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THE CSR SPENDING ANALYSIS OF INDIAN CORPORATE SECTOR: A CASE STUDY OF NIFTY-50 INDEXED COMPANIES

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ABSTRACT
CSR means that a company will only meet the wants and demands of its users and owners. It can also mean meeting the basic needs of the business and the needs of the community. Companies can help people and promote their brand at the same time through CSR programs that include responsible business practices, charity, and planned efforts. This chapter explains the theory and practical ideas behind CSR as well as how it works. For the study, a purposeful sampling of the top 50 industries named under NSE NIFTY-50 in 2023 was chosen. Over the course of Four years, from 2020 to 2023, secondary data were collected and analysed using regression analysis. The results are shown in the form of factors that show why Indian corporations spend so much on CSR. Further the results of the study revealed that the companies selected in present study are spending in different preparation for CSR activities.

***Keywords**: CSR spending, Indian corporate sector nifty-50, indexed companies.*

INTRODUCTION

India is the only nation globally that mandates firms to adhere to their CSR expenditure. Countries such as the UK, France, Germany, and others have implemented regulations that firms have had the option to disregard. Section 135 of the Companies Act, 2013 introduced the opportunity for CSR in accordance with the most recent advancements. The command to "unveil or clarify" is also fostering more transparency and information. Companies that fulfill the criteria outlined in the legislation are obligated to spend a minimum of 2% of their yearly earnings towards endeavors related to CSR throughout the preceding three years. Calendar VII of the Act provides comprehensive guidelines on CSR activities and emphasizes the role of groups as a central point for fostering collaboration among all stakeholders. CSR may extend beyond groups and the concept of kindness by addressing an organization's partnership dynamics and integrating CSR into its fundamental operations. If entities are unable to comply with the CSR plans outlined in the Act, they must provide a justification for not allocating funds towards CSR initiatives. The optimal approach is to either get consent or seek clarification. Failure to comply will result in facing repercussions, such as penalties. CSR has become a priority for many CEOs. Authorities at both the national and local levels are now contemplating the matter seriously. Non-governmental organizations, consumer advocacy groups, corporations, and other individuals from civil society are also participating. Enterprises worldwide are increasingly recognizing the need of conducting themselves in a socially responsible manner. A firm may cultivate a robust reputation in the market and community by engaging with its partners in a positive manner. Indian enterprises must further familiarize themselves with this concept and implement it more effectively. According to CSR specialists, the country's sluggish implementation of CSR may be attributed to a dearth of skilled personnel, accurate information, and comprehension on the need, objectives, and advantages. However, there is a noticeable shift occurring as several enterprises are endeavoring to expand the scope of their CSR initiatives beyond mere acts such as tree planting or charitable donations for the underprivileged. Companies are increasingly seeing CSR as a crucial component of company operations rather than only a kind gesture towards society. India is now seeing a shift in the trend of corporate social responsibility. As firms increasingly recognize the significance of addressing social and environmental concerns and maintaining transparency with stakeholders, CSR will get the necessary focus and attention. CSR, or Corporate Social Responsibility, is not a novel concept in India. Enterprises such as the Tata Group, the

Aditya Birla Group, and the Indian Oil Corporation, among others, have been providing assistance to individuals from the very inception of their existence. Several such organizations have been engaging in philanthropy and community service by means of donations and charitable gatherings. In contemporary India, CSR encompasses more than just acts of philanthropy and financial contributions. It is executed with a higher level of organization. It now constitutes a crucial component of the company's strategic agenda. Companies establish dedicated CSR teams to formulate explicit guidelines, plans, and goals for their CSR initiatives and provide funds to facilitate their implementation. Typically, these initiatives are founded upon a well-defined social theory or closely align with the company's core activities. Employees are the essential driving force behind the success of these undertakings. They generously provide their time and expertise to facilitate the realization of these projects. CSR initiatives have the potential to enhance the overall well-being of a society or address specific concerns such as education, environmental conservation, healthcare, and more. Indian CSR has made significant progress throughout the years.

REVIEWS OF LITERATURE

Moda & Arora (2020) revealed that the growing demands of individuals in the corporate sector for companies to meet their social obligations have driven firms to become more responsible towards the environment and society. The need to examine the influence of a business's financials on CSR arises from the correlation between improved company performance and increased allocation of resources towards CSR initiatives. The objective of this research is to comprehend the impact that financial success has on the CSR of the firm. We have collected financial data from firms included in the NIFTY 50 index, one of the major indexes. Our analysis focuses on examining the impact of changes in earnings, turnover, and EPS on the amount of money companies allocate to their CSR activities. While it is obligatory for designated firms to provide a certain amount of funds towards CSR (CSR), we want to assess their willingness to exceed these requirements if they have the capacity to do so. All organizations adhere to compliance regulations, but the question is whether their compliance is based on strict adherence to the literal interpretation of the law or the underlying principles and intentions of the law. The research indicates that companies with more net profit and turnover are inclined to allocate a larger portion of their resources towards CSR initiatives. As the CSR spending rises, the earnings per share (EPS) of the corporation declines.

