



Research Paper

## “A Study on Corporate Social Responsibility Practices of Select Oil Companies Operating In Assam”

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### ABSTRACT

Corporate Social Responsibility (CSR) is the process by which a business balance its responsibility to its stakeholders, shareholders, and the environment. The phrase "corporate social responsibility" (CSR) refers to a company's duty to operate in a way that will benefit society and contribute to improvements in the well-being of people. CSR has become one of the buzzwords of the new millennium worldwide, and both businesses and governments need to care for it. It has been highlighted the corporate social responsibility practices by the select OIL CPSEs operating in Assam. This paper mainly focuses on qualitative data. Business ethics, community involvement, global warming, water management, resource management, human rights, etc. are all common topics covered by CSR. Therefore, organizations must have a close and positive interaction with society in order to achieve sustainable development.

### Keywords:

Corporate social Responsibility, Business ethics, CPSEs, Stakeholders

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### I. INTRODUCTION

The term "CSR" refers to a team that is frequently used to define the obligations of the business world to society and the environment. Although corporate social responsibility (CSR) is not a new concept in the business world, its definition and scope have undergone significant modifications from the time it was viewed as a new form of purely voluntary altruism compared to a corporation's responsibilities to the outside world. Despite the fact that many significant corporate organizations have participated actively in CSR initiatives, the number is regrettably quite low.

### CSR Defined

**The World Business Council for Sustainable Development** states that "Corporate Social Responsibility is the continuing commitment by business to behave morally and support economic growth while enhancing the quality of life of the workforce and their families as well as of the local community and society at large."

The responsibility of businessmen to pursue policies, make judgments, or follow lines of action that are desirable in terms of the goals and values of our society were first stated by **Howard Bowen in 1953 (Carroll, 1999)**.

### CPSEs concept

The Indian government owns all or part of Central Public Sector Undertakings. In India, a government-owned enterprise, government-owned corporation, statutory corporation, or government-owned company is a Statutory Corporation, companies, or other bodies in which the Government of India has a financial or controlling interest or is established by the government with the goals of development, aim to control monopoly by the private sector companies, and provides goods and services to the populace at a reasonable cost.

### Companies act 2013

The "Corporate Social Responsibility" is a new component in the 2013 Companies Act, included in Section 135 of the new law. The corporations are giving back to society by abiding by CSR regulations. Section 135 of the Companies Act of 2013 and Schedule VII of the Companies (Corporate Social Responsibility) Rules of 2014 outline requirements for companies to carry out their CSR.

#### Role of CSR committee

- Creating a CSR Policy and recommending it to the board in accordance with the actions listed in Schedule VII
- To suggest the amount to be spent on the aforementioned activities.
- To periodically check on the policies

The CSR provisions apply to a specific type of companies that:

- Net worth of rupees Five hundred crore
- Turnover of rupees One thousand crore
- Net profit of rupees Five crore or more

Any financial year has been defined so as to include any the three financial years before it.

## II. REVIEW OF LITERATURE

Table 2.1.: Summary of Review of Literature

SL.NO	Name of the author	Year	Findings
1	Lungu, Caraina, Dascalu	2011	This work intends to review the relationship between the characteristics of reporting corporations and the weight accorded to social and environmental disclosure using statistical correlations. This study mainly focuses at offering an understanding of the concept of CSR and studies the evolution of CSR in India, acknowledging that mainstreaming CSR into businesses could be crucial in delivering societal benefit, especially in a developing country like India.
2	Rani, Hooda	2013	The definition Steiner gives of social responsibility. Additionally, it highlighted the numerous outstanding issues that were needed to be awarded. Additionally, it discussed what CSR has evolved into globally. They also stated that the meaning of social responsibility according to Steiner.
3	Jayati, Subrata	2015	This paper highlighted the prospects and challenges of implementing mandated CSR. This paper also gives an idea about how insights of these issue can be examined by using the voluntary CSR behaviour of sample of 500 large companies listed on Bombay Stock Exchange during 2003-2011. In addition to this paper highlighted the prospects and challenges of implementing mandated CSR.
4	Reena Shyam	2016	In this paper, she explained that Corporate Social Responsibility (CSR), a concept that is still relatively new to India, has evolved over time. It is accelerating quickly. The management of major international corporations has given CSR a lot of attention and it has become a basic business practice. CSR is seen as the point at which multiple programmes intended to ensure the socioeconomic growth of the society.
5	Singh Chand	2016	The research paper of Chand Singh discusses CSR has been made mandatory of particular class of companies and the needs of inclusive growth of the society along with growth of companies. And the researcher studies the different CSR practices followed by different companies in his research paper.
6	Lili, Jiaqi	2017	This study addresses how these various factors affect Chinese consumer response in terms of Corporate Evaluation and Purchase Intention and provides preliminary evidence that consumer response about the CSR behaviour of multinational corporations is determined by three factors, perceived CSR, trust of CSR, and awareness of CSR. This study examines the connection between Corporate social responsibility (CSR) has grown in importance as a result of the emergence of multinational corporations (MNCs).
7	Saluja, Kapoor	2017	In this study, the researcher explains that one of the major difficulties faced by businesses is the integration of CSR into their operations in today's developing world. CSR has been defined and developed in various way during the four centuries in a process of investigation, disclosure around the theme.

