



Environmental csr activities by select companies- a comparative study.

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Abstract

Corporate Social Responsibility (CSR) can be understood as a concept or a part of business strategy where a company blends the social and environmental concerns along with its goals in order to attain a social conscious image in the eyes of stakeholders. Since the enforcement of Companies Act, 2013, CSR has been made mandatory for both public and private sector companies who fulfills the criteria for compulsory CSR under the act. Schedule VII of this act prescribe activities that a company in India need to invest as a part of CSR. In the present global scenario, it is necessary for an organization to be socially conscious in order to survive long and gain public attention. The proposed study aims to know about the CSR activities focused on Environmental Protection and Sustainability by the select companies and also to determine the trend of expenditure incurred by them on Environmental Protection and Sustainability. The authors have selected three companies i.e., ONGC, OIL and Reliance Industries for the present study. Various annual reports have been used to collect the information relating to the CSR activities of selected companies.

Keywords: CSR, Environmental Protection, Sustainability, ONGC, OIL and Reliance Industries

1. Introduction

Corporate Social Responsibility (CSR) can be understood as a concept or a part of business strategy where a company blends the social and environmental concerns along with its goals in order to attain a social conscious image in the eyes of stakeholders. Since the enforcement of Companies Act, 2013, CSR has been made mandatory for both public and private sector companies who fulfills the criteria for compulsory CSR under the act. Schedule VII of this act prescribe activities that a company in India need to invest as a part of CSR. In the present global scenario, it is necessary for an organization to be socially conscious in order to survive long and gain public attention. It has become mandatory to disclose all major and minor CSR activities along with the expenditures incurred in carrying in carrying out those activities in the annual report of a company. The Companies Act, 2013 mandates the large companies to spent at least 2% of its average profits of previous 3 years on CSR each year. The CSR activity may include any activity

pertaining to protection of biodiversity, promoting gender equality, poverty eradication, promotion of arts, culture or sports etc. But one primary focus of CSR is the environment. With the rising global issue of environmental protection, a company's effort towards it always counts with higher marks. The report of Ministry of Corporate Affairs indicate that the total prescribed CSR fund has crossed Rs 1, 00,000 crore in the financial year 2018-19 while a report by nseinfobase.com which is a joint venture between NSE and PRIME Database discloses that CSR expenditure by NSE listed companies has jumped over the last 5 years by compounded annual growth rate of 17%. The report also highlights that 37 companies despite reporting a loss have spent on CSR in financial year 2018-19. whereas Reliance Industries, ONGC and Indian Oil Corporation stood the top 3 companies with highest CSR expenditure in India. However, a corporate cannot work efficiently without contributing towards a healthy natural environment and thus it should ignore the importance of allocation a part of its

CSR expenditure on environmental protection and sustainability.

2. Objectives

➤ To study the CSR activities focused on Environmental Protection and Sustainability by the select companies

➤ To study the trend of expenditure incurred by the select companies on Environmental Protection and Sustainability

3. Research question

➤ Which among the select companies emphasizes on Environmental Protection and Sustainability as CSR activity?

➤ Which company is incurring more expenditure on Environmental Protection and Sustainability?

4. Review of Literature

Shyam R. (2016), author basically tries to study the practice of CSR in India as well as the initiatives and challenges faced by it. From the study it can be concluded that CSR activities in Indian companies has changed. Earlier it was treated as a charity but now it has been like a responsibility. Despite of having various benefits, it has also faces certain kinds of challenges like lack of proper knowledge regarding CSR, issue of transparency, etc. It can be felt that by giving awareness, providing fund, etc. it can be benefited more.

Tigari H. (2017), this study has been taken by the author in order to know the initiative taken by the Reliance Industries Limited towards CSR as well as to also know that whether the CSR activities affects the financial performance of the business or not. From the study it can be concluded that spending in CSR activities has a significant relationship with the financial performance of the business. It has been also seen that Reliance industries spend on various areas as CSR activities like health care, rural transformation, environment, and education.

Saluja R. & Kapoor S. (2017), this paper basically tries to understand the evolution of CSR concept over the periods as well as its relevance in Indian markets. After going through the various studies it can be seen that CSR is not a new concept. It prevails in India from the 'Vedic period'. In the ancient time it is considered as the philanthropy activities. But with the passage of time it acquires a strong position in the business activities. Now days it is like a responsibility which should be followed by every organization in order to survive and to earn more profit.

Srivastava V.B. & Mishra A. (2018), this study has been taken with the objective to determine the CSR activities undertaken by Indian Oil Corporation and its impact on the performance on it. It can be concluded that Indian Oil Corporation is involved with the CSR activities from very beginning of its establishment. From the study it has been seen that Indian Oil Corporation involve with the various CSR activities related with health, environment protection, safety, etc. It helps in its sustainability in the market.

