

**CONTRIBUTION OF CSR EXPENSES TOWARDS SUSTAINABILITY – A STUDY ON DEVELOPED STATES OF INDIA WITH SPECIAL REFERENCES TO PUBLIC AND PRIVATE ENTERPRISES**

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**ABSTRACT :**

The study aims to measure the link between CSR and economic growth. This study investigates whether CSR expenses shown by the developed, under-developed and developing countries are contributing to the sustainability of an emerging economy like India. For this study, CSR spending of under-developed states of India like-Bihar, Jharkhand, Madhya Pradesh and Uttar Pradesh, developing states like-Gujarat, Karnataka and Maharashtra and developed state like-Kerala for the year 2017-18 to 2021-22 have been taken as secondary data. The data of Public Sector Undertaking and Non-Public Sector Undertaking for the year 2017-18 to 2021-22 also consider for the purpose of analysis and interpretation. The analysis of data comprises the usage of bar diagrams. The study highlights that for developing nations like India, CSR activities are far-reaching possible. , developing and under-developed states are lagging behind in developing CSR agendas but should not simply copy from developed states but adopt CSR's agenda susceptible to their multiple states' sustainable and equitable developments. The findings of this paper confirm that Corporate Social Responsibility positively affects the economic growth of companies, including their profitability and firm value.

**Keywords :** Developed, under-developed, Developing, sustainable, equitable.

**INTRODUCTION:**

Corporate Social Responsibility(CSR) refers to activities such as environment protection, providing job, following ethical practices etc. by a company. It is a philanthropic initiative taken by a company. While many people view CSR as a way for companies to improve their public image, it can also have significant economic benefits for countries. The companies will be able to attract investment and expand their activities thereby creating job that in turn lead to country's economic growth. Sustainable economy will be created with the help of CSR because companies, by investing in social environmental programs will be able to create long-term economic benefits.

Enactment of Companies Act, 2013 by the Ministry of Corporate Affairs, Government of India was one of the world's largest experiments of introducing the CSR as a mandatory provision by imposing statutory obligation on Companies to take up CSR projects towards social welfare activities. This has made India the only country which has regulated and mandated CSR for some select categories of companies registered under the Act.

The National CSR Data Portal captures information on CSR activities carried out by eligible companies, filed on the MCA21 registry in their financial statements. The filed information provides a snap shot of CSR activities carried out by companies.

The CSR portal contains all filed information, which can generate pre-defined reports with respect to expenditure across states, districts, development sectors, etc. The Portal also provides for feedback on projects to be given by registered users.

The initiative is a significant step towards driving accountability and transparency for corporate India. By making the portal accessible to general public, it will ensure high level of compliance and also in institutionalising and consolidating the CSR activities. The open access to data is expected to help researchers, improve quality of data filed by companies, as well as involve intended beneficiaries in giving valuable feedback to companies.

