



CSR: State of Karnataka Analysis

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Abstract

Karnataka cover 1,91,791km² area out of the total area of India is 3.287 million km². It is Sixth largest state in India. It is in southwestern region of India. The population of India is nearly 1,380,004,385 which is almost equivalent to 17.7% of the total world population. The population of Karnataka is nearly 6.83 crores in 2021 which is around 4.95% of total population of India. Considering this demographic backdrop, it becomes essential in understanding the role of various corporations' social sector spending (CSR) in the State of Karnataka over five years.

The main objective of the paper is to study the post-2017-18 to 2021-22 trend of CSR expenditure in Karnataka, i.e., since the CSR law came into force through the Companies Act 2013. The present paper provides a comparative analysis of CSR expenditure in 30 districts in the State and its trend in each district over five years. Its analysis and comment on the per-person spending over five years in each district of Karnataka Further, the paper provides value-adding suggestions for better implementation of CSR law and ensuring social development at its best. Through this enactment, eligible companies are spending are being reported on the company's financial statement on an annual basis. It is always interesting to know the performance of CSR every five years, so in this paper, we will be doing a critical analysis of the CSR reported.

Keywords: CSR, State of Karnataka, CSR Expenditure

Introduction:

CSR, or corporate social responsibility, is a concept that has gained acceptance in the business sector and beyond. It shows an understanding that businesses have obligations that go beyond profit and shareholder interests. In essence, CSR represents a company's commitment to operate ethically, positively contribute to society, and engage in long-term practices that go above and beyond legal requirements. CSR, at its most basic, refers to a wide range of programs and actions performed by businesses to address environmental, social, and ethical concerns. These initiatives may include actions such as lowering carbon emissions, assisting with community development projects, fostering workplace diversity and inclusion, assuring fair labour practices, and participating in charity endeavours. CSR is based on the premise that businesses are not isolated entities, but rather vital

members of broader society. As such, they have a role to play in addressing societal concerns and contributing to community well-being. Companies that incorporate CSR into their plans hope to have a good impact on a variety of stakeholders, including employees, consumers, investors, local communities, and the environment.

Review of Literature:

Bibhu Prasad and Mohanty (2012) made a study on study on "Sustainable Development in Relation to Actual CSR" The findings revealed that firms now spend in a variety of sectors such as child labour, ground water, food, education, and so on, but they are unaware of the basic needs of the poor. According to the report, while profit is a natural feature of business, CSR goes beyond the company's natural and regulatory obligations. According to the study, sustainable development is the balanced development of society and business.

Dhingra D. & Mittal R. (2014) They discovered that several of the reporting banks are making fake gestures in their efforts to address socio-environmental problems. Most banks utilise CSR practises as a marketing tool, and many merely make peripheral CSR efforts, such as donations to charity trusts, NGOs, event sponsorship, and so on. Few banks have a well-defined CSR concept. Banks typically execute CSR on an ad hoc basis, unrelated to their business processes, and do not disclose how much money the company has spent on CSR efforts.

Thirumuru P. & Thirukkovela T.V.K. (2015) They concentrated on corporate social responsibility initiatives in a drug company & education sector and their impact on development, delving into its concept and determining its scope, using the case study of the Hetero group of drug companies toward corporate social responsibility in the upliftment of children from the common masses by providing better education to dropout girls and mainstreaming them into education. The corporation discovered that the Hetero group is concerned and has gone a long way toward fulfilling its obligation and commitment to society. It has touched the masses through improving educational facilities and improving people & livelihoods.

The objective of the Study:

The main objective of the paper is to study the post-2017-18 to 2021-22 trend of CSR expenditure in each district of Karnataka, i.e. since the CSR law came into force through the Companies Act 2013. The present paper provides a comparative analysis of the CSR expenditure trend in each district of Karnataka over five years of CSR expenditure and average per-person spending in each district of Karnataka and ranks each district based on per-person spending.

Further, the paper provides value-adding suggestions for better implementation of CSR law and ensuring social development at its best.

Hypothesis:

H₁: CSR spending is uniform in each district in State of Karnataka.

H₀: There is no uniformity in CSR spending in each district in the State of Karnataka.

H₁: Activities conducted under CSR are common in Nature in the State.

H₀: Activities conducted under CSR are not common in Nature in the State.

H₁: There is significant difference in amount spend on activities conducted under CSR.