Mishra R.K.; Singh P. & Sarkar S. (2013), the study is mainly related with the motive to explain the guidelines and need of CSR activities by Oil and Gas Sector. The concerned study is based on secondary data and it is exploratory in nature. It is evidenced that various issues were related with the production process in case of oil and gas sector. Thus, the need for CSR activities arises by Oil and Gas sector in order to compensate the issues if any arise from the production of oil and gas. Various guidelines were also issued for the oil and gas sector for CSR such as planning the CSR agenda, funding, sustainability report, impact assessment, monitoring, etc. From the study, it can be concluded that oil and gas sector has adopted various CSR activities and community development is the main area of CSR among them.

5. Significance

A company that deals with its environmental issues in an ethical way enhance its goodwill; leading to a higher growth prospect. The CSR relating to environment by a company not only improves its public image but also gives an advantage over the competitors. In the present situation, people have become more concern about protecting environment and investing in such has become important for brand strengthening of a company. A positive environmental reputation presents the organization as effective user of energy and other environmental resources. This in turn builds a strong and healthy environment comprising of rich mineral resources, cost effective situations for doing businesses, healthy employees and protect the companies from unnecessary charges of environmental exploitation. The prime thing that should be taken care of is the "Natural Environment" without which all other elements of the world will not be able to survive long. A company which do not tends to think over the natural environmental issues is more prone to lose its goodwill. The CSR has become an important part of the annual report and the company's response to environmental issues creates a difference between it and its

competitors. Hence, it becomes important to understand about the kind of environmental activities undertaken by companies and the proportion of its CSR expenditure on such activities

6. Research methodology

The present study is descriptive in nature. The researchers have selected three companies i.e. ONGC, OIL and Reliance Industries for the study. The three companies have selected on the basis of the amount spent on CSR activities. In the Financial year 2018-19 the selected companies were the top 3 companies which spent highest amount for CSR activities. So, on the basis of this the researchers have selected the above mentioned companies. Secondary data have been used for the study. Data and information required for the study has been collected from the various annual reports of the selected companies, journal, websites, etc.

7. Discussion

In this section detailed CSR activities made by select companies has been discussed.

Oil India Limited (OIL)

In 2015-16, Oil India Limited incurred Rs 0.08 crores on environment related CSR activities i.e. on solar energy and biodiversity project but total expenditure in CSR was Rs 92.21 crores. This shows that OIL allocated 0.086% on environment related activities out of total CSR expenditure. In 2016-17, it incurred Rs 2.03 crores on environment related activities out of its total CSR expenditure of Rs 108.37 crores. This amount is just 1.8% of the total CSR expenditure of the concerned financial year. The amount spent on Project OIL Urja on providing renewable, cost-effective and clean solution and biodiversity conservation project. In 2017-18, it incurred Rs 0.84 crores on Project OIL Urja while the total expenditure on CSR was Rs 100.58 crores. This shows that only 0.83% of CSR expenditure is contributed towards environment related CSR activities. Again, in the year 2018-19, Oil India Limited incurred Rs 1.56 crores on Project OIL Urja and biodiversity conservation while the total CSR expenditure was Rs 133.39 crores. This shows that CSR activity on environment related activities was just 1.17% of total CSR expenditure.

Year	CSR activity identified	Sector in which project is covered	Project or Program 1) Local area or other 2) Specify the state	Amount outlay (budget) project or	Amount spent on the project or program (In crores Direct expenditure (in crores) Overheads (in Crores)	Cumulative expenditure up to the reporting period	Amount spent: Direct or through Implementing agency (IA)
2015-16	Environment Conservation-Project on Solar Energy & Bio-diversity	Environment	OIL operational areas of Tinsukia, Dibrugarh & parts of Sivasagar districts of Assam	0.08	0.08	0.08	NGOs working in the field of protection of environment & biodiversity, Assam Tourism etc.
2016-17	Project Urja	Environment: renewable & clean energy solution	OIL operational areas of Tinsukia, Dibrugarh & parts of Sivsagar districts of Assam	2.00	2.00	2.00	Indian Institute of Entrepreneurship, IICO & North East Agency Pvt Ltd
	Project Urja	Environment :renewable and clean energy-solution	OIL operational areasof Tinsukia, Dibrugarh& Charaideo districtsof Assam.	0.85	0.84	2.84	Indian Institute of Entrepre-neurship, IICO and North East Agency Pvt Ltd.

