



CORPORATE SOCIAL RESPONSIBILITY REPORTING PRACTICES IN INDIA: A STUDY OF SELECTED NIFTY 50 COMPANIES

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ABSTRACT

Corporate social responsibility becomes a very important disclosure in the annual reports of large companies especially after making it mandatory provision in India by the Companies Act, 2013. This study examines the CSR disclosure practices followed by selected Nifty 50 companies of India. For the study purpose, from major eight sectors of Nifty 50, top two non-financial companies from each sector has been considered. Thus, the annual reports of last five years from 2016-17 to 2020-21 of total 16 companies are analysed in respect of CSR disclosure. Content analysis has been carried out and unweighted disclosure score was computed. Apart from company wise disclosure, theme wise disclosure has also been checked. It was found from the study that the highest disclosed dimension or index in CSR is environment, community development and healthcare activities. Over the years, the significance and disclosure related CSR has been increased a lot.

KEY WORDS

Corporate Social Responsibility, CSR disclosure, Content Analysis, Environment and Healthcare Activities

INTRODUCTION

Governments of almost all countries of the world are becoming more and more concern about certain important issues like ecological balance, climate change, preservation of natural resources for the future etc. Apart from this, certain important issues like poverty eradication, employment, women empowerment are also coming out in some developing and least developing nations. The ultimate responsibility of getting out of these issues, it is the responsibility of the government and large businesses or companies to step forward and take some good initiatives for the betterment and upliftment of the society as well as nation. The role of large companies become extremely important over here as those are run by the society, for the society and in the society. So, it is the ultimate responsibility of companies to contribute in these aspects as they are using the so many resources of society like environmental resources, human resources, capital resources, technological resources etc.

So, the concept of corporate social responsibilities emerged. Many companies voluntarily contribute so much on such aspects in the society. Even UN Global Compact and Global Reporting Initiatives (GRI) also request large companies to adopt socially responsible policies and practices and to report their implementation also. CSR policy and practice is also important for large companies in framing their positive corporate image in the mind of various stakeholders. And that is why, the most widely accepted definition of CSR given by World Business Council for sustainable development as, "The continuing commitment by the business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large." After knowing the importance of corporate social responsibility from the view of companies as well as community and society, India also become more conscious towards CSR practices and reporting followed by various companies.

CSR PRACTICES IN INDIA

In marketing, one might have studied various marketing concepts like exchange concept, production concept, product concept, selling concept, marketing concept etc. but the latest and most prevailing concept is Societal Marketing which reveals that the ultimate objective of any business is not only to earn profit and to provide satisfaction to customers but also provide such products and services which are beneficial, good and least harmful for the community, society and environment. So, after realising the reasonability and commitment towards the society and environment, the concept of CSR emerged. Especially in a country like India, CSR reporting and disclosure gaining so much importance now a days. Up to 2014, in India, the disclosure and reporting of CSR was voluntary for large

companies. Though many companies voluntarily disclose much information on CSR. So, considering the various aspects and benefits, from the date of April 1, 2014, India was the first country in the world which mandate the disclosure of corporate social responsibility for certain companies.

As per the rules and norms given under the Companies Act, 2013, disclosure of CSR will be compulsory for all those companies (its holding, subsidiary and foreign companies) whose annual net worth is more 500 crores or annual turnover more than 1,000 crores and annual net profit more than 5 crore in the preceding financial year. So, for all these companies, it became mandatory to follow the norms and provisions of CSR provided in the Companies Act. Norms and provisions for the CSR is given under section 135 of the Companies Act, 2013 which also recommend the composition of CSR committee in such companies which look after the CSR policy of company, amount of expenditure incurred etc. Schedule VII of the Companies Act, 2013 stated the list of activities to be considered as corporate social responsibility for companies which are as under:

- Activities of eradicating the hunger and poverty and promoting health
- Promoting education and employment
- Promoting gender equality and women empowerment
- Reducing child mortality and maternal health
- Promoting environmental sustainability
- Protection of national heritage and social business projects
- Promoting the activities of sports, science and technology
- Efforts taken for the benefit of armed forces veterans, war widows and their dependents
- Contribution in the funds like Prime Minister National Relief Fund or any other funds set up by central or state government for the development and welfare of backward classes or minority communities.
- Contribution in the rural and slum area development projects etc.

