

INFLUENCE OF COMPANIES ACT 2013 IN CARRYING OUT CSR ACTIVITIES BY INDIAN ORGANIZATIONS

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ABSTRACT:

This close examination drafts the corporate responsibilities of the private and public sector companies in India and the aftermath of The Companies Act 2013 on the same. A collective investigation of the CSR activities of the preferred private and public owned companies is executed for this objective. The study shows that the privately owned managements were doing strong before 2013 and after that public sector companies too are equally proficient in accomplishing the CSR activities. Also, it is noted that the companies are concentrating on sustainable activities, rather than one time give-away, while implementing CSR activities.

KEYWORDS: *CSR, Companies Act 2013, Public Sector Companies, Private Sector Companies, Sustainability.*

I. INTRODUCTION

Corporations have a responsibility to those groups and individuals that they can affect. These mainly include the stakeholders, and to society as a whole. Stakeholders are usually defined as shareholders or other financiers (author, year).

The responsibility to society at large may well be indistinguishable with the duty to its various societies. Countless have suggested that enterprises have a unique "social responsibility". Nevertheless corporate responsibility consists of securing an authority to function by building value for shareholders including the society (author, year).

Corporate responsibility encompasses being steady with virtuous principles and strategies such as frankness, sincerity and dignity for others. By intentionally accepting accountability for its conduct corporations earn their licence to function in the society (author, year).

CSR or Corporate social Responsibility is a joint initiative to valuate and proceed obligations for the enterprises repercussion on environmental and communal prosperity. CSR is an ongoing assurance by the various organisations to function morally and confer to the economic expansion while reconstructing the nature of life of the labor force including their families and the regional area of people and society at immense.

II. SUSTAINABILITY

Mother earth need to be protected, inevitably, for the existence of human beings in the universe. Uncompromisingly, all individuals need to withstand to be served by the planet Earth. The Proportion of the population is unlimited and the resources are limited. Organisations require business sustainability obey the principles of sustainable development. As per the business organisations sustainability must address matters like economic effectiveness, social and environmental responsibilities. Sustainability and sustainable developed is mainly regarding enhancement in human circumstances. Every corporation must have a determined scenario and aim for themselves that they want to accomplish. If the goals of sustainability are going to be achieved, organisations must be reorganised to reduce their ecological impact towards the society completely. The ecological footprint is mainly based upon the concept that renewable resources for product are evolved from earth to meet the needs of the public. Since non-renewable resources are not determined

because they are unsustainable in nature. Therefore sustainability is based on reducing the ecological footprint as well as improving the quality of life.

For learning the apt way of using resources sustainably, the companies should start understanding themselves as part of the nature instead of thinking that they are away from environment and society.

2.1 Oil and Natural Gas Corporation

Oil and Natural Gas Corporation Limited (ONGC) is a public sector undertaking and an Indian multinational oil and natural gas company with its main office in Dehradun. Its administration comes under the control of the Ministry of Petroleum and Natural Gas. It produces around 77% of crude oil and 62% of natural gas. The market capitalisation was 57.2 trillion (US\$728 billion), being India's first largest government traded corporation. ONGC was ranked as the largest profit making PSU in India. ONGC was established on 14 August 1956 by Government of India. ONGC currently holds a 68.94% equity share.

2.2 Indian Oil Corporation

Indian Oil Corporation Limited commonly known as IndianOil is state possessed oil and gas company with its main office at New Delhi. It is ranked as one of the largest profitable enterprises in the country. Its net profit for the previous year (2016-2017) was INR 19,106. The strength of the workforce is about 33,135 including 16,545 office cadre (2017 March) IndianOil's business interests flap the entire hydrocarbon value-chain.

2.3 GAIL

GAIL (known as Gas Authority of India Limited) Its headquarter is situated in New Delhi.

GAIL has the following segments:

1. Liquid hydrocarbon
2. Liquefied petroleum gas transmission
3. Natural Gas
4. Petrochemical

As per the Brand Trust report 2014, GAIL was given the 131st place in India's most trusted brands.

2.4 Tata Group

Tata Group is an Indian multinational composite organisation with its headquarters in Mumbai. TATA Group was founded in 1868 by Jamshedji Tata. The company gained its international recognition since it purchased many global companies. Tata Group has also set up numerous number of research and developmental institutions. It has also been awarded for its best Philanthropic campaigns and activities (Camegie medal of Philanthropy)

Every Tata company functions individually under the guidance of its directors and shareholders. There are 29 public listed Tata enterprises with a market capitalisation of about \$151.62 billion in March 1, 2018.

