



India's giant companies for corporate social responsibility with reference to RIL, an empirical study

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Abstract

The purpose of the current study is to examine Reliance Industries Limited's (RIL) Corporate Social Responsibility (CSR) spending. The study's methodology is rely on sources of secondary data that was gathered from the Government of India's official website for CSR data and maintains by Corporate Affairs Ministry, for the fiscal years 2017–18 to 2021–22. Statistical evaluation: Pearson's correlation and one sample T-test were employed to analyse the data. Key findings, according to the study, there has been a significant growth. in actual CSR spending by the firm from the FY 2017-18 to 2019-20 of the study period and meeting the SEBI guidelines about standard percentage from firm's total profit. It is found that there has been a slight increase of total CSR spending of from Rs. 908.71 Cr. to 922 Cr. and during FY 2018-19 to 2019-20 and total CSR spending of Rs. 922 Cr. to Rs. 1185 Cr. from FY 2020- 21 to 2021-22, but, in fact these spendings are not meeting the SEBI guidelines which Actual CSR spending should be 2% from the total profits of a firm.

Keywords: Reliance industries limited (RIL), corporate social responsibility (CSR), actual spending on CSR, ratio of CSR.

Introduction

1. Corporate firms' Responsibility towards Society (CSR): Principles & Methods

Corporate Philanthropy was the previous name for corporate social responsibility. Corporate philanthropy denotes the benevolent endeavours by company for the welfare of society through financial contributions on different reasons of charity. This is voluntary in character and is particularly limited to the business's welfare activities receiving a portion of profits. The word "CSR" in today's business climate refers to the company's social, economic, legal, environmental, and ethical obligations in addition to corporate philanthropy. The commitment of the firm to uphold diverse societal standards through moral and open business practices is known as corporate social responsibility. CSR is the word used to illustrate a firm's obligation to behave morally and make a positive impact on society. It describes a firm's continual commitment to run ethically and sustainable financial success by improving the lives of its stakeholders- Stated by World Business Council for Sustainable Development. This concept is explained by Ph. Kotler and N. Lee "A commitment towards improve the society welfare via initiation of firm's operations and resource allocation,"

The idea of corporate social responsibility is existed in India as many people and businesses have made significant contributions to society, even if it has been argued that CSR goes against the goal of a company's profit maximisation. Jamshedji. R. D. Tata was earliest one, who demonstrated on importance of firm's social responsibility in business operations in 1970, and as a result, the majority of the Tata group companies added the following provision to their articles of AoA. The enhancement and diversification of the state economy via higher productiveness, efficient use of human and material assets, and ongoing use of cutting-edge science and technology shall be among the company's

goals. Numerous commercial organisations have realised through time how important social responsibility is to the long-term viability of their organisations. Now, numerous business organisations, including Ambani, Adani, Birla, Bajaj, Mittal, Tata and Damani, and others are heavily involved in social responsibility initiatives in the fields of sport, community growth, rural development, health, and education.

2. Reliance Industries Limited (RIL)

Reliance Industries Limited is one of the giant corporate firm in India and the world as well. The Reliance Industries' slogan is "Growth is Life" sums up RIL dynamism wonderfully. It is now a leading player in the energy industry, materials industry, retail sector, entertainment industry, and telecommunications, as opposed that being a company that produced textiles and polyester. In the above prescribed markets, the firm is committed towards innovation, rapid development. The goal of RIL to dominate the world in a number of our businesses has inspired us. The variety of products and services provided by Reliance has an economic and social influence on almost all Indians every day. In order to usher in the Fourth Industrial Revolution and give India and all of its citizens the opportunities and pathways to realise their full potential, they are now focusing on creating the platforms that will enable this. Last but not least, RIL has been an ardent supporter of the idea of "People Planet Prosperity-for a better Tomorrow".

Review of literature

Pandit and Sharma (2016)^[1] conducted research on the CSR status, models, and policies in India. They discovered that while putting their CSR policies into practice, the companies encountered difficulties related to a lack of funding, a lack of staff support, a lack of professionalism, and a lack of perfect knowledge. They recommended that

the fourth estate plays a key part in raising public consciousness and sensitizing individuals to the benefits of Corporate Social Responsibility.

Isha and Mangala in 2015 [2] examined the following practices of the 50 companies listed in Nifty over a six-year period, from FY 2009-2010 to FY 2014-2015, utilizing a disclosure index with

118 variables divided into six categories: HR info., financial info., governance info., production info. and marketing statistics, forward-looking analytics, and Corporate Social Responsibility and environmental facts. They employed the dichotomous approach and descriptive statistics to assess the item-, company-, and industry-level reporting practices. They found that there were significant differences in reporting practices across industry, businesses, and commodities. The top of reporting practices found at Corporate governance information even though forward-looking analytics was the category that received the least amount of reporting.