8	Padhiyar Shital	2018	The researchers in this study discussed corporate social responsibility, which is defined as a company's ethical and moral duties to the community and the planet as a whole. The phrase "corporate social responsibility" (CSR) refers to a company's duty to operate in a way that will benefit society and contribute to improvements in the well-being of people
9	Gawu, Inusah	2019	In this paper the researcher talked about, A corporation's moral commitment said to be assisted by two viewpoints: the narrow and broad views. They mentioned that the narrow view keeps a corporation's moral commitment to the firm's owner and shareholders.
10	Hongwei, Harris	2020	They discussed how the epidemic had an effect on how customers made decisions. The study's conclusion included a list of potential research topics and paths for the company. They also talked about the impact of the pandemic on the decision making of the customers. The study ended with identification of a number of research themes and directions for the firm.

*Source: Self compiled*

### III. METHODOLOGY OF THE STUDY

#### Objectives of the study

- To Study Corporate Social Responsibility practices by the select OIL CPSEs operating in Assam
- To critically analyse the spending of select OIL CPSEs on CSR activities

#### Research Methodology

- **SOURCE OF THE STUDY**- Secondary Data
- **METHOD OF DATA COLLECTION**- Present study is mainly based on secondary data which were collected from annual reports of the company, and related websites.
- **PERIOD OF THE STUDY**- The period of study is confined to the Financial Years 2016-17 and 2020-21 i.e., 5 years only.
- **NATURE OF THE STUDY**- Descriptive study
- **TOOLS OF STUDY**- Tables, Charts and diagram
- **SAMPLE UNITS** – The CPSEs selected for the present study are –

**Table 3.1.: Summary List of Select CPSES**

SL. NO.	CPSES	YEAR OF ORIGIN	PRODUCT	HEADQUARTERS
1	Bharat Petroleum Corporation limited (BPCL)	1952	Import product such as Gasoline, Base Oils, Bitumen and Petrochemicals Export product such as Naphtha, Fuel oil and Gasoil	Kochi and Mumbai
2	Hindustan Petroleum Corporation Limited (HPCL)	1974	Petroleum, Natural gas, LNG, Lubricants, Petrochemicals	Mumbai, Maharashtra
3	Oil and Natural Gas Corporation (ONGC)	1956	Crude oil, Gas, LPG, Naphtha	New Delhi, Vasant Kunj
4	Indian Oil Corporation Limited (IOCL)	1959	LNG, Natural gas, Petrochemicals, Petroleum	New Delhi
5	Oil India Limited (OIL)	1959	Petroleum Natural Gas Petrochemicals	Duliajan, Assam

#### Limitations of the study

- The period of the study is limited to 5 years only.
- Only those CPSES have been selected for the study which are listed in BSE and are operating in Assam.
- Only Secondary sources have been referred to the study.