REVIEW OF LITERATURE

- Charumathi, Latha Ramesh (2015), explored the factors that determines the voluntary disclosure made by the selected non-financial companies of NSE. For the purpose, Voluntary disclosure index was constructed having 81 items of various financial and non-financial types, for the year 2009-10 to 2012-13 with the help of content analysis methodology. The study used the panel data model for measuring the effects of three variables on disclosure score.
- Deepa Mangala, Isha (2016), investigated the impact of selected corporate characteristics on the disclosure level of selected companies. For the purpose, disclosure score of 135 items consisting the various categories of information like production, marketing, financial, human resources, social responsibility, future outlook, intangible assets, company specific information has been prepared. Data has been collected from the year 2008 to 2014. The result of correlation regression revealed that big and highly leveraged firms had the higher disclosure level.
- Parvesh Kumar Aspal, Manjit Singh (2020), analysed the nature and extent of CSR disclosure in the selected companies of BSE 200 from the year 2014-16. CSR disclosure index had been found out by content analysis under the four dimensions of CSR i.e., employee relation, welfare and development of community, consumer issues and products and environment. During that study period, oil and gas industry was on top in disclosing more CSR activities. The highest disclosed dimension was customer issues and products which was followed by community development and welfare, environment, and employee relations.
- Dr. J. Karthikeyani (2016), presented the study of corporate social reporting practice in India. For that top 100 companies by market capitalization from BSE 200 were selected and annual reports of last five years were studied from 2007-08 to 2011-12. It was found from the study that apart from the other matters in annual reports of companies, CSR reporting had been gaining the momentum in India and many companies voluntarily come forward to disclose CSR activities on various aspects from environment to employee specific issues.

OBJECTIVES OF THE STUDY

- To study the extent of CSR disclosure made by selected Nifty 50 companies of India.
- To examine company wise disclosure on CSR made by selected Nifty 50 companies of India.
- To analyse the theme wise and item wise disclosure on CSR by selected Nifty 50 Companies of India.

DATA AND METHODOLOGY

This study analysed the pattern of CSR disclosure of selected Nifty 50 companies of India. For the study purpose, out of 50 companies, only non-financial companies are selected. So, from eight sectors, top two companies by market capitalization from each sector were selected for the study purpose. Total selected companies under the research were 16. The annual reports from the year 2016-17 to 2020-21 i.e., for total five years of those selected 16 companies were analysed for study purpose.

TECHNIQUE FOR DATA COLLECTION

The data has been collected by constructing unweighted disclosure index. For that purpose, content analysis technique has been used. The technique of content analysis is widely used by previous studies for constructing CSR disclosure index. Here, for the study purpose, total 33 items of corporate social responsibility have been considered which are categorised in various themes like Humanitarian & Disaster Relief Index, Education Index, Environment Index, Health Index and Community Development Index. All selected 16 companies were systematically analysed by using the technique of content analysis. For that dichotomous rating has given i.e., out of total 33 items, if particular item is present in the report of the company, then it will be assigned the value of 1 or otherwise 0. And in this way, the company wise CSR disclosure score has been calculated.

TABLE 1
COMPANY WISE CSR DISCLOSURE INDEX

COMPANY NAME	2016-17	2017-18	2018-19	2019-20	2020-21	Average	Rank
Maruti Suzuki	33.33	42.42	42.42	45.45	51.52	43.02	16
M & M	63.64	69.70	69.70	72.73	75.76	70.30	1
Ultratech	45.45	54.55	60.61	63.64	69.70	58.79	5
Grasim	69.70	66.67	66.67	72.73	54.55	66.06	3
HUL	57.58	42.42	54.55	48.48	51.52	50.9	9
ITC	48.48	39.39	45.45	48.48	51.52	46.66	13
Infosys	48.48	42.42	54.55	63.64	60.61	53.94	8
TCS	51.52	48.48	51.52	57.58	66.67	55.15	7
Hindalco	72.73	66.67	72.73	72.73	60.61	69.09	2
Tata Steel	39.39	42.42	51.52	48.48	60.61	48.48	12
ONGC	51.52	48.48	51.52	48.48	54.55	50.9	9
Reliance Ind.	33.33	66.67	60.61	54.55	63.64	55.76	6
NTPC	30.30	45.45	42.42	57.58	69.70	49.09	11
Power grid	60.61	63.64	63.64	69.70	60.61	63.64	4
Sun pharma	33.33	36.36	48.48	51.52	57.58	45.45	15
Divis Lab	39.39	45.45	39.39	48.48	60.61	46.66	13

[Source: Computed from Annual Reports]

Above table shows the company wise disclosure on CSR. Normally during the last five years, the average CSR disclosure made by such companies ranges between 71% to 43%. Top five companies in CSR disclosure during last five years are Mahindra & Mahindra (70.30%), Hindalco (69.09%), Grasim Ind. (66.06%), Power grid corporation (63.64%) and Ultratech Cement (58.79%) and bottom five companies in CSR disclosure are Maruti Suzuki (43.02%), Sun pharma (45.45%), Divis Lab (46.66%), ITC Ltd (46.66%) and Tata Steel Ltd (48.48%). The gap between the average disclosure score of top five and bottom five companies are very wide which is around 28%. But over the years, the disclosure on CSR has been increased a lot due to various norms and provisions made in Companies Act and genuine efforts taken by the companies.