2.5 Aditya Birla Group

The Aditya Birla group is yet another multinational company with its headquarters in Mumbai. It has more than 120000 employees around the globe and operates in almost 40 countries. It was established by Seth shiv Narayan Birla in the late 1857. It also has numerous zones like financial services, chemicals, BPO, IT services and so on.

2.6 RELIANCE INDUSTRIES LTD

It is yet another composite organisation with its headquarters in Mumbai. The founder being Dhirubhai Ambani in 1997. It has 250000 employees as per 2017 report. It has its area served world wide. Its net income as per 2017 report was INR 29942 crore (US\$4.6 billion). Presently its owner is Mukesh Ambani.

2.7 COMPANIES ACT 2013

According to Section 135 of the newly amended Companies Act(2013), it has become compulsory for the domestic companies to employ at least 2% of the average NP (net profit) for the last three commercial years in Corporate Social Responsibility activities and publish a report regarding its CSR activities in the prescribed format on their websites.

It is pertinent to all companies that are incorporated in India, having any among the below mentioned in a commercial year- as per Section 135(1) of Companies Act.

Net worth of ₹ 500 Crores or above, Turnover of ₹ 1000 Crores or above, Net Profit of ₹ 5 Crores or above.

As per the amended Companies Act, 2013: CSR is relevant from the commercial year '2014-2015'. Companies should allocate 2% of the average NP (net profit) during every block of three years on CSR related activities.

A company with a net worth of ₹ 500 Cr must allot a minimum of 2% of its average net profit of the last three commercial years on activities with regard to the corporate social responsibility in the present financial year even if it is a private company or a public company. Such companies need to establish a CSR committee with the Board of Directors. This committee need to suggest activities to be undertaken and also evaluate the expenditure to be earned. The CSR policy should be audited by the top level management. It is the committee's responsibility to reveal its policies related to CSR in its annual report and on the company's official website. It is the obligation of the directors to announce and specify the reasons for the amount that is not spend.

A recent survey done by one of the professional companies KPMG shows that CSR spending in India has increased by 41% , the cumulative spending of almost hundred firms under review had risen up to ₹ 7,215.9 Crore in the present financial year '2017-18'. It also says that the companies that have spent less than 2% CSR budget. (www.moneycontrol.com).

In today's scenario customers also consider the other conditions of an organisation. This consists of the company's goodwill. They are aware that unsustainability are threats to every person's life. Thus they prefer those companies which are socially and environmentally responsible.

2.8 STAGES OF CSR

The following are the four stages of CSR:

Philanthropic Approach: The first phase of CSR is directed by the purpose of charity and philanthropy. This stage has a pre and post territorial approach respectively. In this stage the well-off businessmen society make use of their money and wealth to devote the needs of the society by constructing temples and other religious institution. Subsequently, large business tycoons began building up foundations for charity and social services, education and healthcare services, society development trust and so on.

Industries were considered as "Temples of Modern India". In this stage, the industrialists were compelled to pay for the improvement of the society. This stage supported the construction of colleges and educational institutions.

The third stage started in early 1960s, aiming at the appropriate allocation of wealth through the various public sectors. They were not successful in encountering their beliefs that resulted in the change among the private and public sector enterprises.

The fourth stage that began in 1980, was mainly focussed in sustainability. They take up more sustainable business policies and started providing assistance to the ones that are affected by their existence.

2.9 CSR and pro sustainability measures

Companies used to commence activities with a view of service and charity in mind (Mr Hari S Bhartia, CII/ Business/ CSR, the sustainable way). They handled the problems faced by society in a unique form. Gradually firms began to believe that they have to be socially responsible, also that they should take initiative in more sustainable activities.. In order to carry out activities in a sustainable way, the companies collaborate with NGO's or government and organize their own groundwork. The idea of helping the society resulted into the protection of the shareholders interest. All this is because of the growing environmental interests and the need for a better sustainable living.

III.LITERATURE REVIEW

S Babu (2017) Governance of Mandated Corporate Social Responsibility: Evidence from Indian Government-owned Firms, the study aimed to find out the governance of CSR policies and activities by Indian central government-owned companies and the findings indicated that most of the managers believe in the existence of a mandatory CSR policy which makes them accountable to the company's CSR activities. S-

S Babu (2016) Reporting of Corporate Social Responsibility in Central Public Sector Enterprises: A Study of Post Mandatory Regime in India, the paper tried to analyse the CSR disclosure made by CPSEs following the issue of CSR guidelines by the Department of Public Enterprises. An analysis of the annual reports stated that Human Resources (HR) and Community Development were given more focus whereas Carbon and Greenhouse Gas (GHG) emissions are among the least reported activity.