H₀: There is no significant difference in amount spend on activities conducted under CSR.

Research Methodology: Secondary data is being studied from various website. Hypothesis testing is carried out by using statistical tools like T-test and Anova test.

Content:

The following data has been collected and the results have been compiled in the tables below:

Table: 1 Listed Company participated in CSR

Year	2017-18	2018-19	2019-20	2020-21	2021-22
Nos. of Companies	1435	1507	1661	1967	1984
% Increase	-	5.02	15.72	37.07	38.26

Source: compiled from www.csr.gov.in

The above table depicts the total number of companies participating under CSR in the State of Karnataka over the period of five years. The companies contributed to the CSR has increased from 5.02% in 2017-18 to 38.26% in 2021-22. It shows the number of companies participating in the state of Karnataka is increasing in nature.

Table:2 Amount spent by Listed companies by participating in CSR

Year	2017-18	2018-19	2019-20	2020-21	2021-22
Amount Spent (Rs. in crores)	1162	1274	1463	1259.54	1761.39
% increase	-	9.64	25.90	8.29	51.58

Source: compiled from www.csr.gov.in

The above table depicts the total amount spent by companies participating under CSR in the State of Karnataka over the period of five years. It shows the amount spent by companies participating in the state of Karnataka is increasing in nature.

Table 3:CSR per person over the period of Five years in the State of Karnataka

Sr. no.	District	17-18	18-19	19-20	20-21	21-22	Total Rs.in Crores	Population* (in Crores)	CSR Per Person
1	Bagalkot	1.17	0.29	2.92	0.63	5.62	10.63	0.215281	49.37744
2	Bangalore Rural	12.71	17.59	17.14	20.05	93.05	160.54	1.096087	146.4665
3	Bangalore Urban	28.56	11.61	30.47	77.4	1073.33	1221.37	0.112886	10819.51
4	Belgaum	1.28	2.3	8.73	8.09	14.97	35.37	0.544499	64.9588
5	Bellary	6	8.23	13.59	14.88	28.75	71.45	0.2794	255.7269
6	Bidar	0.37	0.06	0.32	0.68	2.12	3.55	0.19404	18.29521
7	Bijapur	0	0	0.2	0	0	0.2	0.248042	0.806317
8	Chamarajana	0.25	0	0.77	2.59	3.81	7.42	0.116289	63.80683
9	Chikkamagaluru	0.07	0.64	3.04	1.76	1.65	7.16	0.142981	50.07644
10	Chitradurga	254.96	17.49	3.9	10.24	11.08	297.67	0.189045	1574.597
11	Dakshina Kannada	3.81	51.76	82.52	44.68	30.37	213.14	0.238053	895.3476
12	Dharwad	2.41	4.78	26.2	27.03	41.01	101.43	0.210413	482.0522
13	Devanagere	0	0.09	1.66	1.46	3.46	6.67	0.221631	30.09507
14	Gadag	3.01	0.4	0.79	2.19	1.39	7.78	0.121276	64.1513
15	Gulbarga	0.14	0.41	0.11	2.25	18.79	21.7	0.292356	74.2246
16	Hassan	1.03	0.21	1.25	1.46	4.83	8.78	0.20237	43.3859
17	Haveri	0.7	0.6	1.34	0.91	8.6	12.15	0.182006	66.75593
18	Kodagu	1	1.37	0.72	2.51	20.52	26.12	0.063171	413.4822
19	Kolar	4.19	9.86	17.54	11.35	14.03	56.97	0.175027	325.493
20	Koppal	0.3	1.29	0.48	2.01	4.2	8.28	0.15834	52.29263
21	Mandya	0.25	0.25	0.49	2.22	6.49	9.7	0.205713	47.15303
22	Mysore	4.74	7.31	27.18	20.5	49.34	109.07	0.341888	319.0222
23	Raichur	0	4.99	4.51	4.51	17.87	31.88	0.21973	145.087

24	Ramanagar a	11.97	15.24	20.55	33.9	3.7	85.36	0.123334	692.1049
25	Shimoga	0.18	4.03	7.27	8.46	6.73	26.67	0.199674	133.568
26	Tumkur	1.64	4.4	8.76	3.96	14.38	33.14	0.305189	108.5883
27	Udupi	0.78	10.5	17.6	4.6	18.03	51.51	0.134125	384.0447
28	Uttara Kannada	2.05	9.61	4.63	5.07	11.05	32.41	0.163722	197.9572
29	Vijayapura	1.83	0	0.5	1.26	1.1	4.69	0.217733	21.54013
30	Yadgir	0	0.03	1.57	0.97	2.83	5.4	0.133773	40.36689