### IV. ANALYSIS AND FINDINGS

#### Analysis of objective 1: CSR activities of select oil CPSEs

##### ❖ BPCL

Table 4.1.: Focus Areas of CSR by BPCL

SL.NO.	Focus area	2016-17	2017-18	2018-19	2019-20	2020-21
1.	Education	✓	✓	✓	✓	✓
2.	Water conservation	✓	✓	✓	✓	✓

3.	Skill Development	✓	✓	✓	✓	✓
4.	Health & Hygiene	✓	✓	✓	✓	✓
5.	Drinking water	✗	✓	✗	✗	✗
6.	Community Development	✗	✓	✗	✗	✗

*Source: Annual Report of BPCL (2016-2021)*

**INTREPRETATION:**

From the above table it can be seen that BPCL has been consistent in implementing CSR activities on focused area like Education, Water conservation, Skill Development, Health& Hygiene, Drinking Water, Community Development. However, Funds were allocated for Drinking Water and Community Development in the year 2016-17, 2018-19, 2019-20, 2020-21.

❖ **HPCL**

Table 4.2.: Focus area on CSR by HPCL

SL.NO.	Focus area	2016-17	2017-18	2018-19	2019-20	2020-21
1.	Empowering of Socially and Economically Backward groups	✓	✓	✓	✓	✗
2.	Imparting Employment Enhancing Vocation Skills	✓	✓	✓	✓	✗
3.	Promoting Education	✓	✓	✓	✓	✓
4.	Promoting Preventive Health Care	✓	✓	✓	✓	✓
5.	Promotion of Nationally Recognized and Paralympic sports	✓	✓	✗	✗	✗
6.	Environmental Sustainability	✓	✓	✓	✗	✓

*Sources: Annual report of HPCL 2016-21*

**INTREPRETATION:**

From the above table it can be seen that HPCL has been consistent in implementing CSR activities on focused area like activities Empowering of Socially and Economically Backward groups, Imparting Enhancing Vocation Skills, Promoting Education, Promoting Preventive Health Care, Promotion of Sports, Environmental Sustainability. However, Funds were allocated for Empowering of Socially and Economically Backward groups, Imparting Employment Enhancing Vocation Skills, Promotion of Sports, Environmental Sustainability in the year 2018-19, 2019-20, 2020-21.

❖ **IOCL**

Table 4.3.: Focus area on CSR by IOCL

SL.NO.	Focus area	2016-17	2017-18	2018-19	2019-20	2020-21
1.	Environment sustainable	✓	✓	✓	✓	✓
2.	Skill development	✓	✓	✓	✓	✓
3.	Education	✓	✓	✓	✓	✓
4.	Health care	✓	✓	✓	✓	✓
5.	Sport	✓	✓	✓	✓	✓

*Sources: Annual report of IOCL 2016-21*

**INTREPRETATION**

From the above table it can be seen that IOCL has been consistent in implementing CSR activities on focused area like activities on focused area like Environment Sustainable, Skill Development, Education, Health Care, Sport.

❖ **ONGC**

Table 4.4.: Focus area on CSR by ONGC

SL.NO.	Focus area	2016-17	2017-18	2018-19	2019-20	2020-21
1.	Environment sustainability	✓	✓	✓	✓	✓
2.	Sanitation	✓	✓	✓	✓	✓
3.	Education	✓	✓	✓	✓	✓
4.	Health care	✓	✓	✓	✓	✓
5.	Art and culture	✓	✓	✗	✗	✗

6.	Promotion of sports	✓	✓	✓	✓	✗
7.	Education and skill development	✓	✓	✗	✓	✗

*Sources: Annual report of ONGC 2016-21*

**INTREPETATION:**

From the above table it can be seen that ONGC has been consistent in implementing CSR activities on focused area like Environment sustainability, Sanitation, Education, Health care, Art and Culture, Promotion of sports, Education and skill development. However, funds were allocated for Art and Culture, Promotion of sports, Education in the year 2018-19, 2019-20, 2020-21.

❖ **OIL**

Table 4.5.: Focus area on CSR by OIL

SL.NO.	Focus area	2016-17	2017-18	2018-19	2019-20	2020-21
1.	Health care	✓	✓	✓	✓	✓
1.	Education	✓	✓	✓	✓	✓
3.	Sustainable livelihood generation	✓	✓	✓	✓	✓
4.	Skill development	✓	✓	✓	✓	✓
5.	Capacity building and empowerment of women	✓	✓	✓	✓	✓
6.	Environment	✓	✓	✓	✓	✓
7.	Promotion of art culture and heritage	✓	✓	✓	✓	✓
8.	Promotion of Sports	✓	✓	✓	✓	✓
9.	Augmentation of rural infrastructure	✓	✓	✓	✓	✓