TABLE 2
HUMANITARIAN & DISASTER RELIEF INDEX IN CSR DISCLOSURE

ACTIVITIES	2016-17	2017-18	2018-19	2019-20	2020-21	Average
Donating to prime minister's relief fund	0	0	0	18.75	37.5	11.25
Distributing relief materials to the people hit by natural disaster	25	18.75	43.75	25	37.5	30
Granting fund to the martyrs of various tragic events	6.25	0	6.25	6.25	6.25	5
Other Donations	68.75	56.25	56.25	56.25	68.75	61.25

[Source: Computed from Annual Reports]

Above index indicates the humanitarian approach of various companies and ability of corporates to help during disasters towards the society. Highest number of disclosed items is the donation (61.25) made by corporates other than three mentioned over here which is followed by the distributing relief materials to the people hit by natural disaster, donating to Prime Minister's Relief Fund and granting fund to the martyrs of various tragic events.

TABLE 3
EDUCATION INDEX IN CSR DISCLOSURE

ACTIVITIES	2016-17	2017-18	2018-19	2019-20	2020-21	Average
Acting as an educational partner	12.5	0	12.5	18.75	12.5	11.25
Donation in the school or library building	31.25	81.25	87.5	87.5	93.75	76.25
Providing computer education to the rural children	37.5	18.75	25	43.75	37.5	32.5
Business education	12.5	6.25	0	0	0	3.75
Adult literacy	12.5	25	25	18.75	6.25	17.5
Vocational training	93.75	75	75	62.5	87.5	78.75
Providing financial assistance & scholarship	37.5	56.25	50	50	56.25	50
Promoting primary education	87.5	81.25	87.5	75	100	86.25
Farmers knowledge enhancement programs	50	56.25	37.5	43.75	50	47.5
Other activities	50	18.75	31.25	62.5	68.75	46.25

[Source: Computed from Annual Reports]

Education index is very important from the view point of the future aspect of the nation. As education is the basic necessity for equitable human development in India. Here, of various parameters, promoting the primary education shows the highest disclosure or in this, companies made the highest contribution around 86.25% during the last five years. Promoting primary education includes the encouragement to the basic education need in India, providing them with basic necessity like infrastructure, tools, equipments, funding etc. Then the next highest contribution made by companies are in vocational training programs which is followed by donation in schools and library building, providing financial assistance and scholarship, farmers knowledge enhancement programs etc. Less contribution is made in the business education during last five years by all these companies. So, for entrepreneurship development of India, companies can focus more on this aspect also.

TABLE 4
ENVIRONMENT INDEX IN CSR DISCLOSURE

ACTIVITIES	2016-17	2017-18	2018-19	2019-20	2020-21	Average
Awareness Programme	56.25	87.5	87.5	68.75	56.25	71.25
Waste Management	100	100	100	100	100	100
Rain Water Harvesting	18.75	12.5	0	0	12.5	8.75
Conservation of Resources	100	100	100	100	100	100
Other Environmental Activities	81.25	56.25	100	100	100	87.5

[Source: Computed from Annual Reports]

After making the business responsibility report and disclosure of energy conservation mandatory, environment disclosure has been improved a lot during last five years of all selected companies. Energy is the prime ingredient for every economy. So, development of any economy depends upon the sustainable development and energy consumption. Almost all companies have been becoming more and more conscious towards the sustainable development and waste management as compared to past years. Here, highest disclosed items are waste management and conservation of energy which show the 100% disclosure which is followed by other environmental activities like tree planting, spreading awareness through various environmental programmes and rain water harvesting. In an agricultural country like India, dependency on rain water is very high. Here, companies can focus more and more on projects like rain water preservation or harvesting which further helps in the improvement of farming activities.