Puchakayala et al., (2023) revealed that CSR entails the duty of businesses to address societal issues that arise from their activities and dependence on the community. The current study employs a quantitative research methodology with a descriptive approach. It utilizes multi-level sampling to choose the Top 500 NSE/Nifty companies, 50 companies in total, and specifically focuses on five chosen companies: Glaxo Smithkline Beecham (GSK) Ltd., Emami Ltd., Sun Pharmaceuticals Ltd., Reddy Labs Ltd., and Aurobindo Pharmaceuticals Ltd. The objective of the research is to examine the correlation between the social performance and financial performance of certain organizations. Additionally, it aims to assess the influence of social performance on financial performance, as well as the reverse connection. The use of secondary data is deemed necessary for the purpose of conducting the research. Both the National Stock Exchange (NSE) and the Nifty Companies exhibit a strong and positive association between their social and financial success. The study revealed moderate and low correlations, both positive and negative, across the five chosen firms. CSR positively influences the enhancement of financial performance in the examined organizations.

Kaur et al., (2023) presented a perspective on the connection between CSR and corporate financial performance (CFP). The existing literature mostly focuses on the favorable aspects of CSR initiatives and the advantages that result from them. Under the enterprises Act, 2013, Indian enterprises with a certain turnover and profit are required to contribute 2% of their earnings over the previous three years towards CSR initiatives. With this context in mind, this research investigates the influence of CSR on the financial success of the organization. The economic validity of CSR is also examined, namely, if CSR has a favorable economic effect. The research included doing a Pearson Fixed effects panel regression analysis on the Nifty 50 businesses from 2010 to 2018. Financial performance characteristics were sourced from the Prowess IQ database. The CSR data was obtained from the firms' annual reports and analyzed using NVIVO software using textual analysis. The study's findings provide valuable insights into how corporations react to the obligatory mandate of CSR activities and the subsequent effects on the company's financial performance. The findings of the research imply that there is no substantial impact of CSR on the financial success of Indian enterprises.

Qiu, Shaukat and Tharyan (2016) It has been said that there are expenses associated with environmental and social disclosures. However, it is observed that larger publicly traded companies are now providing more extensive and improved disclosures. This article investigates the correlation between a company's environmental and social disclosures and its profitability and market value. They discover that previous profitability influences present social disclosures. No correlation is seen between environmental disclosures and profitability. Moreover, previous studies have mostly concentrated on environmental disclosure, but they discover that it is the social disclosures that are significant for investors. They discover a positive correlation between the level of social disclosures made by companies and their market prices. Additional examination indicates that the connection is influenced by the anticipation of increased growth rates in the monetary inflows of these enterprises. In summary, our research aligns with the resource-based perspective of the company and the voluntary disclosure theory. It indicates that companies with higher economic resources tend to provide more comprehensive disclosures, resulting in overall positive economic advantages.

Güler Aras (2016) revealed that the present economic circumstances have brought attention to shortcomings in corporate governance, as well as emphasizing the significance of stakeholder interactions. Furthermore, it has heightened the prominence of discussions around CSR and shown the interconnectedness with governance. Both components are crucial for the long-term viability of a firm. The social and environmental factors surrounding company operations are often seen as equally important as the economic and financial factors. Implementing strong governance practices will effectively handle all of these issues. The amalgamation of these factors provides enduring advantages for a company, including risk mitigation and the attraction of fresh investors, shareholders, and increased equity, as well as sustained success. A Handbook of Corporate Governance and Social Responsibility, authored by global experts, is the most authoritative and comprehensive resource that explores the connection between effective governance and social responsibility, as well as the practical aspects of managing both. The book encompasses the study of governance and CSR (CSR), covering both theoretical and practical aspects. It presents case studies from various organizations, including both large and small companies as well as NGOs. These case studies serve to illustrate both positive and negative examples of practice. Furthermore, they shed light on the similarities and differences in governance and CSR practices across different countries and cultures. Ultimately, the book aims to contribute to the ongoing discussion on the connection between good governance and social responsibility.

Nollet et.al., (2016) looked at the connection between Corporate Social success (CSP) and Corporate Financial Performance (CFP). They used success measures from both the accounting and market worlds, such as Return on Assets and Return on Capital and Excess Stock Returns. They use Bloomberg's Environmental Social Governance (ESG) Disclosure score, which looks at the S&P500 companies from 2007 to 2011. This score lets them look at both straight and complex connections. Based on the results of the linear model, it looks like there is a strong negative link between CSP and Return on Capital. The nonlinear models show that there is a U-shaped link between CSP and the accounting-based measures of CFP. This is because CSR spending only starts to pay off after a certain level of CSP has been reached. Governance is also the main factor that affects the link between CSP and CFP, which means that CSR spending should be focused on this area.