	Environment Conservation –Project on Solar Energy & Biodiversity	Environment	OIL operational areas of Tinsukia, Dibrugarh & parts of Sivasagar districts of Assam	0.03	0.03	1.81	NGOs working in the field of protection of environment & biodiversity/ Assam Tourism, etc.
2017-18	Kaziranga Amphitheatre	Environment: Eco Tourism	Kaziranga, Assam			2.00	Assam Tourism Development Corporation Ltd, Govt. of Assam (FY 2014-15)
	Hoolock Gibbon Awareness	Environment: Protection of Environment and Biodiversity	OIL operational areas of Tinsukia, Dibrugarh & parts of Sivasagar districts of Assam			0.10	NGO's , Nature Beacon (FY 2014-15) Oil India limited (FY 2014-15)
	Activities related to CSR/ Sustainability Awareness	Environment: Sustainability and Renewable Energy	of Sivasagar districts of Assam			1.00	National Institute of Wind Energy (Research & Development Institute under Ministry of New & Renewable Energy (FY 2014-15)
	Wind Resource Assessment	Environment: Protection of Environment and Biodiversity	Tinsukia, Dibrugarh & parts of Sivasagar districts of Assam			3.81	NGOs working in the field of protection of environment & biodiversity/ Assam Tourism, etc.
2018-19		Environment: Sustainability and Renewable Energy	OIL operational areas of Tinsukia, Dibrugarh & parts of Charaideo districts of Assam			0.10	NGO's , Nature Beacon (FY 2014-15) Oil India limited (FY 2014-15) National Institute of Wind Energy (Research and Development Institute under Ministry of New & Renewable Energy (FY 2014-15))
		Environment: Sustainability and Renewable Energy	OIL operational areas of Tinsukia, Dibrugarh & parts of Charaideo districts of Assam			1.00	Indian Institute of Entrepreneurship, IICO and North East Agency Pvt Ltd
		Environment: Sustainability and Renewable Energy	OIL operational areas of Tinsukia, Dibrugarh & parts of Sivasagar districts of Assam			1.42	NGOs working in the field of
		Environment: Sustainability and Renewable Energy	OIL operational areas of Tinsukia, Dibrugarh & parts of Sivasagar districts of Assam			2.00	

			of Sivasagar districts of Assam Kaziranga, Assam				protection of environment & biodiversity/ Assam Tourism, etc. Assam Tourism Development Corporation Ltd, Govt. of Assam (FY 2014- 15) NGO's , Nature Beacon (FY 2014-15) Oil India limited (FY 2014-15) National Institute of Wind Energy (Research and Development Institute under Ministry of New & Renewable Energy (FY 2014-15)
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In 2015-16, ONGC incurred Rs 2.92 crores on environment protection CSR project. Out of the CSR budget of Rs 5937 million, ONGC spent an amount of Rs 4210 million in FY 2015-16. However, the proportion of CSR expenditure on environment related activity out of total CSR expenditure is very little. In 2016-17, it incurred Rs 174.50 crores on environment protection CSR project in Arunachal Pradesh, Assam, Bihar, Delhi, Haryana, Gujarat, Himachal Pradesh, Jharkhand, Karnataka, Rajasthan, U.P and Uttarakhand. Out of the CSR Budget of ‘5,356.66 million, ONGC spent an amount of ‘5,259 million in FY 2016-17 which includes, additional overhead expenditure of Rs 87.4 million towards Salary of the officers/personnel dealt with CSR on full time basis. In 2017-18, it incurred Rs 18.90 crores on Bio-CNG Plant at Haridwar, Dehradun through Shree Krishnayan Desi Gauraksha Avam Golokdham Sewa Samiti. Against the allocated CSR Budget of ‘4,870.40 million, the Company spent an amount of ‘5,034.4 million in FY’18. In 2018-19, it incurred Rs 11.80 crores on Development of ONGC Bandra Promenade through Ravindra Joshi Medical Foundation. Out of the CSR Budget of ‘4,802.10 million, the Company spent an amount of 6,146.44 million in FY 2018-19.

8. Reliance group of industries

During FY 2015-16, Reliance spent Rs 659 crores on CSR initiatives under the focus areas

On Disaster response- Rs 10 crores which is just 1.52 % of the total CSR expenditure.

During FY 2016-17, Reliance spent Rs 674 crores on CSR initiatives under the focus areas

On Disaster response- Rs 11 crores which is just

1.63% of the total CSR expenditure.

During FY 2017-18, Reliance spent Rs 771 crore on CSR initiatives under the focus areas.

On Disaster response- 4 crores which is just 0.52% of the total CSR expenditure.