### **LITERATURE REVIEW :**

1. The motive of regulatory agencies was clear while forming the CSR Act, 2014, to make all the profit-making corporates give back to society in the form of CSR some part of their profits or help the government develop the economy (Khandelwal&Swarna, [2014](#)).
2. As the funds or resources available to the government are not adequate to grow the economy rapidly to achieve high growth rates, corporates should also contribute towards this goal of sustainable development (Maxwell et al., [2000](#); McWilliams& Siegel, [2001](#)).
3. Zueva and Fairbrass ([2021](#)) also argue that there is a growing body of literature that shows that national governments around the world are promoting CSR through a variety of practices (Albareda et al., [2007](#), [2008](#); González & Martinez, [2004](#); Podsiadlowski&Reichel, [2014](#); Rossouw, [2005](#); Vallentin [2015](#); Waagstein, [2011](#)).
4. The stakeholder perspective of CSR is based on Freeman's ([1984](#)) argument that businesses have responsibilities for groups and individuals who can both influence and be influenced by business operations.
5. The social perspective of CSR is reflected in Kotler's ([1991](#)) definition of CSR as a means of running a firm to maintain and improve social well-being. Mohr et al. ([2001](#)) also reflect the social perspective when they define CSR as the commitment made by a company to remove or reduce its adverse impact on society and boost the long-term beneficial influence on society
6. Nazari et al. ([2012](#)) also define CSR as having four social responsibilities of a company: economic, legal, ethical, and philanthropic responsibility. Ali and Lasmono view CSR as having four responsibilities: ethical, economic, philanthropic, and legal perspective
7. The definition of [Corporate Social Responsibility](#) has a wide range and has evolved over time. Although there is no specific definition of CSR for the mining industry, in general, it is defined as the commitments of a company with regard to the environment and society and to provide local communities with benefits, mainly on a voluntary basis ([Abuya, 2016](#); [Slack, 2012](#)).
8. CSR can also be driven by a range of contemplations, such as a moral obligation to human rights, societal welfare, and protecting the economic activities of a company ([Mulhern et al., 2020](#)).
9. Creating a common ground for all stakeholders is a challenging task for most mining companies. It is argued that the social responsibility of mining companies can evolve according to the harmony of the economic development and profitability of the company (shareholders) and move toward [sustainability](#) (stakeholders), which can be done through CSR initiatives ([Vintró and Comajuncosa, 2010](#)).
10. CSR activities can act as a means to address the social and/or [environmental issues](#) created by mining companies. As the literature indicates, companies implement CSR as a channel for philanthropic activities to benefit communities through the establishment of various facilities and infrastructures ([Mzembe and Downs, 2014](#);
11. Stakeholder Theory discusses the fact that a business has a wider range of beneficiaries besides its shareholders. Prioritizing shareholders over stakeholders can cause long-term issues for firms ([Kumi et al., 2020](#)).

### **OBJECTIVES:**

1. To find out the application of CSR by the companies for enhancing their image.
2. To analyze the data on amount spent by developed, underdeveloped and developing states of India.
3. To understand the importance of CSR in the economic growth and development of the country.

### **OBJECTIVES-1**

To find out the application of CSR by the companies for enhancing their image.

CSR activity is to be followed by the companies, either of the three conditions have to be fulfilled Networth Rs. 500 crore or more, Turnover Rs. 1000 crore or more and Net profit Rs. 5 crores or more. Out the 3 preceding financial years average profit, 2% of it is to be used for CSR activity. Any surplus arising out of the CSR activity will not form the profit of the company. The CSR Committee will approve the expenditure on CSR activities within the monetary limits sanctioned by the Board for such activities.

**OBJECTIVES-2**

To analyze the data on amount spent by developed, underdeveloped and developing states of India. The data collected in secondary in nature and is collected from the WEB-SITE .

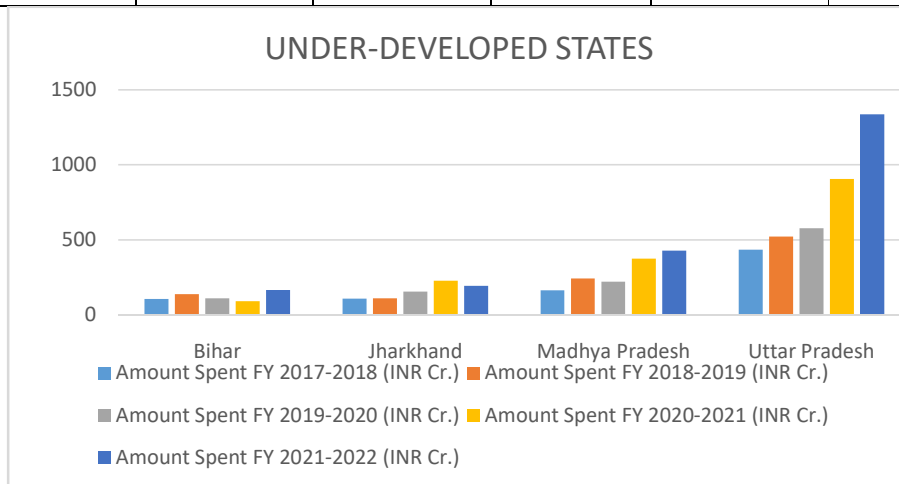
**SOURCE OF DATA**

<https://www.csr.gov.in/content/csr/global/master/home/ExploreCsrData/dynamic-csr-report-search.html>