Mishra and Rajak (2014) investigated the CSR procedures used by Indian businesses. They discovered that public sector corporations had the best CSR practices in the entire world, and several corporate sector businesses received recognition to CSR activities in the fields of education sector, health care industry, and in community development activities. They found that the Government's tax policies and the lack of stringent CSR laws both contributed significantly to the enterprises' failure to comply with the CSR regulations. The current state, problems, and effects of CSR practices on society and commercial enterprises were examined by Kumar (2014) [4]. He discovered that CSR practices have a favorable impact on commercial firms as well as society. In order to improve the outcomes of CSR practices, he emphasized the importance of raising public knowledge of CSR in society. He came to the conclusion that the government, commercial organisations, and NGOs working together would accelerate social progress in India.

Goyal in 2014 [5], did an analytical study on 50 plus enterprises, including the top ten firms in each of the following five industries: textile industry, FMCG sector, cement sector, pharmaceutical, and petroleum industry. In order to analyse the most commonly disclosed issues, he created a 35-item environmental disclosure index. any item that was reported received a score of 1, and any item that was not reported received a score of zero. He discovered that the most frequently reported items were the consumption of materials and energy. Additionally, he discovered that the petroleum sector's disclosure practices were the best when analysed by industry, while Ambuja Cements Limited's disclosure practices were the best when analysed by company. He came to the conclusion that because there was no predetermined format for environmental disclosures, the information released by different firms in different industries varied substantially.

Singh in 2013, In order to gain insight into the company's CSR practices, we examined the example of Maruti Industry Limited for FY 2011-12 with a focus on two crucial CSR areas:

community development and human resource development. He investigated a number of CSR- related topics, including worker compensation and benefits, green manufacturing, water conservation, waste management, employee relations, training, incentives, and recognition, traffic safety, and the

health and safety of customers. He discovered that although community development, which was in the interests of society, was not getting enough attention, the corporation had bent its CSR programmes in the direction of human resource development because it was in the company's best interests.

Research methodology

1. The present Study' objectives

The study has been conducted by following aims:

1. To examine Reliance Industries Limited's (RIL) CSR expenditures
2. To examine Corporate Social Responsibility spending at Reliance Industries Limited (RIL) as a percentage of profit vs that required by law

2. Hypothesis

The following theory has been put forth.

1. **H0:** Over the period of the study, RIL's Actual Corporate Social Responsibility has no significantly improved.
2. **H1:** Over the period of the study, RIL's Actual Corporate Social Responsibility Spending has significantly improved.
3. **H0:** There is no discernible link between RIL's Actual Corporate Social Responsibility Spending and its profit.
4. **H1:** There is a discernible link between RIL's Actual Corporate Social Responsibility Spending and its profit.

3. Sample and Sample Size

Reliance Industries Limited is one of the India's giant firm for Corporate Social Responsibility from FY 2017-2018 to 2021-2022, was selected to conduct the study.

4. The Study's Time frame

The CSR expenditures of RIL from the fiscal years 2017-18 to 2021-22 have been analysed and compared.

5. Data Gathering Method

The current investigation's data was gathered from secondary sources. The data for the fiscal years 2017-18 to 2021-22 was acquired for Reliance Industries Limited from the national CSR data portal, Ministry of Corporate Affairs, Government of India.

6. Analysis Tools

With the use of SPSS, the data has been analysed using the proper statistical methods, such as the one sample T-Test and Pearson's Correlation. There is a 5% level of significance.