R. Gautam and A Singh(2010) conducted a study to explore the different corporate social Responsibility Practices of top 500 companies in India. Findings of the study included comprehensive business strategy, performance consideration and pressure upon the shareholders. Out of 500 companies 229 did not report on CSR activities whereas 271 companies reported on CSR activities. This study is useful to understand about the present and future conditions of the companies.

Philip Deske, Stefan Gold, Stefan seuring (2009) made a study on "sustainable supply chain management and inter-organisational resources and founded the importance of sustainable chain management for generating valuable resources inside the organisation. O Salzmann, A Lonescu-Somers, U Steger in 2002 made a case study on "business for corporate sustainability". It focuses on the tools in connection with the increase in popular concept of justification for sustainability strategies.

Njoroge J. Effects of the global financial crisis on CSR in international companies approached (2009) and Panteleou and Kollydas. Regarding the Social Responsibility under ICAP Group in Athens (2013)

IV.FIGURES AND TABLES

The following data are collected from the secondary sources from the company websites, annual reports, Companies Act 2013 (schedule VII), journals.

TABLE SHOWING SUSTAINABILITY OF CSR ACTIVITIES UNDERTAKEN (BEFORE THE AMENDMENT OF THE COMPANIES ACT, 2013)

CO. NAME ACTIVITIES	ONGC	IOC	GAIL	TATA	BIRLA	RELIANCE
Education	✓	✓	✓	✓	✓	✓
Healthcare	✓	✓	✓	✓	✓	✓
Women Empowerment and Gender Equality	✓	✓	✓	✓	✓	✓
Skill Development	✗	✓	✗	✗	✓	✓

Environment Protection	✓	✓	✓	✓	✓	✓
Community Development	✓	✓	✓	✓	✓	✗
Child safety	✓	✗	✗	✗	✓	✗
Hunger and Poverty	✗	✗	✗	✗	✗	✗
Disaster Relief	✗	✗	✗	✗	✓	✗
Others	✗	✗	✗	✗	✗	✓

Fig 4.1

TABLE SHOWING COMPLIANCE OF CSR ACTIVITIES BEFORE COMPANIES ACT, 2013

COMPANIES	SUSTAINABILITY	SUSTAINABILITY %	PHILANTHROPY	PHILANTHROPY %
ONGC	6/10	60%	4/10	40%
IOC	6/10	60%	4/10	40%
GAIL	5/10	50%	5/10	50%
TATA	5/10	50%	5/10	50%
BIRLA	8/10	80%	2/10	20%
RELIANCE	6/10	60%	4/10	40%

Fig 4.2

TABLE SHOWING SUSTAINABILITY OF CSR ACTIVITIES UNDERTAKEN (AFTER THE AMENDMENT OF THE COMPANIES ACT, 2013)

CO. NAME ACTIVITIES	ONGC	IOC	GAIL	TATA	BIRLA	RELIANCE
Education	✓	✓	✓	✓	✓	✓
Healthcare	✓	✓	✓	✓	✓	✓
Women Empowerment and Gender Equality	✓	✓	✓	✓	✓	✓
Skill Development	✓	✓	✓	✓	✓	✓
Environment Protection	✓	✓	✓	✓	✓	✓
Community Development	✗	✓	✓	✓	✓	✓
Child safety	✓	✓	✗	✗	✓	✓
Hunger and Poverty	✓	✓	✗	✓	✓	✗
Disaster Relief	✓	✓	✓	✓	✗	✓

Others	✓	✗	✓	✓	✓	✓
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Fig 4.3

TABLE SHOWING COMPLIANCE OF CSR ACTIVITIES AFTER COMPANIES ACT, 2013

COMPANIES	SUSTAINABILITY	SUSTAINABILITY %	PHILANTHROPY	PHILANTHROPY %
ONGC	9/10	90%	1/10	10%
IOC	9/10	90%	1/10	10%
GAIL	8/10	80%	2/10	20%
TATA	9/10	90%	1/10	10%
BIRLA	9/10	90%	1/10	10%
RELIANCE	9/10	90%	1/10	10%

Fig 4.4

4.1.1 LIMITATIONS

This study included total of six companies, three public and three private sector companies respectively. The study would be much more better and efficient if there were 10 or 15 companies. Due to shortage of time, only six companies were taken into consideration.

V.CONCLUSION

From this study it was founded that before The companies Act 2013, the private sector companies gave more initiative towards the CSR Activities than the public sector companies because at those time customers were mainly attracted towards the services provided by the private sector companies because the companies at those time practised i-wash technique which was not a sincere and fair practice. And finally it was also founded that after the companies act 2013 presently both public and private sector companies are equally doing well with regard to the CSR activities. With the coming of the Companies act 2013 it was made compulsory to do sustainable development both the companies are taking active participation in carrying out the CSR activities efficiently.

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