Long, Srinidhi, Tsang (2016) We looked at past research that showed that reporting on CSR is useful for investors but not reliable. This study looks at whether a promise to check financial results, shown by audit fees, is linked to more trustworthy CSR reports. We discovered that audit fees are linked to the release of a standalone CSR report. This link is stronger when managers think there is a greater need for credibility, such as when CSR reports are longer or released with external assurance, when companies have strong concerns about CSR, and when reports are released less often. In line with our findings, we see that CSR reports from companies that promise high audit fees speed up the process of adding information about future earnings to the current stock price. All together, our results show that a commitment to better financial reporting could have a good effect on how firms disclose things that aren't related to money, which in turn affects how they issue CSR reports.

Attig, Boubakri and Ghoul (2016) They looked at a lot of data from 1991 to 2010 and found a strong link between company globalization and its CSR ranking. The data came from 3,040 U.S. companies and 16,606 firm-year records. This result stays the same even when they use different sampling, estimation methods, and models for internationalization, as well as when they take endogeneity into account. They also show that the link between globalization and CSR grade is good for a big group of companies from 44 different countries. Lastly, they present new proof that companies with many overseas branches in countries with well-developed legal and political systems have higher CSR scores. The last results put light on how internationalization affects the CSR actions of global companies in the US and around the world.

Epstein (2018) Compared to ten years ago, companies like Ben & Jerry's or The Body Shop were the only ones doing the best job of being environmentally friendly. Now, big multinational companies like G.E. and Wal-Mart are setting the standard by committing a lot of money and resources to helping people and the environment. Even so, having good goals isn't really enough. Managers and strategists need to keep making big changes to better manage their social, economic, and environmental impacts and stay competitive. This is true whether they are motivated by concern for society and the environment, government regulation, stakeholder pressure, or economic profit. This book tells them what they need to do to do that.

Saggar (2017) found out how much risk was disclosed voluntarily and looked into how quality of corporate governance at the firm level, as shown by board traits, affects risk disclosure in the yearly reports of Indian traded companies.An automatic text analysis method was used in this study to look at how much risk is disclosed by a group of 100 public Indian non-financial companies. Multiple linear regressions have also been used to find the link between the quality of corporate governance at the company level and things like board traits, shareholder concentration, and risk disclosure. The results show that the total number of favorable risk keywords is higher than the total number of negative risk keywords. Risk disclosure is positively affected by board size and gender diversity. On the other hand, ownership concentration in the hands of the largest shareholder has no effect on risk disclosure. However, the identity of the largest shareholder with ownership concentration has a negative impact on risk disclosure for Indian promoter body corporations, foreign promoter body corporations, and non-institutions in com.

Charumathi, Gaddam Padmaja (2017) revealed that any company's CSR projects can be carried out with the help of information technology (IT), which is a good source for all kinds of business policies. IT has advanced tools and programs that can help businesses carry out their plans very well, leaving a lasting impact on society. These tools and programs can also help increase profits, make the workplace better, make changes for disabled employees, create educational opportunities that can bridge the digital divide, improve business ethics, and help society. CSR is now an important part of companies that see all of their partners as winners. India was the first country to make CSR laws mandatory. Their results back up the idea that CSR lowers the risk of crashes. We discover that a company's CSR success is linked to a higher risk of a crash in the future, even when other factors that can predict crash risk are taken into account. Even when we take into account possible endogeneity, the answer stays the same. Also, CSR has a bigger impact on lowering the chance of a crash when companies don't have good corporate control or a lot of institutional ownership. The results support the idea that companies that do a lot of CSR also don't hide bad news, which lowers the chance of a crash. When government tools like boards of directors or big investors aren't working well, CSR plays a very important role in this area.

RESEARCH METHODOLOGY

There are 50 industrial unites are registered with Government of India, By the help of purposive Sampling Method top 50 industries listed under NSE_NIFTY-50 in 2023 was chosen. The secondary data were gathered from 50 Industrial Unit for a period of 4 years from 2020 to 2023, including the CSR spending and Profits.
Present section investigates the effect of CSR on organization performance. Before testing this relation, ANOVA analysis is used to test the difference in CSR spending across select 50 companies in the study. The one-way ***analysis of variance*** (***ANOVA***) is used to determine whether there are any statistically significant differences between the means of three or more groups

DATA ANALYSIS

To analyse the data following hypothesis is developed:

H_1: The CSR spending significantly differ across various companies for selected period.