**TABLE -1**

**Amount Spent By Under-Developed States in CSR In 5 Years**

UNDER DEVELOPED STATES	Amount Spent FY 2017-2018 (INR Cr.)	Amount Spent FY 2018-2019 (INR Cr.)	Amount Spent FY 2019-2020 (INR Cr.)	Amount Spent FY 2020-2021 (INR Cr.)	Amount Spent FY 2021-2022 (INR Cr.)
Bihar	106.17	137.95	110.48	89.89	165.97
Jharkhand	109.23	109.8	155.21	226.54	193.33
Madhya Pradesh	163.92	243.55	220.46	375.51	426.9
Uttar Pradesh	435.21	521.32	577.98	907.32	1338.23



source: National Portal for CSR

**Interpretation**

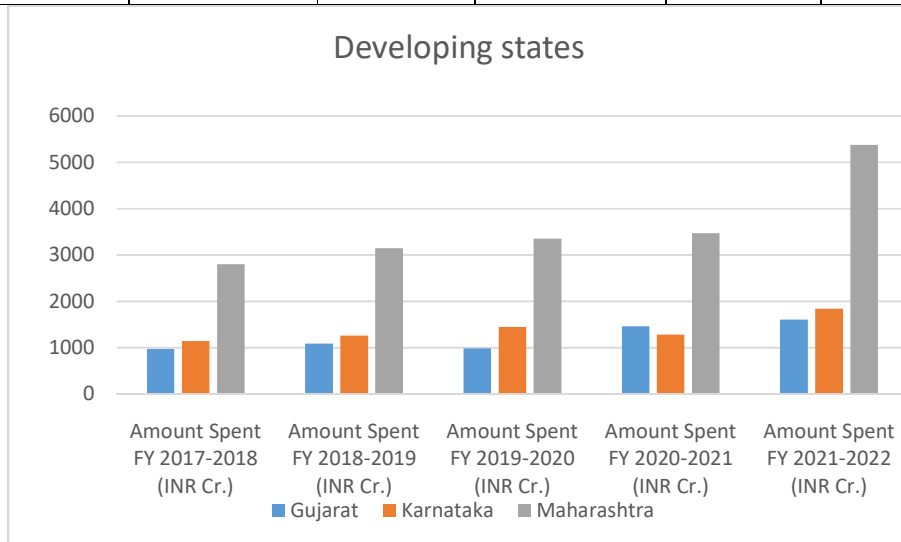
State Uttar Pradesh spent more on CSR for the development as compared to other states. The other states like Bihar, Jharkhand and Madhya Pradesh spent very low amount as compared to Uttar Pradesh.

SUGGESTION - It is suggested to see the concerned department to find out the reason for low spending and take the corrective measures.

**TABLE -2**

**Amount Spent By Developing States In CSR In 5 Years**

DEVELOPING STATES	Amount Spent FY 2017-2018 (INR Cr.)	Amount Spent FY 2018-2019 (INR Cr.)	Amount Spent FY 2019-2020 (INR Cr.)	Amount Spent FY 2020-2021 (INR Cr.)	Amount Spent FY 2021-2022 (INR Cr.)
Gujarat	967.97	1082.18	984.37	1461.6	1603.51
Karnataka	1145.79	1257.69	1448.16	1277.81	1836.86
Maharashtra	2797.53	3147.72	3353.24	3464.81	5375.26



source: National Portal for CSR

**INTERPRETATION**

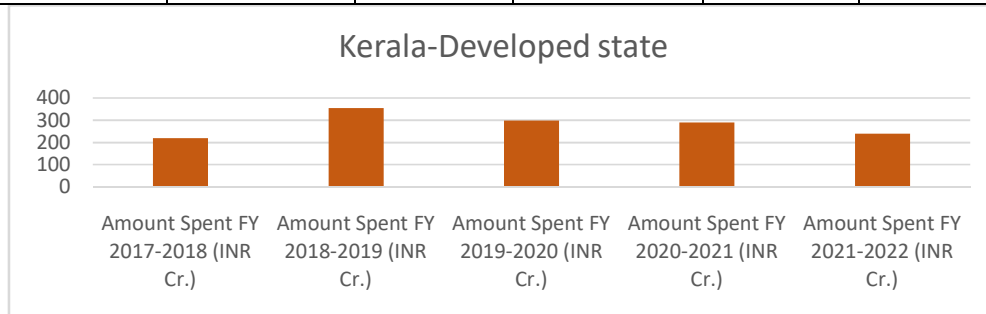
Among the developing states, Maharashtra spent major amount as compared to Gujrat and Karnataka. The major reason is assumed to be highly populated place.

