



# Performance Of Corporate Social Responsibility Spending In Puducherry

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**Citation:** Dr. M. Rajarajan, (2024), Performance Of Corporate Social Responsibility Spending In Puducherry, Educational Administration: Theory and Practice, 30(6), 1311-1315, Doi: 10.53555/kuey.v30i6.5492

## ARTICLE INFO ABSTRACT

The study analyzed the performance of Corporate Social responsibility based on the spending of CSR contribution from 2018 to 2022 among various sector in Puducherry. The data was collected from the National CSR Portal to determine the performance of CSR in Puducherry. The study also found that the average CSR expenditure tend increase with the years, indicating that Puducherry companies are increasing their CSR expenditure every year. However, the study has some limitations, such as its focus only Puducherry region and the selected study period of 5years. Therefore, it is recommended that future research be conducted with a longer study period to ensure greater external validity findings.

## Introduction

CSR is crucial in today's global economy, driven by societal demands for openness and accountability. Businesses differentiate themselves by embracing CSR and meeting the needs of diverse stakeholders. CSR refers to management practices that transcend legal, ethical, commercial, and public expectations in company. CSR focuses on companies making a good impact, not just complying with legislation and reducing harm. CSR is based on the belief that the private sector must contribute to long-term economic prosperity. The Indian union territory (UT) of Puducherry is well-known for its rich cultural legacy and history. Until 1954, Puducherry was a colony of the French. As a result of the effect, many native residents of Puducherry continue to speak French and consume French food. This indicates that the influence is still present in the region. Due to the fact that the coastline union territory is a popular tourist destination for both Indians and visitors from other countries, its development and administration are of the utmost significance. In this context, let us examine the part that corporate social responsibility played in the growth of Puducherry.

## Review of literature

**Dharmapala et.al, 2013** Section 135 of the Indian enterprises Act 2013 had a substantial impact on CSR engagement, particularly for enterprises with less customer-facing operations. The study used a difference-in-differences technique and found a considerable rise in CSR activity among law-abiding companies, notably in terms of spending on CSR. The study found that small companies initially spending less than 2% boosted their CSR activities after Section 135, while large companies initially spending more than 2% lowered their CSR expenditures. The study investigated probable explanations for this surprising outcome.

**Muhammad et al. (2017)**, Corporate Social Responsibility (CSR) is a crucial part of a company's business strategy in Pakistan, which aims to improve economic performance by adopting foreign practices. The China-Pakistan Economic Corridor requires enterprises to improve their strategy and developmental processes to remain competitive. However, the corporate sector in Pakistan is gradually adapting to these changes. The study found a high positive correlation between CSR, innovation, and corporate performance in Pakistan's industrial sector. Investing in CSR and innovation can boost firm performance and drive economic success. manufacturing sector in Pakistan

**M. Shekar & R. Kumaran, 2019**, corporations increasingly prioritize Corporate Social Responsibility (CSR) due to regulatory mandates and societal concerns. The study examines the financial performance of the top three Indian IT companies from 2013 to 2018, revealing that CSR spending improves return on equity and net income, but not return on assets, earnings per share, or CSR spending itself. The authors argue that engaging in CSR is vital for Indian IT companies to expand and improve their financial performance.

**Sushil et al. (2019)** studied Indian enterprises to see if corporate governance affects financial performance and reporting practices.

### Research Methodology

#### Need for the study

The purpose of the study was to find out how much money Indian companies in various industries spend on corporate social responsibility. According to recent data on CSR spending, Indian businesses spend more money on CSR annually than on average net profit. As a result, section 135(5) requires that two per cent of the business's average net profit be devoted to CSR projects.

#### Research gap

The current study is concentrating on the effective spending of CSR across various sectors. The existing paper was separately focusing on how the CSR Contribution spent last five years.

#### Objective of the study

1. To analyse the performance of corporate social responsibility in Puducherry.

#### Source of Data

For this research, data is collected via means of secondary data collection. Secondary data are type of already available data over official CSR website. As data was already available in the website, thus collection of data was accurate as per the required objective of the study.