To analyse the above hypothesis the Company-wise ANOVA test is performed and the results are as under:

Table 1: Company wise CSR spending difference

Company	Mean	Std. Deviation	Std. Error
Reliance Industries Limited	496.7125	323.76487	161.88243
Oil and Natural Gas Corporation Ltd.	485.8375	54.11041	27.05521
Infosys Limited	242.3600	49.31188	24.65594
Bharat Heavy Electricals Limited	79.9850	71.21687	35.60844

Tata Consultancy Services Limited	372.7500	68.24161	34.12080
ITC Limited	256.8800	23.61657	11.80829
NTPC Limited	304.0825	128.60971	64.30486
NMDC Limited	196.7550	37.08973	18.54486
Tata Steel Limited	158.6800	9.69711	4.84855
ICICI Bank Limited	170.0675	11.04506	5.52253
Oil India Limited	133.3100	.00000	.00000
Wipro Limited	163.8800	23.53455	11.76727
Axis Bank Limited	132.4475	6.32931	3.16465
HDFC Bank Limited	231.4475	128.50954	64.25477
Indian Oil Corpn. Limited	200.8500	97.13831	48.56916
Mahindra And Mahindra Limited	83.3750	1.90887	.95443
Hindustan Unilever Limited	97.9625	15.60426	7.80213
Larsen And Toubro Limited	102.3400	2.59696	1.29848
Cairn India Limited	72.4750	53.96016	26.98008
Hindustan Zinc Limited	171.8825	15.22495	7.61247
NHPC Limited	59.8200	17.62266	8.81133
Power Finance Corporation Limited	158.4225	93.92356	46.96178
Tech Mahindra Limited	56.7500	13.01397	6.50698
Jindal Steel and Power Limited	225.5500	217.87395	108.93698
MMTC Limited	.8000	.28166	.14083
Gujarat Mineral Development Corporation Ltd.	15.4700	4.69390	2.34695
Neyveli Lignite Corporation Limited	51.0725	20.74490	10.37245
Power Grid Corporation of India Ltd.	113.7925	47.32184	23.66092
Rural Electrification Corporation Ltd	115.8675	39.08137	19.54069
Ultratech Cement Limited	88.3975	57.99569	28.99784
JSW Steel Limited	47.7000	5.55767	2.77884
Bajaj Auto Limited.	91.4750	6.01792	3.00896
Ambuja Cements Limited	41.3225	8.54563	4.27281
Adani Ports And Special Economic Zone Ltd	44.9625	8.71179	4.35589
Steel Authority Of India Limited	67.1400	31.25960	15.62980
Bharat Petroleum Corporation Limited	135.4525	85.97562	42.98781
Maruti Suzuki India Limited	81.3950	30.82885	15.41443
Hindustan Petroleum Corporation Ltd	53.5125	46.48617	23.24308
Kiri Industries Limited	17.1400	19.34268	9.67134
Hindalco Industries Limited	8.1050	16.21000	8.10500
ACC Limited	24.7375	5.70661	2.85330
The Tata Power Company Limited	15.0350	17.38248	8.69124
Yes Bank Limited	35.5900	7.00903	3.50452
Dr. Reddy’s Laboratories Ltd	39.0900	4.14492	2.07246
Bharti Airtel Limited	61.6250	85.46627	42.73313
Engineers India Limited	12.4250	3.37353	1.68676
Housing Development Finance Corporation Ltd	121.7850	70.52051	35.26025
Reliance Infrastructure Limited	14.4625	16.95304	8.47652
Mahindra And Mahindra Financial Services Ltd	27.8950	2.42693	1.21346
SJVN Limited	32.0925	6.27122	3.13561
Total	120.2593	128.21895	9.06645

ANOVA

CSRSpend

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	2496820.884	49	50955.528	9.865	.000
Within Groups	774759.034	150	5165.060		
Total	3271579.918	199			

The descriptive table (see below) provides some very useful descriptive statistics, including the mean, standard deviation and 95% confidence intervals for the dependent variable. The result of ANOVA table revealed that there is a statistically significant difference between group means. We can see that the significance value is 9.865 (i.e., $p = .000$), which is below 0.05.

CONCLUSION

Many CSR projects are run by businesses in collaboration with nongovernmental organizations (NGOs). As we already said, NGOs know and have experience with how things work in different areas. They are very good at working with the people in the area and know how to solve certain social issues. Because of its benefits and past wins, CSR should ideally be a project that people choose to take part in on their own. There are times, though, when the company should do what it takes to serve its people well. But businesses are so focused on making as much money as possible while keeping costs as low as possible. The world we live in today only cares about one thing: making money. Businesses don't want to spend money on things they don't think are useful. Because of this, it looks like the only choice is to make CSR more general. People in general are at risk in this way. So, the only way to protect society and get businesses and companies to do CSR is to make rules that require them to. A lot of countries are starting to see things this way. The study's results also showed that the companies chosen for this study are spending different amounts of money getting ready for CSR activities.

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