

CSR PRACTICES IN POST AMENDMENT PERIOD: A CASE STUDY OF SJVN

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Abstract

The companies' act 2013 which mandates companies to spend on CSR activities. As a result the term corporate social responsibility has gained worldwide attention and has achieved a new resonance in the global economy. This shows how CSR transitioned from being a voluntary, to a mainstream activity of business. Because of this dynamic nature of CSR it becomes very relevant to study on some of the unexplored dimensions of CSR and bring something valuable and add something to the existing literature of CSR. Thus this study aims to investigate CSR initiatives undertaken by SJVN over a period of 6 years. This study also examines the spending during post mandatory period. The research approach is analytical in nature. Study relies on secondary source of data. Funding of study showed that SJVN limited were more focused on their CSR activities and working for the welfare of society but still a company needed to overcome some problems. The outcome of this paper will have significant practical implication and useful for future research on CSR.

Keywords: Corporate Social Responsibility, SJVN, Post Amendment Period, Companies Act 2013, SJVN Limited.

INTRODUCTION

"The idea of social responsibilities supposes that the corporation has not only economic and legal obligations but also certain responsibilities to society which extend beyond these obligations" (Joseph W. McGuire 1963). "Business functions by public consent and its basic purpose are to serve constructively the needs of society—to the satisfaction of society." (Committee for Economic Development, 1971; Carroll, 2008).

It is a concept whereby companies integrate social and environmental concerns into their business operations and their interaction with their stakeholders on a voluntary basis. It is represented by contributions undertaken by companies to society through its business activities and social investment. CSR is also linked with the principle of sustainability, which argues that enterprises should make decisions based not only on financial factors such as profits or dividends, but also based on the immediate and long term social and environmental consequences of their activities (Rai, 2019). The term corporate social responsibility has recently gained worldwide attention and has achieved a new resonance in the global economy. Debates are still going on as what is the range of social

responsibility, what constitutes the social responsibility of business and when a corporation can be termed as truly socially responsible.

On September 2013, Indian government has mandated CSR activities for corporate firms which are earning profits as per company's act-2013 and they needed to spend 2 percent of their annual profit on CSR activities. A progress report on the activities undertaken is to be included in the annual report and signed by a director of the company (KPMG, 2014). The purpose of the act was to improve the company's climate to contribute positively to society and encourage the positive contribution enterprises can make to economic and social progress. So it become very important to study CSR practices of largest businesses were a vital centre of power and decision making and that the action of this firm touched the lives of citizens at many points.

In case of Himachal, hydro power generation is the engine for the economic growth, as it makes a direct and significant contribution to economy of state as well as the establishment of hydro power projects required large area of land for which land acquisition resettlement and rehabilitation take place and also raised various others issues and challenges related to environment and natural resources. So, hydro power companies needed to justify its role in the society. Due to these reasons social expectations are very high from these companies. Therefore, in order to conduct study on CSR, hydro power sector PSUs will be taken which are working in Himachal Pradesh. In view of the above, an attempt is being made to work on a hydro power companies to understand the various aspects of corporate social responsibility with the title "CSR practices in post amendment period: a case study of SJVN".

REVIEW OF LITERATURE

(Masum et al., 2020) corporate social responsibility and its effect on community development: An overview. Researcher utilized both primary and secondary data to conduct the study. Purpose of the study was to examine the effect of CSR on community development. It was concluded that CSR activities impacted positively and added value to local community by the way of social infrastructures such as roads schools, hospital, water supply etc. **(Bhatt and Sharma 2019)** Dynamics of CSR in India: Special reference to oil and gas industry. Purpose of the study is to provide an understanding of the nature of CSR practices in India in post amendment period study with reference to oil and