#### Data Analysis and Interpretation

It is been analysed in which area CSR expenditure is the highest and lowest across various sector.

Sector wise data			
S.no	Sector	18-22	%
1	Education, Differently Abled, livelihood	18.77	39
2	Environment, Animal Welfare, Conservation of Resources	7.18	15
3	Health, Eradicating Hunger, Poverty and Malnutrition, Safe Drinking water, Sanitation	17.9	37
4	Rural Development	2.49	5
5	Encouraging Sports	1.09	2
6	Gender Equality, Women Empowerment, Old Age Homes, Reducing Inequalities	0.62	1
7	Others	0.24	0
	<b>Total</b>	<b>48.29</b>	<b>100</b>

Source: Compiled from the Audit report of CSR in Puducherry Govt. (2018- 2022)

#### Interpretation

From the Above Table , It is shows that the total CSR Expenditure and the CSR Expenditure in different sectors such as Expenditure in Education, Environment, Health care, rural Development, Encouraging sports and women empowerment. The highest amount of CSR is spent on Education Rs 18.77 crores (aprox) and health care Rs 17.9 crores (approx.)

#### CSR spending for the financial year 2017-18

CSR spending for the financial year 2017-18			
S.no	Sector	17-18	Percent
1	Education, Differently Abled, livelihood	4.81	79
2	Environment, Animal Welfare, Conservation of Resources	0.07	1
3	Health, Eradicating Hunger, Poverty and Malnutrition, Safe Drinking water, Sanitation	1.16	19
4	Rural Development	0.04	1
5	Encouraging Sports	0	0
6	Gender Equality, Women Empowerment, Old Age Homes, Reducing Inequalities	0	0
7	Others	0	0
	<b>Total</b>	<b>6.08</b>	<b>100</b>

Source : Compiled from the Audit report of CSR in Puducherry Govt. (2017- 2018)

### Interpretation

Above Table shows out of 100 per cent 79% of contribution spent on Education, Differently Abled, Livelihoods, 19% of contribution spent on Health eradicating poverty, providing safe drinking water and sanitation, 1% of contribution spent on Environment, Animal welfare, conservation of resources and 1% on Rural development. It concluded that highest amount spent on Education and livelihood sector.

### CSR spending for the financial year 2018-19

CSR spending for the financial year 2018-19			
S. no	Sector	18-19	Percent
1	Education, Differently Abled, livelihood	3.74	41
2	Environment, Animal Welfare, Conservation of Resources	0.13	1
3	Health, Eradicating Hunger, Poverty and Malnutrition, Safe Drinking water, Sanitation	4.18	46
4	Rural Development	1.09	12
5	Encouraging Sports	0	0
6	Gender Equality, Women Empowerment, Old Age Homes, Reducing Inequalities	0	0
7	Others	0	0
	<b>Total</b>	<b>9.14</b>	<b>100</b>

Source: Data Compiled from the Audit report of CSR in Puducherry Govt. (2018 – 2019)

### Interpretation

Above Table shown out of 100 per cent 46% CSR contribution spent on Health, Eradication of Poverty, providing safe drinking of Water and sanitation. 41 % spent on Education, Differently Abled, Livelihood. 12% spent on rural development. 1% Environment, Animal Welfare, conservation of Resources. It concluded that highest amount spent on Health care.

### CSR spending for the financial year 2019-20

CSR spending for the financial year 2019-20			
S.no	Sector	19-20	Per cent
1	Education, Differently Abled, livelihood	3.43	30
2	Environment, Animal Welfare, Conservation of Resources	1.92	17
3	Health, Eradicating Hunger, Poverty and Malnutrition, Safe Drinking water, Sanitation	4.7	42
4	Rural Development	0.13	1
5	Encouraging Sports	1.04	9
6	Gender Equality, Women Empowerment, Old Age Homes, Reducing Inequalities	0.1	1
7	Others	0	0
	<b>Total</b>	<b>11.32</b>	<b>100</b>

Source: Data Compiled from the Audit report of CSR in Puducherry Govt. (2019 – 2020)

### Interpretation

Above Table shown out of 100 per cent 42% CSR contribution spent on Health, Eradication of Poverty, providing safe drinking of Water and sanitation. 30 % spent on Education, Differently Abled, Livelihood. 17% Environment, Animal Welfare, conservation of Resources. 1% spent on rural development. It concluded that highest amount spent on Health care.