*<https://www.indiacensus.net/states/Karnataka>

The above table shows CSR spending per person districts wise. Top five districts like Bangalore Urban, Chitra Durga, Dakshina Kannada, and Ramanagara has high spending whereas Hassan, Yadgir, Davangere, Vijayapura, and Bidar has low spending per person this due to rural area. It is interesting to note that the CSR spending per person districts wise differs state wise to an extent that there is a huge difference between the amount spend in Bangalore Urban in comparison to the amount spend by a person on CSR Activities in Bidar. This difference is of course due to various factors which play a vital role in this activity. But it is interesting to note that the amount spend is also in the proportion of the population of that state. The ranking for the same is also mentioned which clearly depicts state wise per person spending.

Table 4: CSR Raking of District

District	Total Rs. (in Crores)	Population (in crores) *	CSR Per Person (Rs)	Ranking of District as per CSR per Person
Bangalore Urban	1221.37	0.112886	10819.51	1
Chitradurga	297.67	0.189045	1574.597	2
Dakshina Kannada	213.14	0.238053	895.3476	3
Ramanagara	85.36	0.123334	692.1049	4
Dharwad	101.43	0.210413	482.0522	5
Kodagu	26.12	0.063171	413.4822	6
Udupi	51.51	0.134125	384.0447	7
Kolar	56.97	0.175027	325.493	8
Mysore	109.07	0.341888	319.0222	9
Bellary	71.45	0.2794	255.7269	10
Uttara Kannada	32.41	0.163722	197.9572	11
Bangalore Rural	160.54	1.096087	146.4665	12
Raichur	31.88	0.21973	145.087	13
Shimoga	26.67	0.199674	133.568	14
Tumkur	33.14	0.305189	108.5883	15
Gulbarga	21.7	0.292356	74.2246	16
Haveri	12.15	0.182006	66.75593	17
Belgaum	35.37	0.544499	64.9588	18
Gadag	7.78	0.121276	64.1513	19

Chamaraja nagar	7.42	0.116289	63.80683	20
Koppal	8.28	0.15834	52.29263	21
Chikkamagaluru	7.16	0.142981	50.07644	22
Bagalkot	10.63	0.215281	49.37744	23
Mandya	9.7	0.205713	47.15303	24
Hassan	8.78	0.20237	43.3859	25
Yadgir	5.4	0.133773	40.36689	26
Davangere	6.67	0.221631	30.09507	27
Vijayapura	4.69	0.217733	21.54013	28
Bidar	3.55	0.19404	18.29521	29
Bijapur	0.2	0.248042	0.806317	30

*<https://www.indiacensus.net/states/karnataka>

From the above table CSR in Karnataka is highest in the Bangalore Urban and lowest in Bijapur. There are many reasons for difference of CSR in each district of Karnataka some of them are lack awareness and education about CSR in different region in Karnataka, sometimes economic factors are barriers for it, size and composition of companies engaged in the state are also a impacting reason for difference in CSR in each district of Karnataka.