gas industry. Study was conducted by using content analysis of CSR expenditure of these industries during 2013-18. Conclusion shows that post amendment CSR practices are more impact oriented and aligned to nation interest. **(Bala & Singh 2014)** conducted an empirical study of the components of CSR practices in India: A comparison of private, multinational and public sector companies. For the purpose of study researchers used primary data and the generated data was analysed by factor analysis. In examining the CSR practices of all the three sector companies the study found that no major difference in components of CSR practices of private, public and multinational companies the difference lies only in priority to follow CSR practices. **(Nair, 2015)** analysed “CSR In The Indian Scenario” in which he tried to understand concept of CSR, its evolution in India, the benefits of CSR, the current CSR practices of eminent Indian companies and the deceptive claims companies make of being good corporate citizens. In conclusion he stated that in India many companies have taken up sincere initiative. However, they still need to go a long way in taking up CSR as part of their organization strategies. **(Pashupatimath & K, 2020)** did a study on Corporate Social Responsibility Initiatives: Issues and Challenges in Indian Context. Secondary data was used for the purpose of the study. The researcher found that there are various problems companies faced for the effectiveness of CSR. Challenges of Corporate Social Responsibility which support my study are that there is lack of community participation in CSR activities and lack of consensus on implementing CSR projects. **(Ranjan & Tiwary, 2017)** conducted “A Comparative Study of CSR in Selected Indian Public & Private Sector Organisations in Globalisation Period: A Research Finding.” The study has done to recognize the important activities as well as impact of CSR in the country and study taken both public and private organisation in consideration. Different problems and positive impacts have been analysed and interpreted in the study. Both primary and secondary data had been used to conduct this study. Researcher found that health, education, games and sports, sanitation, and environment protection are the thrust area for CSR activities of selected organisation. Maximum respondents propound that there is lack of community participation in CSR activities. The researcher suggested that the community participation should be incorporated in CSR activities. **(Saxena, 2016)** did a study on issues and challenges of CSR in Indian context. In India the concept of corporate responsibilities is in existence since ancient times even though CSR

policy is still in a nascent stage. In her study researcher found that there is a need for creation of awareness about CSR amongst the general public to make CSR initiatives more effective. **(Olanrewaju David, 2012)** conducted descriptive and analytical research on “An assessment of the impact of Corporate social responsibility on Nigerian society: The examples of banking and communication industries” purpose of the study was to analysed the impact of CSR on Nigerian society. Researcher used both primary and secondary source of data to conduct the study. In order to determine the impact of CSR researcher used correlation and regression to test the hypothesis. Conclusion of the study showed that there is a significant role of CSR in societal progressiveness. **(Mahmud et al., 2020)** did a study on “corporate social responsibility programs and community perception of societal progress in Bangladesh: a multimethod approach” objective of the study is to explore CSR programs (CSRPs) of schedule banks and nonbanking financial institution and also to analysed relationship between CSRPs and community perception. Researchers used primary as well as secondary data to conduct the research. Study found that CSRPs significantly influence community perception of societal progress. Researchers suggested using 5 or 7 Likert scale for data collection for future research. **(Kaushal & Kumar, 2016)** “Corporate social responsibility initiatives undertaken by jay pee Himachal cement plant at Baga, Solan district of Himachal Pradesh” purpose of study is to identify the level of awareness and perceptions of local affected people regarding the corporate social responsibility activities of company. Researchers used both primary and secondary data to achieve the objectives. Study showed that communities are very well aware about various CSR activities carry out by the company. Study also concluded that the perceptions of people are not correlated with CSR activities of company.

SIGNIFICANCE OF THE STUDY

Works are being done on corporate social responsibility by different scholars to refine and to add something new to the existing knowledge of CSR. However, not much such study has been conducted over SJVN yet. Therefore, the planned work will be of great significance. The finding of the study will be going to be useful for future research, practical implication, government and so on. The research covers CSR initiatives by SJVN during post mandatory period; hence it's useful in today's context.

OBJECTIVES OF STUDY

The purpose of this article is to analysis of CSR activity carried out by SJVN during post mandatory period and to bring out its outcomes over the period of time. The main objectives of this study are: -

- To study the CSR activities carried out by SJVN.
- To analyse the amount spent in CSR during the post mandatory period.

RESEARCH METHODOLOGY

To conduct this study secondary data is used. Exhaustive literature survey regarding the topic and related concepts has been done.

Data Source: Data on CSR have been collected from various sources including Annual Reports of the company, books, research papers, newspapers, magazines, and websites is used for the purpose of study.

Time period: The CSR activities have been studied for 6 consecutive years starting from 2014-15 to 2019-20.

