

Scope of the Study

The companies working in Indian power sector are chosen on the basis of ranking of market capitalization as shown in the table given below.

The Selection Criterion

List of Companies deals in power generation and distribution with their market capitalization.

S. No.	Name of Company	Market Capitalization (Figures in Crore Rupees)
1	Power Grid Corporation of India Ltd.	106,384
2	National Thermal Power Corporation Ltd.	97,956
3	Adani Transmission Ltd.	49,480
4	Tata Power Company Ltd.	26,617
5	National Hydro Power Company Ltd.	25,213
6	Adani power Ltd.	21,656
7	Torrent Power Ltd.	16,047
8	JSW Energy Ltd.	10,940
9	SJVN Ltd.	10,512
10	CESS Ltd.	8,262

For the purpose of study on Indian power sector following companies are being studied:

- Tata Power Company Limited
- JSW Energy Limited

Period of Study

The study is conducted for the period of 5 years starting from financial year 2015-16 to 2019-20.

Tools and Technique

The researcher used the Annual reports of companies under study for gathering various data for use in various calculations.

Hypotheses

Null Hypotheses

H₀: There is no significant difference in Average budgeted CSR and Average CSR expenditure of companies under the period of study.

Alternative Hypotheses

H₁: There is significant difference in Average budgeted CSR and Average CSR expenditure of companies under the period of study.

Analysis

Tata Power Company Limited

- Test of Hypothesis using t-test
- Test of Hypothesis using t-test

(Amount in Rs. Crores)

Year	Budget	Expenditure
2015-16	28.29	29.01
2016-17	21.84	22.79
2017-18	13.71	14.71
2018-19	12.65	12.66
2019-20	3.04	3.80
Average	15.906	16.594
Degree of Freedom		8
t-test value (Calculated)		-0.11
Critical value of two tail t-test		2.31

Interpretation

The Calculated value of t-test (-0.11) is less than critical value of t-test (two tail) on the basis degree of freedom 8, at 5% level of significance is 2.31. Hence, null hypothesis will be accepted.

So, we can say that, there is no significant difference between Average budgeted CSR and Average CSR expenditure by Tata Power Company Limited during the study period.

JSW Energy Limited

- Test of Hypothesis using t-test

(Amount in Rs. Crores)

Year	Budgeted	Expenditure
2015-16	22.74	22.79
2016-17	23.5	23.07
2017-18	20.23	20.25
2018-19	13.25	13.25
2019-20	6.57	6.57
Average	17.258	17.186
Degree of Freedom		8
t-test value (Calculated)		0.016
Critical value of two tail t-test		2.31

Interpretation

The Calculated value of t-test (0.016) is less than critical value of t-test (two tail) on the basis degree of freedom 8, at 5% level of significance is 2.31. Hence, null hypothesis will be accepted.

So, we can say that, there is no significant difference between Average budgeted CSR and Average CSR expenditure by JSW Energy during the study period.

Conclusion

The data was shown as budgeted and actual CSR Expenditure of companies under study. In this study period Average CSR expenditure was above the mandatory limit of 2 percent of all of the companies.

Following Hypothesis has been tested by using t-test

H₀: There is no significant difference in Average budgeted CSR and Average CSR expenditure of companies under the period of study.

Since the Calculated value of t-test is less than critical value of t-test (two tail) on the basis degree of freedom 8, at 5% level of significance is in case of both of the companies under study. Hence, null hypothesis was accepted in case of both of the companies under study.

So, we can say that, there is no significant difference between Average budgeted CSR and Average CSR expenditure by companies during the study period.

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