Table:5 Development Sector Activities in the state of Karnataka

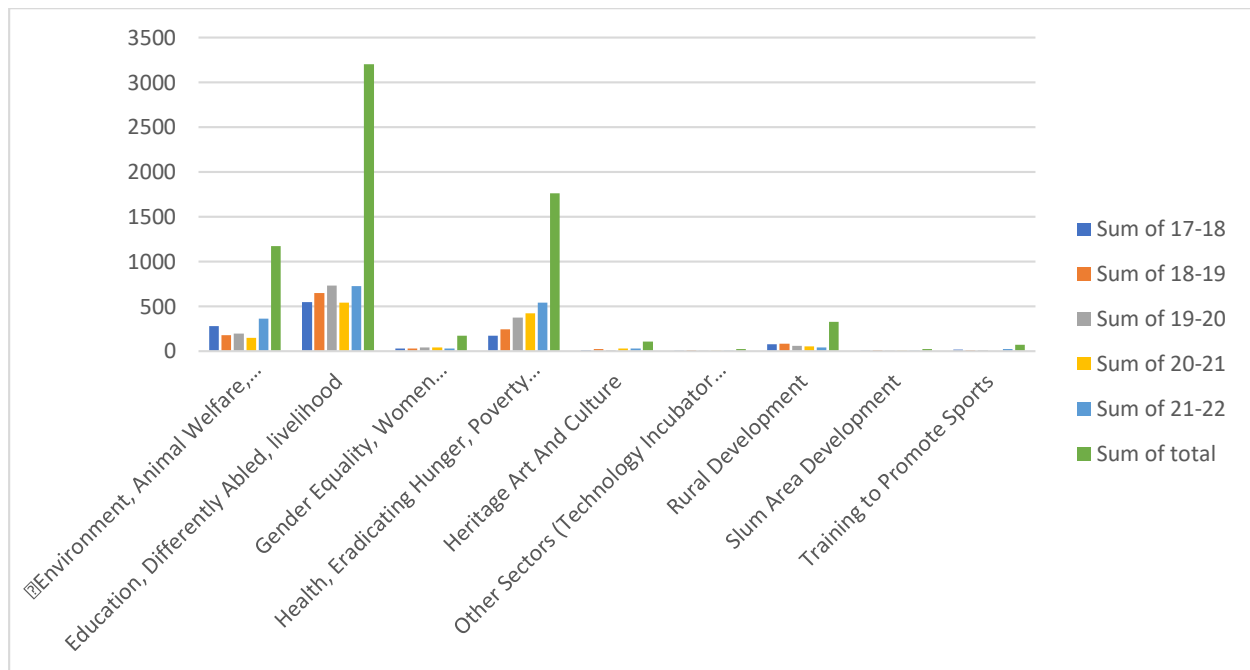
(Rs. in Crores)

Development Sector Activities	17-18	18-19	19-20	20-21	21-22	Average
Education, Differently Abled, livelihood	546.4	649.8	735.13	545.41	727.8	640.908
Health, Eradicating Hunger, Poverty and Malnutrition, Safe Drinking water, Sanitation	175.8	246.49	375.33	420.98	543.2	352.36
Environment, Animal Welfare, Conservation of Resources	283.1	180.3	195.94	151.78	361.74	234.572
Rural Development	78.52	87.17	62.05	56.07	42.08	65.178
Gender Equality, Women Empowerment, Old Age Homes, Reducing Inequalities	29.41	29.52	44.08	41.45	29.92	34.876
Heritage Art And Culture	13.36	22.16	12.1	28.68	28.81	21.022
Training to Promote Sports	17.35	15.57	13.04	0	26.85	14.562
Slum Area Development	0.12	15.71	4.34	0.98	0.62	4.354
Other Sectors (Technology Incubator And Benefits to Armed Forces And Admin Overheads)	1.69	10.99	5.57	5.61	0.44	4.86

Source: compiled from www.csr.gov.in

From the above table amount spend under CSR under different development over the period of five years 17-18 to 21-22 reflect that Education, Differently Abled, livelihood is highest priority of the companies participating in state of Karnataka, at second priority Health, Eradicating Hunger, Poverty and Malnutrition, Safe Drinking water,

Sanitation and third priority is Environment, Animal Welfare, Conservation of Resources. It can be seen that companies participating under CSR has lowest interest in Technology Incubator And Benefits to Armed Forces and in Slum Area Development.



Testing of Hypothesis 1:

H₁: CSR spending is uniform in each district in State of Karnataka.

H₀: There is no uniformity in CSR spending in each district in the State of Karnataka.

Result of Hypothesis Testing:

The T-test method was used to demonstrate the hypothesis.

Table-1: -

Particulars	Corporate social Responsibility per person
Mean	586
S.D	1960.8
P (T<=t) one sample T test	0.0005
t- value	1.3856
p- value	0.1764

Result and Analysis: The t-value and p-value are 1.3856 and 0.1764, respectively. The p- value equals 0.1764, p (x<_ 1.3856) = 0.9118). It means that the chance of type I error, rejecting a correct Ho is too high: 0.1764

(17.64%). The larger the p- value the more it supports H_0 . The test statistic T equals 1.3856, which is in the 95% region of acceptance:

(-2.0452, 2.0452). The 95% confidence interval of group is (-146.147, 1318.1693)

Conclusion: At p 0.5, the result is significant. Hence, we adopt the null hypothesis rather than the alternative hypothesis and come to the conclusion that There is no uniformity in CSR spending in each district in the State of Karnataka.