Data Analysis & Interpretation

An analysis made based on the data collected

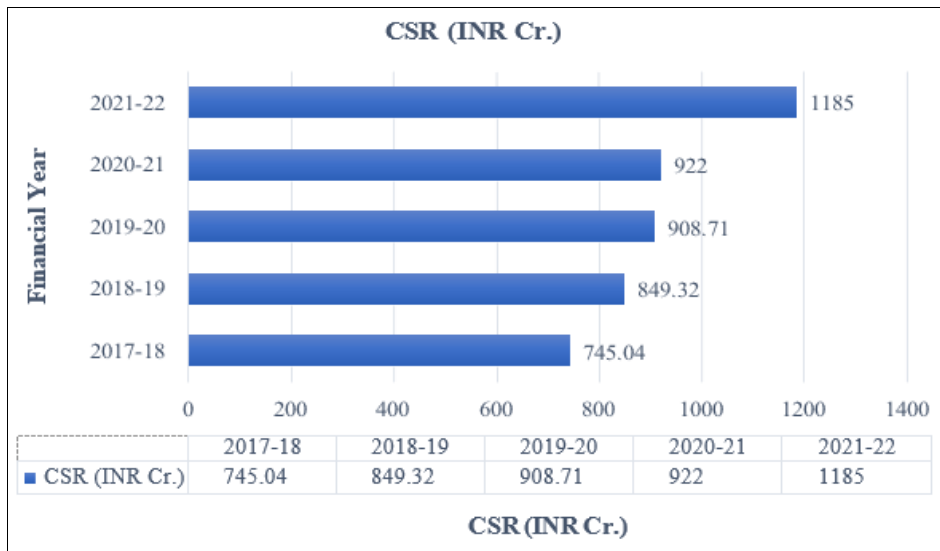
Hypothesis-1

Ho: Over the course of the study, RIL's CSR Spending (ACSRS) did not significantly improve.

Table 1: Actual Spending for Corporate Social Responsibility by Reliance industries Limited.

Financial Year	CSR (INR Cr.)
2017-18	745.04
2018-19	849.32
2019-20	908.71
2020-21	922
2021-22	1185

Source: www.csr.gov.in



Graph 1: Actual Spending for Corporate Social Responsibility by Reliance industries Limited.

Interpretation

The fact that the above table and graph 4.1 clearly demonstrate that there has been a significant increase in ACSRS of RIL in FY 2021-22 over FY 2017-18 demonstrates that Reliance Industries Limited's actual corporate social responsibility has increased from Rs. 745.04 crore for FY 2015 -16 to Rs. 1185 crore for FY 2021-22. Over the course of FY 2021–2022, RIL's actual corporate social responsibility climbed by Rs. 440 crores, or 59.05%. As a result, rather than accepting the null hypothesis, which states that there hasn't been any change at all, the alternative hypothesis, which states that RIL's CSR Spending has significantly improved over the research period, has been accepted.

Hypothesis-2

H0: There is no discernible link between RIL's CSR Spending (ACSRS) and its financial success.

Table 2: CSR Spending as a Ratio of Profit

Financial Year	Profit (INR Cr.)	ACSRS (INR Cr.)	CSR Ratio (%)
2017-18	36,075	745.04	2.06
2018-19	39,588	849.32	2.14
2019-20	44,324	908.71	2.05
2020-21	53,739	922	1.71
2021-22	67,845	1185	1.74

Source:

1. Reliance Industries Limited Website
2. <https://www.ril.com/InvestorRelations/FinancialReporting.aspx>
3. www.csr.gov.in

The CSR Ratio of RIL is not as per the SEBI's regulation of 2% during FY 2020-21 to 2021-22.

Table 3: Karl Pearson Correlation between RIL's Profits and Actual CSR Expenditure

Correlations			
		Profit	CSR (INR Cr.)
Profit	Pearson Correlation	1	.961**
	Sig. (1-tailed)		.005
	N	5	5
CSR (INR Cr.)	Pearson Correlation	.961**	1
	Sig. (1-tailed)	.005	
	N	5	5

** . Correlation is significant at the 0.01 level (1-tailed).

Result interpretation

The Pearson Correlation between their Actual Corporate Social Responsibility Spending on Profit for FY 2017–18 to 2021–22 has been used to test hypothesis no. 2, which states that there is no significant relationship between RIL's CSR practices and its profitability. The analysis of table 4.3 clearly shows that there is no correlation between RIL's actual CSR spending and its profit for the fiscal years 2017–18 to 2021–22 ($p > 0.005$). As a result, null hypothesis number two is accepted. From the null hypothesis no. 2 that was accepted, it can be deduced that there hasn't been a

meaningful relationship between RIL's CSR practices and its profitability from FY 2017–18 to FY 2021–22.

Conclusion

This study provides a general overview of RIL's CSR expenditures. According to the data, RIL's CSR practices had a mixed allocation during the study period. RIL's CSR efforts are substantial and unrelated to company profitability or other business metrics. During the fiscal years 2020–21 to 2021–22, actual CSR spending was lower than CSR prescribed. RIL's CSR Ratio is in compliance with SEBI's

guideline of 2% for the fiscal years 2017–18 to 2019–20, but not for the fiscal years 2020–21 to 2021–22.

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