

A STUDY OF COVID IMPACT ON CSR EXPENDITURE OF DIFFERENT STATES OF INDIA

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Abstract:

With the New Companies Act, 2013, in early April 2014, India became the first country in the world to make Corporate Social Responsibility (CSR) mandatory. As a result, businesses are allowed to invest all of their profits in areas such as education, gender equality, poverty, and hunger, which is an important element of any CSR compliance. Corporate Social Responsibility (CSR), is an organization's commitment to manage the social, environmental and economic effects of its operations responsibly and in line with public and stakeholder expectations. At issue for CSR are the "societal expectations of corporate behaviour; a behaviour that is alleged by a stakeholder to be expected by society or morally required and is therefore justifiably demanded of a business" (Whetten et al. 2002: 374). Objectives: 1. To understand concept of Corporate Social Responsibility. 2. To study covid impact on CSR expenditure of different states of India. Hypotheses: H0: CSR expenditure of different states of India had not reduced in covid period. H1: CSR expenditure of different states of India had reduced in covid period. Secondary data was collected from National CSR portal. Limitation of the study: Scope of the study: Data was used for six years from 2014-15 to 2021-22. Limitations of the study were time, money and secondary research data was National CSR portal. Utility of the study: The research paper will be useful to government to make polices relating to CSR and it will be useful to research scholars to do further research. Findings: CSR total expenditure of India (all states) was Rs. 24891.63 in 2019-20 and Rs. 24865.46 in 2021-22. It reduced during covid period.

Keywords: CSR, SEBI, BRR, DPE and PSU.

1. Introduction:

With the New Companies Act, 2013, in early April 2014, India became the first country in the world to make Corporate Social Responsibility (CSR) mandatory. As a result, businesses are allowed to invest all of their profits in areas such as education, gender equality, poverty, and hunger, which is an important element of any CSR compliance. Furthermore, in the midst of the coronavirus outbreak, the Ministry of Corporate Affairs has announced that a company's expenditures used to combat the pandemic will be considered valid under various CSR initiatives. Funds may be used for a variety of initiatives related to the COVID-19 pandemic,

such as healthcare promotion, including preventative sanitation and healthcare, disaster management, and so on.

The board of directors usually has a Corporate Social Responsibility Committee and all funds provided under the Corporate Social Responsibility programme are primarily and solely for the purpose of addressing social development issues and improving the living standards of hundreds of thousands of economically poor and disadvantaged people in our society so that they can live a dignified and productive life as well. CSR is considered as a corporate initiative to take responsibility for and assess the company's impact on social welfare and environmental repercussions. It has a lot to do with businesses' efforts to promote positive social and environmental change.

Corporate Social Responsibility (CSR), is an organization's commitment to manage the social, environmental and economic effects of its operations responsibly and in line with public and stakeholder expectations. CSR is strongly connected with the principles of sustainability. The Authority commits to make decisions based not only on financial or operational factors, but also on the social and environmental consequences. Organizations increasingly use CSR activities to position their corporate brand in the eyes of consumers and other stakeholders, such as through their annual reports (Sweeney and Coughlan 2008) and websites (Maignan and Ralston 2002; Wanderley et al. 2008).

At issue for CSR are the "societal expectations of corporate behavior; a behavior that is alleged by a stakeholder to be expected by society or morally required and is therefore justifiably demanded of a business" (Whetten et al. 2002: 374). As a stakeholder-oriented concept, CSR holds that organizations exist within networks of stakeholders, face the potentially conflicting demands of these stakeholders, and translate the demands into CSR objectives and policies. In some cases though, organizations attempt to change stakeholders' expectations (Lamberg et al. 2003). Although CSR now appears as an important dimension of contemporary business activities (Kotler and Keller 2008), the dynamic and practical aspects of developing a CSR orientation within an organization have emerged only recently in literature (Jonker and de Witte 2006; Lindgreen et al. 2009).

The starting point for any company that wishes to establish a new CSR policy or to review its existing policy is to assemble a working group composed of the appropriate legal and operational leaders. Members might include board directors, key operations executives, communications executives and in-house counsel. A company's CSR program should be shaped by legal requirements, corporate values, market, industry and societal norms and the commercial context in which the company operates. Department of Public Enterprises (DPE) has been issuing guidelines to Public Sector Undertakings (PSUs) to implement CSR, in addition to the provisions of Companies Act, 2013. Securities and Exchange Board of India (SEBI) has mandated the top 500 companies, by market capitalization, to report on the implementation of these principles through the Business Responsibility Report (BRR).