*Sources: Annual report of OIL 2016-21*

**INTREPRETATION:**

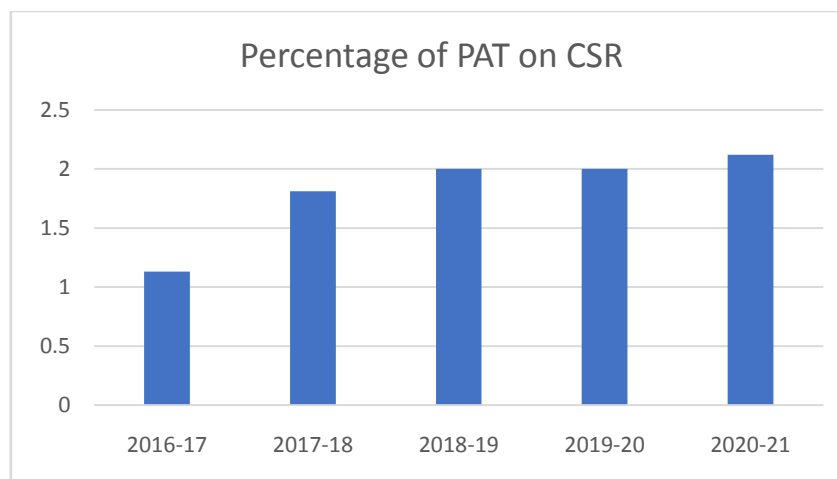
From the above table it can be seen that OIL has been consistent in implementing CSR activities on focused area like Health care, Education, Sustainable livelihood generation, skill development, Capacity building and empowerment of women, Environment, Promotion of an art culture and heritage, Promotion of sports, Augmentation of rural infrastructure.

**Analysis of objective 2: CSR expenditure of select oil CPSEs**

**Table 4.2.1. CSR EXPENDITURE OF BHARAT PETROLEUM CORPORATION LIMITED (BPCL)**

SL.NO	YEAR	Percentage of PAT on CSR (%)
1	2016-17	1.13
2	2017-18	1.81
3	2018-19	2
4	2019-20	2
5	2020-21	2.12

*Sources: Self compiled*



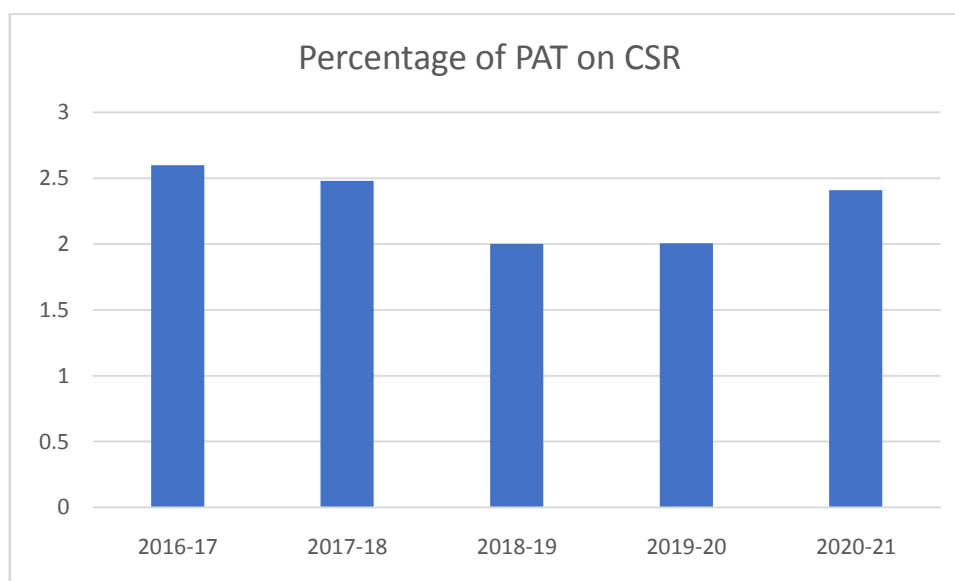
**Fig: 4.2.1.CSR EXPENDITURE OF BHARAT PETROLEUM CORPORATION LIMITED (BPCL)**

From the above diagram it can be seen that highest amount on CSR spent by Bharat Petroleum Corporation Limited (BPCL) was in the financial year 2020-2021 i.e., 2.12% followed by the financial year 2018-19 i.e., 2% followed by the year 2019-20 i.e., 2% followed by the year 2017-18 i.e., 1.81% and the lowest was in the year 2016-17 i.e., 1.13%