Testing of Hypothesis 2:

H_1 : Activities conducted under CSR are common in Nature in the State.

H_0 : Activities conducted under CSR are not common in Nature in the State.

The T-test method was used to demonstrate the hypothesis.

Table-2: -

Particulars	Average Development Sector Activities
Mean	152.5
S.D	219.9
P (T<=t) one sample T test	0.0005
t- value	0.8531
p- value	0.4184

Result and Analysis: The t-value and p-value are 0.8531 and 0.4184, respectively. The p- value equals 0=0.4184,

$p(x < 0.8531) = 0.7908$). It means that the chance of type I error, rejecting a correct H_0 is too high: 0.4184 (41.84%). The larger the p- value the more it supports H_0 . The test statistic T equals 0.8531, which is in the 95% region of acceptance: (-2.306, 2.306). The 95% confidence interval of group is (-16.4854, 321.528)

Conclusion: At p 0.5, the result is significant. Hence, we adopt the null hypothesis rather than the alternative hypothesis and come to the conclusion that. Activities conducted under CSR are not common in Nature in the State of Karnataka.

Testing of Hypothesis 3:

H_1 : There is significant difference in amount spend on activities conducted under CSR.

H_0 : There is no significant difference in amount spend on activities conducted under CSR.

The Anova test method was used to demonstrate the hypothesis.

Table-3: -: Significant difference in amount spent on activities conducted under CSR. Are tested using Anova test.

Source	DF	Sum of Square	Mean Square	F Statistic	P-value
Group (between groups)	4	26254.5533	6563.6383	0.1276	0.9716
Group (within groups)	40	2058238.319	51455.958		
Total	44	2084492.873	47374.838		

Result and Analysis: p-value equals **0.971574**, [$p(x \leq F) = 0.0284263$]. It means that if we would reject H_0 , the chance of type1 error (rejecting a correct H_0) would be too high: 0.9716 (97.16%) The bigger the p-value the stronger it supports H_0 . The test statistic F equals **0.127558**, which is in the 95% region of acceptance: $[-\infty; 2.606]$

Conclusion: There is significant difference in amount spend on activities conducted under CSR.

Conclusion and Suggestions:

The Way Forward.....

It is highly appreciable that the companies spending has increased. But does it suffice the purpose of nation building, regional balancing, and positive contribution of corporate in it? Are we moving in right direction? Is this should be the trend over next 25 years? To find out answer to these questions, researchers used per capita spending as core data district wise. Spending in local areas only, though in the framework of law, is good for certain initial years. But the horizons of area and sectors need to be widened slowly by corporate. An amendment to this effect in the Companies Act will trigger the steps in right direction. The Act may be amended to add further provision, possibly by categorizing the corporate CSR funding and activities on basis of age and profit growth rate of companies. For example, a company with an age of 25 years and an average annual growth rate of 5% or more, may be mandatorily asked to spend fraction of its CSR spending in areas like tribal areas or non-industrial zones. This will slowly cover all sectors and regions of this economy. Even, every village will be able to have basic facilities of health, education and food developed in due course of time. This will certainly motivate big corporate to establish their sister concerns on the form of non-profit organizations or NGOs in remotest areas of

country. Karnataka state is truly a progressive state wherein average post-2017-18 to 2021-22 CSR spending has seen an increase in each district of Karnataka, i.e., since the CSR law came into force through the Companies Act 2013 along with increase in per-person spending in CSR expenditure in each district of Karnataka. With agriculture as its main sector, could we think of measures in CSR spheres of corporate, where the agriculture sector will be helped. For example, CSR activities could be undertaken in the areas of farm ponds being developed, irrigation facilities be developed, provision of solar energy in farms through cluster farming, support to social groups promoting agro based products, etc. In post pandemic era of COVID 19, when jobs in corporate will be very meager, employing majority population in agriculture will be the one of the best option to boost overall economic development. The situation is going to become worse in next five years because of wide use of Artificial Intelligence in all sectors which will be displacing the jobs of humans. Though this 4th industrial revolution will create marvels in economic and high-quality production, it will result in huge unemployment of population in country like India. Thus, conscious efforts need to be taken for development of agriculture in India to absorb majority unskilled working force through CSR activities undertaken in the sector.

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