2. Literature Review:

In a third study, Garriga and Melé (2004) distinguish four groups of CSR theories, considering their respective focus on four different aspects of the social reality: economics, politics, social integration, and ethics. Howard R. Bowen marked the beginning of the modern period of CSR literature with his book *Social Responsibility of the Businessman*, published in 1953. He started by asking the following: ‘What responsibility to society may businessmen reasonably be expected to assume?’ Preston and Post (1975) introduced the notion of ‘public responsibility’. With this notion, they tried to define the function of organizational management within the specific context of public life.

3. Objectives:

1. To understand concept of Corporate Social Responsibility
2. To study covid impact on CSR expenditure of different states of India

4. Hypotheses:

H0: CSR expenditure of different states of India had not reduced in covid period.

H1: CSR expenditure of different states of India had reduced in covid period.

5. Research Methodology:

Secondary data was collected from National CSR portal. Anova (F Test) was used to analysis data.

6. Research Work:

6.1 Data Analysis and Interpretation:

Table 1

CSR Expenditure State wise from 2014-15 to 2020-21

State including UTs	FY 2014-2015 (INR Cr.)	FY 2015-2016 (INR Cr.)	FY 2016-2017 (INR Cr.)	FY 2017-2018 (INR Cr.)	FY 2018-2019 (INR Cr.)	FY 2019-2020 (INR Cr.)	FY 2020-2021 (INR Cr.)
Andaman And Nicobar	0.29	0.55	0.63	0.73	0.82	1.29	2.19
Andhra Pradesh	414.28	1276.73	741.52	575.07	664.87	710	662.39
Arunachal Pradesh	11.05	1.48	24.05	11.91	24.56	18.02	10.58
Assam	134.78	158.97	256.92	211.33	210	282.14	163.21
Bihar	36.69	123.8	100.62	106.17	137.57	110.15	78.02

Chandigarh	1.77	5.34	21.96	20.51	11.46	15.58	13.12
Chhattisgarh	161.3	239.72	84.66	176.7	149.35	268.18	305.73
Dadra And Nagar Haveli	4.41	12.03	7.37	6.98	13.48	18.34	18.08
Daman And Diu	20.05	2.39	2.63	20.23	6.25	9.53	5.25
Delhi	237.44	455.17	460.25	579.37	749.24	827.74	657.73
Goa	27.11	28.15	33.28	53.77	46.77	43.86	40.95
Gujarat	313.41	547.94	864.83	967.97	1082.09	982.53	1397.26
Haryana	187.41	373.44	386.17	363.43	377.53	521.11	536.86
Himachal Pradesh	10.95	52.2	22.83	69.23	78.79	78.61	104.6
Jammu And Kashmir	38.48	107.8	42.65	50.77	36.44	25.27	35.1
Jharkhand	79.44	116.93	95.49	109.23	109.8	155.21	208.34
Karnataka	403.47	771.59	875.38	1145.42	1250.39	1445.8	1205.23
Kerala	68.23	145.03	133.82	219.71	354.67	295.78	283.78
Lakshadweep	0	0.3	0	2.27	0.39	0	0.01
Madhya Pradesh	141.85	171.58	161.11	163.92	243.17	215.06	344.13
Maharashtra	1445.92	2026.91	2414.8	2797.53	3144.23	3336.14	3306.72
Manipur	2.44	6.25	12.35	4.81	7.81	14.21	9.66
Meghalaya	3.53	5.59	9.75	11.18	16.54	17.65	12.46
Mizoram	1.03	1.07	0.08	1.28	0.11	0.25	0.81
Nagaland	1.11	0.95	0.53	1.81	2.12	5.1	3.57
Odisha	252.18	618.69	316.31	504.22	688.25	714.82	547.57
Puducherry	2.02	6.37	7.43	6.09	9.15	11.32	11.79
Punjab	55.61	69.14	75.05	112.36	166	188.52	126.01
Rajasthan	299.76	483.99	324.23	443.35	595.44	733.95	643.07
Sikkim	1.19	1.45	6.71	7	5.87	10.99	15.15
Tamil Nadu	539.64	588.22	544.43	669.65	876.83	1069.45	1082.33
Telangana	101.96	263.6	256.15	380.56	428.06	445.56	579.75
Tripura	1.33	1.39	1.25	1.88	23.06	9.4	9.29
Uttar Pradesh	148.9	416.99	321.23	435.21	519.14	577.08	826.67
Uttarakhand	74.79	73.11	102.37	85.79	172.26	124.65	151.3
West Bengal	194.86	412.14	275.68	338.32	381.77	416.97	427.44
Grand Total	10065.93	14517.21	14344.87	17098.18	20172.07	24891.63	24865.46

Table 2**Comparison of CSR Expenditure of States before Covid 19 and during Covid 19 period**