### CSR spending for the financial year 2020-21

CSR spending for the financial year 2020-21			
S.no	Sector	20-21	Percent
1	Education, Differently Abled, livelihood	4.27	34
2	Environment, Animal Welfare, Conservation of Resources	1.68	14
3	Health, Eradicating Hunger, Poverty and Malnutrition, Safe Drinking water, Sanitation	4.79	39
4	Rural Development	1.06	9
5	Encouraging Sports	0.04	0
6	Gender Equality, Women Empowerment, Old Age Homes, Reducing Inequalities	0.5	4
7	Others	0.1	1
	<b>Total</b>	<b>12.44</b>	<b>100</b>

Source: Data Compiled from the Audit report of CSR in Puducherry Govt. (2020 – 2021)

### Interpretation

Above Table shown out of 100 per cent 39% CSR contribution spent on Health, Eradication of Poverty, providing safe drinking of Water and sanitation. 34 % spent on Education, Differently Abled, Livelihood. 14% Environment, Animal Welfare, conservation of Resources. 9% spent on rural development. 4% spent on women empowerment. It concluded that highest amount spent on Health care.

### CSR spending for the financial year 2021-22

CSR spending for the financial year 2021-22			
S.no	Sector	21-22	Percent
1	Education, Differently Abled, livelihood	2.52	27
2	Environment, Animal Welfare, Conservation of Resources	3.38	36
3	Health, Eradicating Hunger, Poverty and Malnutrition, Safe Drinking water, Sanitation	3.07	33
4	Rural Development	0.17	2
5	Encouraging Sports	0.01	0
6	Gender Equality, Women Empowerment, Old Age Homes, Reducing Inequalities	0.02	0
7	Others	0.14	2
	<b>Total</b>	<b>9.31</b>	<b>0</b>

Source: Data Compiled from the Audit report of CSR in Puducherry Govt 2014 – 2022

### Interpretation

Above Table shown out of 100 per cent 36% Environment, Animal Welfare, conservation of Resources. 33% CSR contribution spent on Health, Eradication of Poverty, providing safe drinking of Water and sanitation. 27 % spent on Education, Differently Abled, Livelihood. 2% spent on rural development. 2% spent on others sectors. It concluded that highest amount spent on Environment.

### Findings

- Based on the Report's findings, it appears that CSR Contribution are mainly focused on spending towards Education of Rs.18.7 crores. This followed by the field of Health care, eradication of poverty with an average expenditure of Rs 17.9 crores.
- The highest amount of CSR contribution of Rs 4.81 crs spent on Education/differently abled/ livelihood for the financial year of 2017-2018.
- Major Contribution of CSR on spending towards Health. Eradication of poverty of Rs 4.18 crores for the financial year of 2018-2019.
- As follows the previous financial year this financial year of 2019-2020 also CSR focused mainly on Health Care, eradication of poverty of Rs.4.7 Crores.
- During the financial year of 2020-2021 the CSR contributed of Rs 4.79 crores is the highest amount across various sectors.
- Compare to previous years CSR contribution towards environment, animal welfare, conservation of resources of Rs 3.38 crores.

### Conclusion

The study analysed the CSR activities and Expenditure of companies that spent the most on Health care, followed by education, Environment, rural development, women empowerment and sports. The study also found that the average CSR expenditure tend increase with the years, indicating that Puducherry companies are increasing their CSR expenditure every year.

However, the study has some limitations, such as its focus only Puducherry region and the selected study period of 5years. Therefore, it is recommended that future research be conducted with a longer study period to ensure greater external validity.

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