SUGGESTIONS-Industrialization is observed but at the same time measures to be taken to see that the standard of living of the people also enhanced to make from developing to developed states.

**Table - 3**

**Amount Spent By CSRBy Developed State-Kerala In Five Years**

DEVELOPED STATES	Amount Spent FY 2017-2018 (INR Cr.)	Amount Spent FY 2018-2019 (INR Cr.)	Amount Spent FY 2019-2020 (INR Cr.)	Amount Spent FY 2020-2021 (INR Cr.)	Amount Spent FY 2021-2022 (INR Cr.)
Kerala	219.73	354.78	298.56	290.67	239.5



source: National Portal for CSR

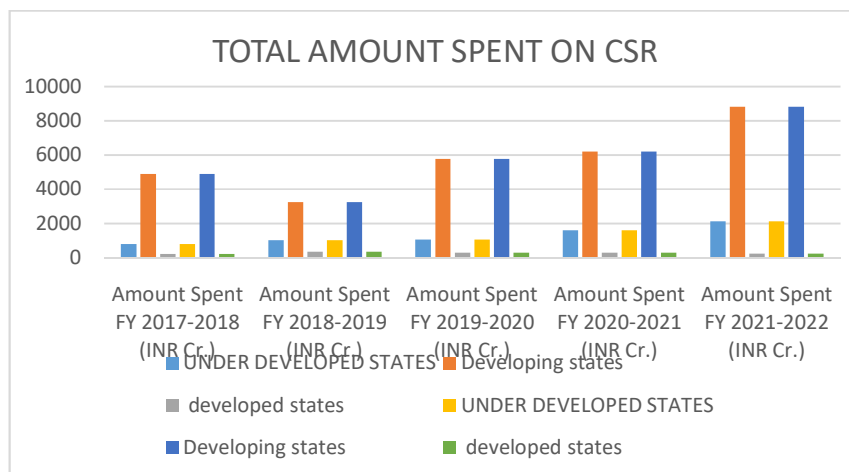
**Interpretation**

Kerala, the most developed state had spent more amount on CSR in the year 2018-2019 as compared to other years. The assumptions could be pandemic and low returns generated by the state. SUGGESTIONS- Though the State is developed still it needs to try to see that the people of state should live below the poverty line. Apart from education, it needs to invest in the rural development also.

**TABLE -4**

**Total Amount Spent By Developed, Developing and Underdeveloped States On CSR In Five Years**

	Amount Spent FY 2017-2018 (INR Cr.)	Amount Spent FY 2018-2019 (INR Cr.)	Amount Spent FY 2019-2020 (INR Cr.)	Amount Spent FY 2020-2021 (INR Cr.)	Amount Spent FY 2021-2022 (INR Cr.)
Under Developed States	814.53	1012.62	1064.13	1599.26	2124.43
Developing states	4911.29	3246.54	5785.77	6204.22	8815.63
Developed states	219.73	354.78	298.56	290.67	239.5



source: National Portal for CSR

**Interpretation:** If we analyze the above data it is seen that the total amount spent in comparison to developed, developing and underdeveloped states, the developing states spending more on CSR and still they have status of developing stated, the assumption could be large size, high population and lack of awareness of CSR

**Suggestions:** The developing states can increase the CSR spending in proportionate to the size of the population.

**OBJECTIVE – 3**

To understand the importance of CSR in the economic growth and development of the country

Here are some ways in which CSR can be important for a country's economy:

1. **Enhancing Brand Reputation:** When companies engage in socially responsible activities, they can build a positive brand reputation, which can lead to increased customer loyalty and sales. This, in turn, can contribute to economic growth.
2. **Attracting Investments:** Investors are increasingly interested in companies that have a strong CSR program. Countries that promote CSR can attract more foreign investments and create more job opportunities.