State including UTs	FY 2019-2020 (INR Cr.)	FY 2020-2021 (INR Cr.)	Changes Increase/Decrease	Percentage %
	Period Before Covid 19	Covid 19 Period		
Andaman And Nicobar	1.29	2.19	0.9	70%
Andhra Pradesh	710	662.39	-47.61	-7%
Arunachal Pradesh	18.02	10.58	-7.44	-41%
Assam	282.14	163.21	-118.93	-42%
Bihar	110.15	78.02	-32.13	-29%
Chandigarh	15.58	13.12	-2.46	-16%
Chhattisgarh	268.18	305.73	37.55	14%
Dadra And Nagar Haveli	18.34	18.08	-0.26	-1%
Daman And Diu	9.53	5.25	-4.28	-45%
Delhi	827.74	657.73	-170.01	-21%
Goa	43.86	40.95	-2.91	-7%
Gujarat	982.53	1397.26	414.73	42%
Haryana	521.11	536.86	15.75	3%
Himachal Pradesh	78.61	104.6	25.99	33%
Jammu And Kashmir	25.27	35.1	9.83	39%
Jharkhand	155.21	208.34	53.13	34%
Karnataka	1445.8	1205.23	-240.57	-17%
Kerala	295.78	283.78	-12	-4%
Lakshadweep	0	0.01	0.01	
Madhya Pradesh	215.06	344.13	129.07	60%
Maharashtra	3336.14	3306.72	-29.42	-1%
Manipur	14.21	9.66	-4.55	-32%
Meghalaya	17.65	12.46	-5.19	-29%
Mizoram	0.25	0.81	0.56	224%
Nagaland	5.1	3.57	-1.53	-30%
Odisha	714.82	547.57	-167.25	-23%
Puducherry	11.32	11.79	0.47	4%
Punjab	188.52	126.01	-62.51	-33%
Rajasthan	733.95	643.07	-90.88	-12%
Sikkim	10.99	15.15	4.16	38%
Tamil Nadu	1069.45	1082.33	12.88	1%
Telangana	445.56	579.75	134.19	30%

Tripura	9.4	9.29	-0.11	-1%
Uttar Pradesh	577.08	826.67	249.59	43%
Uttarakhand	124.65	151.3	26.65	21%
West Bengal	416.97	427.44	10.47	3%

6.2 Hypotheses:

H0: CSR expenditure of different states of India had not reduced in covid period.

H1: CSR expenditure of different states of India had reduced in covid period.

Table 3

Analysis of data

Anova: Single Factor						
SUMMARY						
<i>Groups</i>	<i>Count</i>	<i>Sum</i>	<i>Average</i>	<i>Variance</i>		
Period Before covid 19	36.00	13700.26	380.56	391842.61		
Period after covid 19	36.00	13826.15	384.06	391382.26		
ANOVA						
<i>Source of Variation</i>	<i>SS</i>	<i>df</i>	<i>MS</i>	<i>F</i>	<i>P-value</i>	<i>F crit</i>
Between Groups	220.12	1.00	220.12	0.00	0.98	3.98

Null hypothesis is failed to reject as P – value is 0.98 which is less than F critical value of 3.98 and P-Value is more than 0.5. Hence, Researcher assumed that CSR Expenditure of different states of India had not reduced in covid period.

6.3 Scope of the study:

Data was used for six years from 2014-15 to 2021-22. Limitations of the study were time, money and secondary research data was National CSR portal.

6.4 Utility of the study:

The research paper will be useful to government to make polices relating to CSR and it will be useful to research scholars to do further research

6.5 Limitations of the study:

Limitations of the study were time, money and secondary research data was National CSR portal. CSR data of State wise expenditure was not available for the Financial Year 2021-22 in National CSR portal.

7. Findings:

- i. Total CSR expenditure of states was Rs.10065.93 crores in 2014-15, which was increased to 24865.46 in 2020-21 i.e by Rs.14799.53 crores (59.52%).
- ii. If you see CSR expenditure of states in 2019-20 was 24891.63 and in 2020-21 it was 24865.46. It had reduced by Rs.26.17 crores (0.11%) due covid 19. It clearly shows that Covid 19 had effected badly on CSR expenditure of states.
- iii. 16 states CSR Expenditure increased whereas 19 states CSR Expenditure decreased during covid 19 period.

8. Conclusions:

Researcher concluded that CSR expenditure is indispensable in the Vertical and Horizontal growth of the country. During Covid 19 CSR expenditure of different states had been reduced, which affected different themes such as Slum Area Development, Rural Development, Heritage Art and Culture, Poverty Alleviation and Health Care, Gender Equality and Women Empowerment.

References:

<https://csr.gov.in/content/csr/global/master/home/home.html>

Report of India CSR Five Years and 100,000 Cr.