TABLE 5
HEALTH INDEX IN CSR DISCLOSURE

ACTIVITIES	2016-17	2017-18	2018-19	2019-20	2020-21	Average
Primary Health care & Awareness Programme	87.5	93.75	100	93.75	100	95
Blood Donation Camps	31.25	31.25	31.25	37.5	18.75	30
Health Centres and Projects	68.75	87.5	75	75	87.5	78.75
Eye Camps	31.25	31.25	37.5	31.25	25	31.25
Rest House Construction	6.25	0	0	0	0	1.25
Contribution & Donation to Hospitals	25	31.25	43.75	75	87.5	52.5
Other Healthcare Activities	81.25	93.75	100	100	100	95

[Source: Computed from Annual Reports]

The development of any economy depends upon mainly two factors: Education and Health. In a country like India, having the second highest population in the world, corporate and government need to focus more on the health aspect for the equitable human development and inclusive economic growth. Companies seem to be taking interest in various healthcare activities like focusing on the problem of malnutrition, infrastructure for paramedics, clinics, diagnostic centres and above all an affordable treatment for the people. Companies are promoting and investing in the development of primary health care and awareness programmes by conducting various seminars and camps, health centres and projects, contribution and donation in hospitals for latest medical equipments and treatments, blood donation camps, eye camps etc.

TABLE 6
COMMUNITY DEVELOPMENT INDEX IN CSR DISCLOSURE

ACTIVITIES	2016-17	2017-18	2018-19	2019-20	2020-21	Average
Women Empowerment	50	68.75	68.75	56.25	75	63.75
Rural Development Programmes	93.75	93.75	100	93.75	93.75	95
Disaster Rehabilitation	25	43.75	62.5	56.25	62.5	50
Employability	87.5	93.75	93.75	93.75	93.75	92.5
Sponsoring the Cultural Event	75	56.25	62.5	62.5	75	66.25
Building Senior Citizens Care Centre & Day-care Centre for Children	37.5	6.25	37.5	31.25	12.5	25

[Source: Computed from Annual Reports]

Till now, majority of population in India living in villages or rural areas and facing the problem of gender bias. So, above index shows the contribution made by selected companies in the development of community. Highest disclosed items in the annual reports of companies during last five years for the community development is the rural development programmes (95%) which is followed by other activities like employability to bring the nation out of the problem of unemployment, sponsoring various cultural and sports event, activities and programmes related to women empowerment, efforts taken by companies for disaster rehabilitation and making arrangements for care centres senior citizens and children.

TABLE 7
CATEGORY/ THEME WISE DISCLOSURE

SR NO.	CATEGORY	MEAN DISCLOSURE SCORE (%)
1	Humanitarian & Disaster Relief Index	26.88
2	Education Index	45
3	Environment Index	73.5
4	Health Index	54.82
5	Community Development Index	65.42

[Source: Self-constructed]

Above table showed the disclosure of various category items made by selected companies during last five years. Out of these five categories, highest disclosure made by companies is in the environmental activities having mean disclosure score of 73.5% which includes disclosure of energy conservation, waste management, arrangement of awareness programmes, rain water harvesting and other environmental activities. Then after the mean disclosure score of community development index, health index, educational index and humanitarian and disaster relief index were 65.42%, 54.82%, 45% and 26.88% respectively. Apart from above five categories of disclosure in CSR, the mean disclosure score of one item i.e., amount spent on CSR activities is 98.75% which showed that almost all companies disclosed the amount spent in CSR in every annual report during last five years.

FINDINGS & CONCLUSION

So, CSR role performed by various corporate houses play an important role for the betterment of society in addition to the government. Specifically, after making the CSR disclosure mandatory by the Companies Act, 2013, remarkable change can be observed in the CSR disclosure of large sized companies. Companies are maintaining the more transparency and efficiency in the disclosure of CSR activities, amount of fund used for the purpose of CSR etc. number of initiatives are taken by companies for making contribution in CSR in one or the other way. Especially disclosure requirement for CSR made Section 135 of the Companies Act, CSR activities in specific theme or field can be seen more. Likewise, here, majority companies prioritize the environmental activities, community development, and health to make the nation more and more green, developed and health conscious. Healthcare activities and contribution raised by such companies especially in the phase of COVID 19.

Even companies are contributing in the field of education as well as humanitarian and disaster relief activities slowly and gradually. It can be said that the foundation of any economy is the education. So, it should be also given more and more importance. So, with the time, companies are also trying to meet and respond the societal expectations and focusing on the major issues of the country. Also, it tries to change the attitude of higher level or managers towards the social responsibilities. So, major 16 companies from the Nifty play the vital role in performing the social obligations towards the society. These companies can also make partnership with the government and different non-government organizations in solving the major issues of the society. Even such companies also understand the value of combined growth and equitable and balanced development of the corporates and society. As this study covers the selected companies of Nifty 50, the results of the study can't be imposed on the other companies while adopting CSR. Therefore, more investigation and research has been needed in the field of CSR for deeper knowledge.

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