During FY 2018-19, Reliance spent Rs 904 crore on CSR initiatives on the focus area. As a measure of solidarity with the people of Kerala, RF Chairperson, Smt. Nita M. Ambani, visited the relief camp in Allapuzha district and on behalf of Reliance Family, she handed over a cheque of Rs 21 crore to the Chief Minister’s Relief Fund.

Reliance Veterinary Hospital in Padana attended to more than 15,000 animals during the year; of these, over 13,000 were given medicinal treatment, surgery was conducted on 376 animals and 1,298 animals were treated for gynaecology issues. Apart from conducting various veterinary camps, an artificial insemination (A.I.) programme was initiated in August, 2018 under which about 800 A.I. cases were successfully handled.

The Reliance family, under the stewardship of Reliance Foundation initiative, carried out an extensive ‘Swachhta Hi Seva’ campaign reaching more than 42 lakh people across 429 locations in the two week long campaign in 2018. More than 2 lakh volunteers (employees, rural and urban community leaders and groups) supported by Reliance through various initiatives participated in various cleanliness activities. In a mass outreach, Reliance’s digital services platform broadcasted audio advisories on Swachhta Hi Seva campaign to more than 2.8 million individuals across 316 districts in 18 States, focusing on environment, open defecation diseases, water and sanitation issues.

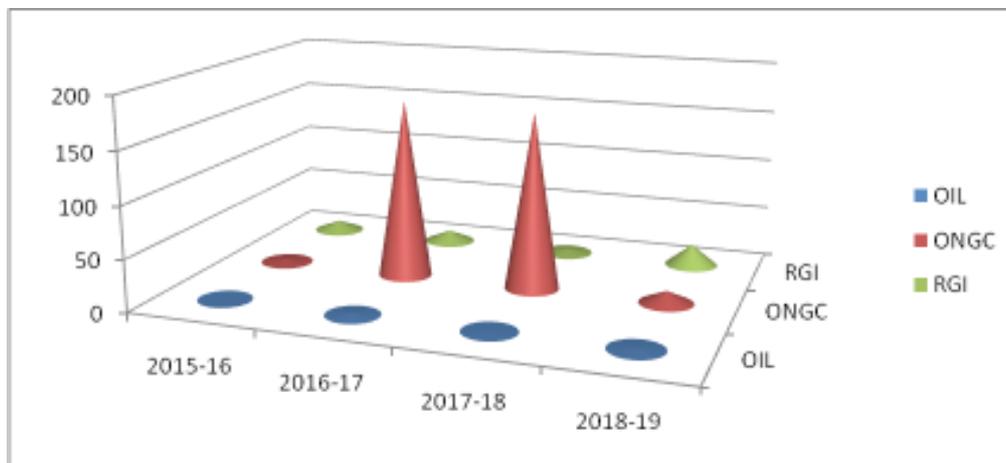


Fig: showing trend of expenditure on environment related CSR activities

The chart clearly shows that expenditure on environment related CSR activities has least fluctuating trend in case of Oil India Limited over the four years while the trend is highly fluctuating in case of ONGC. In the year 2016-17 and 2017-18, a large amount has been allocated towards environment protection CSR project under Schedule VII of the Companies Act but again falls to a great extent in 2018-19. In case of OIL, these activities are mostly concentrated to Assam but in case of ONGC, it extends to other states of India. Project Urja constitute the major expenditure on environment related CSR activities by OIL till 2018-19. OIL also spent on awareness on Hoolock Gibbon (the only ape found in India) as a part of their CSR activities while ONGC and Reliance have not mentioned any such kind of awareness activity on special species. OIL has undertaken such activities which mostly focuses on renewable and clean energy solution while ONGC focus on environment sustainability. On the other hand Reliance has contributed only towards to disaster response as a part of environment related CSR activity. The contribution by Reliance towards this kind of activities remain low as compared to OIL and ONGC.

9. Conclusion

The present study concludes that the select firms are making all possible efforts to contribute to the environment protection and sustainability as a part of their CSR activities. The proportion of expenditure on environment related CSR expenditure seems to be the lowest case of all the three companies. Though the select companies of the study have recorded highest CSR expenditure, their focus on environment related activities seems to be weak. However, it becomes difficult to give a comment on how efficiently these funds are utilized and the reason for choosing a particular kind of activity by the firms. The study discloses that "Environment" constitutes one of the crucial sub- category of CSR activities of any company because in firms have allocated some amount whether less or more to the environment related activities. Moreover, most of the activities are concentrated to a few particular areas. But such activities can be extended to a large scale and also other environment related activities should be taken into the purview while deciding the CSR activities of the firms.

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