ABOUT THE ORGANISATION

SJVN Limited was incorporated in 1988 as Nathpa Jhakri Power Corporation Private Limited. In the same year the word private was deleted. In 1991 the company took over the construction and operation of the NJHPS from HPSEB. In September 2002 they changed the name from Nathpa Jhakri Power Corporation Limited to Satluj Jal Vidyut Nigam Ltd. In September 2009 the company changed their name again from Satluj Jal Vidyut Nigam Ltd. to SJVN Ltd. and also the company was converted into a public limited company. The company was established as a joint venture between government of India and government of Himachal Pradesh and company having share holding pattern of 59.92% with government of India 26.85% with government of Himachal Pradesh and the rest 13.23% with public.

With a vision, to be best-in-class Indian Power Company globally admired for developing affordable clean power and sustainable value to all stake holders, the company aim to be a 5000 MW company by 2023, 12000 company by 2030 and 25000 company by 2040. Presently, SJVN limited is a Mini Ratna Category-1 and schedule-A central public sector enterprises (CPSE) of the government of India. The company is the largest operational hydroelectric power generation facility in India

based on installed capacity with an aggregate generation capacity of 1912 MW. SJVN limited as on date, total portfolio of SJVN is 16433 MW, out of which 2016.5 is under operation, 3301 MW is under construction 426 is under pre-construction stage and 10689 MW is under survey and investigation stage and implementing or operating power projects in Himachal Pradesh, Uttarakhand, Bihar, Uttar Pradesh Punjab, Arunachala Pradesh Gujrat and Maharashtra and neighbouring countries of Nepal and Bhutan.

CSR INITIATIVES BY SJVN LIMITED

SJVN is conducting its business in a socially responsible manner by maintaining high levels of organizational integrity and ethical behaviour conforming to the expected standards of transparency in reporting and disclosure. SJVN demonstrates its concern for social welfare by adoption of best practices and effective operational strategy to win the trust and confidence of its stakeholders. Schedule VII wise CSR activities undertaken during the period of 2014-15 to 2019-20 are given below.

Health & Sanitation: To improve health facilities in different part of the country through CSR, SJVN conducted various programs. Basic healthcare at your doorstep was a pioneering initiative introduced by SJVN in project surrounding areas. To cater the medical needs of employees and local people of areas the company had opened small hospital and mobile medical units were deployed. Besides this company providing free medicines given free organizing camps, improvement of infrastructures of hospital, medical equipment etc.

Education: SJVN priority encompassed making available quality education for local community. In field of education various work had been done by SJVN to supported educational institution which have educated and transforming life of thousands of students some of the important activities are construction of class room, renovation works at school, distribution of scholarship to school and ITI, skill development program etc.

Rural Development: As a social responsibility SJVN through CSR various development activities are undertaken to improve standard of living of people living in rural areas of various power stations. Some of the major activities are, taken up various rural development programmes and provide basic infrastructure facilities such as establishment of community centre, water supply, roads etc. the company had also undertaken activities to double the

income of farmers of the project areas, SJVN send farmers for skill development training programme at Nauni Agriculture University.

Swachh vidyalaya Abhiyan (SVA): It is the area which is given the most importance by the company. Under the banner of SVA, SJVN has constructed 2421 toilets in educational institutions of Himachal Pradesh, Uttarakhand, Arunachal Pradesh and Bihar. The constructed toilets are also being maintained by SJVN by providing financial assistance.

Environment and sustainability: As a social responsibility for environment and sustainability SJVN has undertaken a large number of cleanliness oriented programs. Such programs aim not only at cleanliness but also on sustainability. One of such program is plantation of Plash tress in project areas. The company is also committed to environment sustainability conservation of natural resources, maintaining quality of air, water and soil.

CSR capacity building and other Activities: Being a socially responsible company, SJVN had also contributed a lot towards natural disaster, to promote arts, culture and sports some of the important contributions are as under: -

- Support to Central and State Government to fight against Covid 19.
- Construction of Manav Mandir- an Integrated Muscular Dystrophy Centre at Solan in Himachal Pradesh.
- SJVN under its Corporate Social Responsibility initiative has extended financial assistance of Rs. 96,82,560/- to Shimla Rotary Charitable Trust for construction of a cancer Sarai near "IGMC, Shimla
- Financial assistant to Uttarakhand disaster relief.
- SJVN under its Corporate Social Responsibility initiative installed Sewage Treatment Plant (STP) at projected affected areas.