**Table 4.2.2. CSR EXPENDITURE OF HINDUSTAN PETROLEUM CORPORATION LIMITED (HPCL)**

SL.NO	YEAR	Percentage of PAT on CSR (%)
1	2016-17	2.6
2	2017-18	2.48
3	2018-19	2.0
4	2019-20	2.001
5	2020-21	2.41

*Sources: Self compiled*



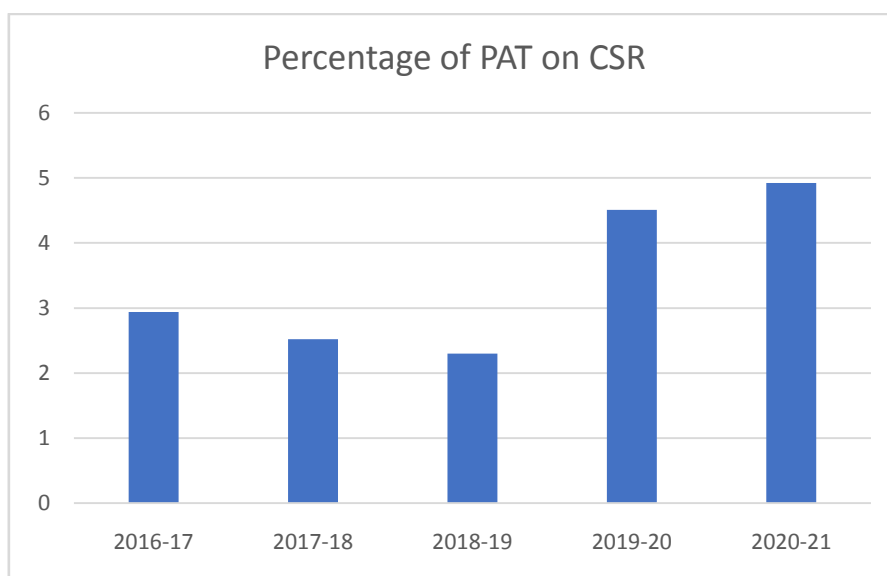
**Fig: 4.2.2. CSR EXPENDITURE OF HINDUSTAN PETROLEUM CORPORATION LIMITED (HPCL)**

From the above diagram it can be seen that highest amount on CSR spent by Hindustan Petroleum Corporation Limited (HPCL) was in the financial year 2016-17 i.e., 2.6% followed by the financial year 2017-18 i.e., 2.48% followed by the year 2020-21 i.e., 2.41 followed by the year 2019-20 i.e., 2.001% and the lowest was the year 2018-19 i.e., 2.0%

**Table 4.2.3. CSR EXPENDITURE OF OIL AND NATURAL GAS CORPORATION (ONGC)**

SL.NO	YEAR	Percentage of PAT on CSR (%)
1	2016-17	2.94
2	2017-18	2.52
3	2018-19	2.30
4	2019-20	4.51
5	2020-21	4.92