- Promoting Innovation: CSR initiatives can drive innovation as companies seek to find new and more sustainable ways of doing business. This can lead to the development of new technologies and practices, which can benefit the economy.
- Reducing Costs: CSR can help companies reduce costs by promoting sustainability practices such as energy efficiency and waste reduction. This can lead to cost savings for businesses, which can boost their profits and contribute to economic growth.
- Fostering Social Stability: CSR can contribute to social stability by addressing social and environmental challenges in the communities where companies operate. This can lead to a more stable business environment, which can benefit the economy.

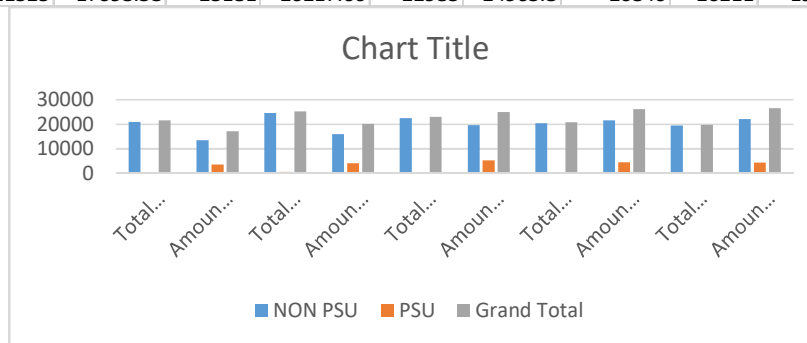
In conclusion, corporate social responsibility can have significant economic benefits for countries. By attracting investment, improving the business environment, reducing business risks, and creating a more sustainable economy, CSR can help to promote economic growth and development. As such, it is important for companies to consider their social and environmental impact and engage in responsible business practices. Overall, CSR can be important for a country's economy by enhancing brand reputation, attracting investments, promoting innovation, reducing costs, and fostering social stability.

**Table – 5**

**CSR expenditures from 2017 to 2022 (source: National Portal for CSR)**

**Amount spent by total companies of PSU and NON-PSU from Financial Year 2017-18 to Financial Year 2021-22**

	Total Company FY 2017-18	Amount Spent FY 2017-2018 (INR Cr.)	Total Company FY 2018-19	Amount Spent FY 2018-2019 (INR Cr.)	Total Company FY 2019-20	Amount Spent FY 2019-2020 (INR Cr.)	Total Company FY 2020-21	Amount Spent FY 2020-2021 (INR Cr.)	Total Company FY 2021-22	Amount Spent FY 2021-2022 (INR Cr.)
NON PSU	20984	13447.56	24562	15993.2	22502	19655.7	20392	21724.7	19527	22211.91
PSU	541	3651.02	619	4224.46	483	5310.12	448	4486.27	361	4367.87
Grand Total	21525	17098.58	25181	20217.66	22985	24965.8	20840	26211	19888	26579.78



source: National Portal for CSR

**Interpretation:** As per the data it is evidenced that Non-Public Sector Undertaking companies spending in CSR is more as compared to Public Sector Undertaking. The reason assumed to be cut-throat competition and image building.

**Suggestion-**Public sector undertaking companies also need to spend more so that a balance is to be created there by enhancing the growth and development of the country.

**FINDINGS :**

- Some developing countries still see CSR as an act of philanthropy, not as means for sustainable and equitable development for economic growth, hence the lack of transparency surrounding CSR by the various government and their elites.
- Being a socially responsible company can bolster a company's image and build its brand.

3. Businesses that implement social responsibility initiatives can increase customer retention and loyalty.
4. Socially responsible companies have the opportunity to stand out from the competition because they cultivate superior and positive brand recognition.

#### **CONCLUSION:**

CSR is one of the best practices of sustainability. The concern should see that the money spent for CSR to be used it in a proper way. It must for a social cause and development, then only the purpose of it is fulfilled. For this purpose, proper planning is to be done and transparency is to be maintained. If it is implemented in an efficient manner then days are not far when India will a developed country. Though private sector is spending more on CSR to create their Brand Image, at the same time public companies also need to create transparency in spending on CSR.

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