ANALYSIS AND DISCUSSION

Corporate Social Responsibility Status in SJVN Limited:

According to the Companies' Act 2013, SJVN required to spend 2% of their average net profit of last three financial years, calculated as per section 198 of Companies Act 2013.

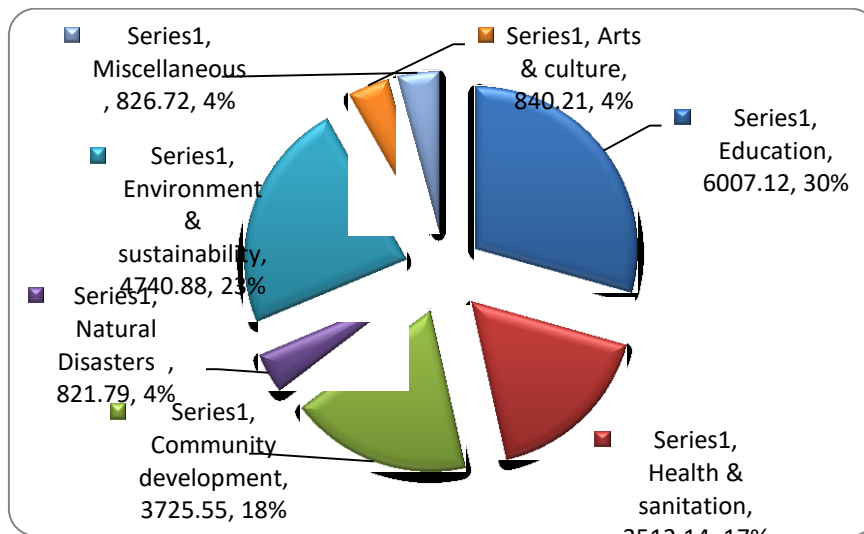
Table1: Sector Wise Expenditure on CSR during FY 2014-15 to 2019-20.

(Amount in lakh)

Sector	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	Total
Education	858.09	321.48	1605.48	686.66	1095.62	1439.79	6007.12
Health & sanitation	401.83	340.69	634.51	458.06	652.23	1024.82	3512.14
Community development	236.80	327.41	1051.05	1001.17	579.82	529.30	3725.55
Natural Disasters		25	52.45	144.34	500	100	821.79
Environment & sustainability	935.56	1666.04	119.10	1035.55	823.07	161.56	4740.88
Arts & culture	35.61	17.88	37.83	363.07	154.52	231.30	840.21
Miscellaneous	15.26	186.09	215.70	187.30	111.08	111.29	826.72
Total(lakh)	2483.15	2887.59	3716.12	3876.15	4025	3634.89	41097.31

Source: extracted and consolidated from annual report of SJVN.

Graph Showing Sector wise Expenditure during FY 2014-15 to 2019-20



Source: extracted and consolidated from annual report of SJVN

The above table and graph shows that education is the area which is given the most importance by SJVN. The company contributes around 30 percent on education and environment and sustainability received around 23 percent of its total expenditure on CSR over a period of Six years. This is followed by community development and health care, which received around 18 percent and 17 percent respectively. This shows that total CSR expenditure of SJVN towards

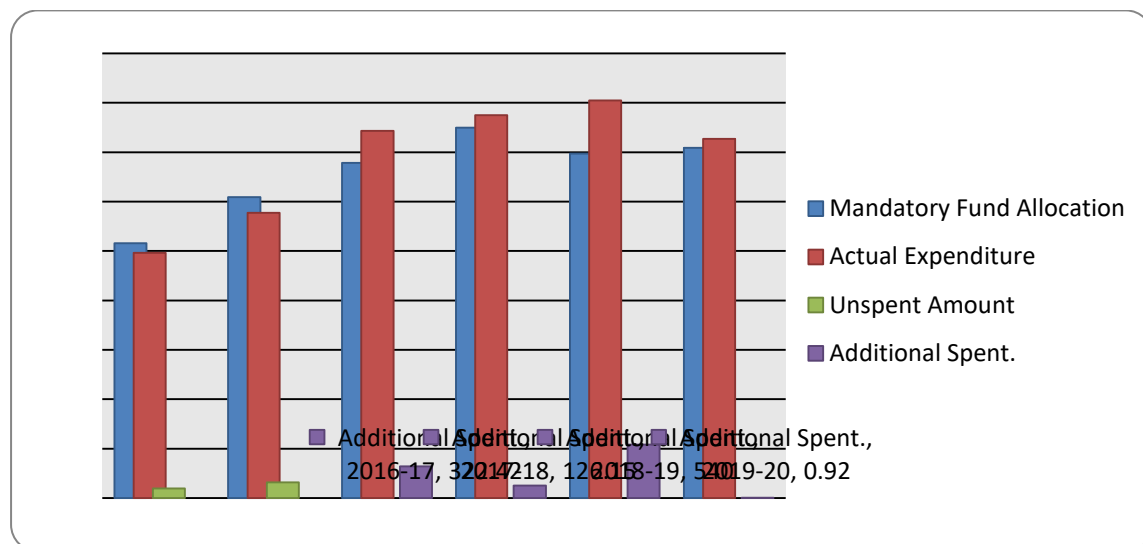
schedule VII activities is similar in the post mandatory period. The key focused area are education, environment and sustainability, community development and health care attracting the expenditure of 88 percent This paper finds that SJVN disclosed all information on expenditure and the deployment to various projects running and initiated in the said financial year. The analysis is based on the total expenditure done by SJVN during the six year of post mandatory period.

Table2: Showing Mandatory Fund Allocation and Actual Expenditure on CSR during 2014-15 to 2019-20

Financial Year	Mandatory Fund Allocation	Actual Expenditure	Unspent Amount	Additional Spent.
2014-15	2579.10	2483.15	95.95	
2015-16	3046.68	2887.59	159.09	
2016-17	3393.7	3716.12		322.42
2017-18	3750	3876.15		126.15
2018-19	3485	4025		540
2019-20	3543	3634.89		.92

Source: Extracted and Consolidated from Annual Report of SJVN

Graph showing Mandatory Fund Allocation and Actual Expenditure on CSR during 2014-15 to 2019-20



Source: extracted and consolidated from annual report of SJVN

According to Act, companies are needed to spend 2% of their average net profit of preceding 3 years on CSR. The table and graph showing above shows the mandatory fund allocation, actual expenditure, unspent and additional spent amount on CSR activities during 2014-15 to 2019-20 by SJVN. The data

compares the CSR spending for six consecutive years 2014 -15 to 2019 -20 i.e. post amendment period of Company's Act. In 2014-15, SJVN was qualified the 2% criteria based on their three years average profit for CSR expenditure. The total mandatory allocation of SJVN in 2014-15 was INR 2483.15 lakh which increased continuously till 2018 -19. The data shows the actual spending on CSR was less than the mandatory allocation of CSR funds in the first two years. Interestingly the CSR actual expenditure has been more than mandatory allocation in next four years. Therefore the spending details show there is optimistic upward trend in actual spending on CSR activities. This means that SJVN total actual expenditure in six year of post mandatory period is greater than the mandatory fund allocation in the same period.

SUGGESTIONS

- It is found that the company spend huge amount of CSR fund in the field of education, environment and sustainability, community development and health care in which government also spend a lot. So it should be spread and well defined by government to consider other areas as well.
- Company spend each year approx. 80% to 90% of their CSR fund in the area in which company's operations take place, but special CSR activities should be incorporated for other areas also so that mass population could avail benefits from CSR activities.
- It's suggested that the role of government regarding CSR should be more effective.
- It's suggested that equal importance is given to all the activities which is covered in schedule VII of companies' act 2013. So that balanced growths take place.

CONCLUSION

The Companies act 2013 is a good initiative on the part of the government. As per the act, companies with the net worth of INR 500 crore or more, turnover INR1000 crore or more, and net profit INR5 crore or more, during the immediate preceding financial year are required to spend 2% of their average net profit of preceding three year on CSR activities. SJVN fall within the range of the definition and therefore required to spend 2% of their average profit on CSR activities. By looking at the various CSR initiatives of SJVN, it is very much visible that SJVN

had done a lot to the society particularly in the field of education, environment and sustainability, community development and health care. The analysed data reveals that though the SJVN making efforts in the CSR areas but still there is a requirement of more emphasis on CSR and in conclusion care must be taken for mandatory CSR if it is to be more effective.

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