*Sources: Self compiled*



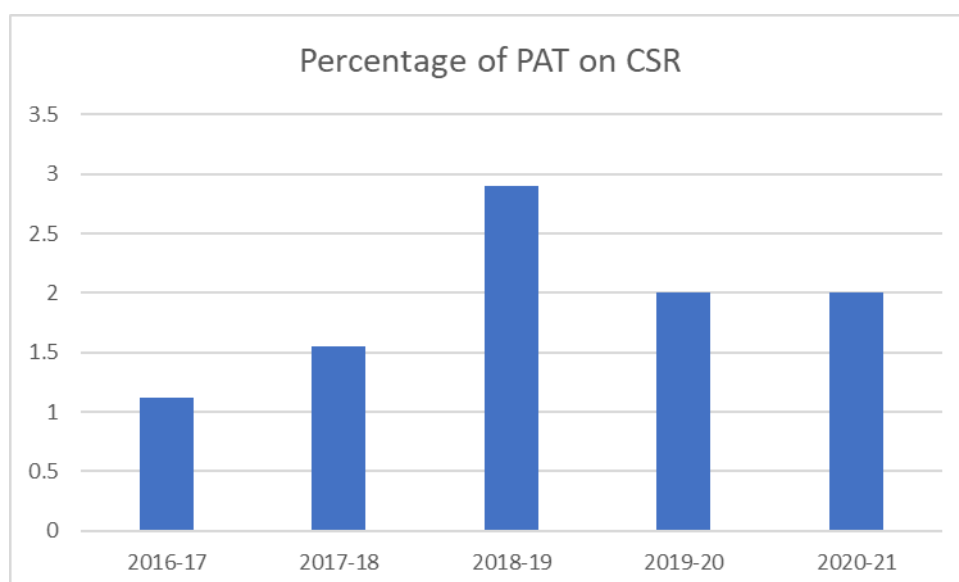
**Fig:4.2.3.CSR EXPENDITURE OF OIL AND NATURAL GAS CORPORATION (ONGC)**

From the above diagram it can be seen that highest amount on CSR spent by Oil and Natural Gas Corporation (ONGC) was in the financial year 2020-21 i.e., 4.92% followed by the financial year 2019-20 i.e., 4.51% followed by the financial year 2016-17 i.e., 2.94% followed by the year 2017-18 i.e., 2.52% and the lowest was the year 2018-19 i.e., 2.30%

**Table 4.2.4. CSR EXPENDITURE OF INDIAN OIL CORPORATION LIMITED (IOCL)**

SL.NO	YEAR	Percentage of PAT on CSR (%)
1	2016-17	1.12
2	2017-18	1.55
3	2018-19	2.9
4	2019-20	2
5	2020-21	2

*Sources: Self compiled*



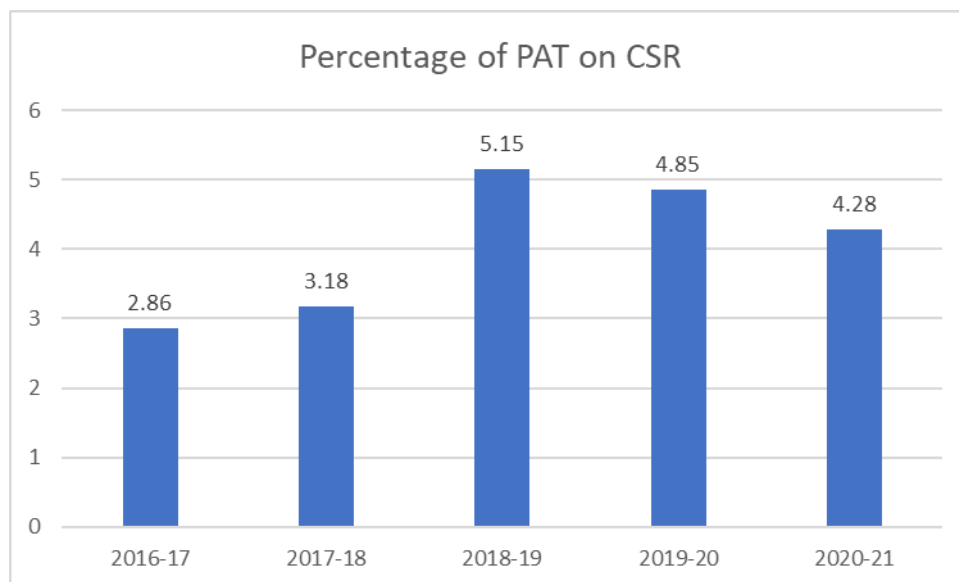
**Fig: 4.2.4. CSR EXPENDITURE OF INDIAN OIL CORPORATION LIMITED (IOCL)**

From the above diagram it can be seen that highest amount on CSR spent by Indian Oil Corporation Limited (IOCL) was in the financial year 2018-19 i.e., 2.9% followed by the financial year 2019-20 i.e., 2% followed by the financial year 2020-21 i.e., 2% followed by the year 2017-18 i.e., 1.55% and the lowest was the year 2016-17 i.e., 1.12%

**Table 4.2.5. CSR ACTIVITIES OF OIL INDIA LIMITED (OIL)**

SL.NO	YEAR	Percentage of PAT on CSR (%)
1	2016-17	2.86
2	2017-18	3.18
3	2018-19	5.15
4	2019-20	4.85
5	2020-21	4.28

*Sources: Self compiled*



**Fig:4.2.5. CSR ACTIVITIES OF OIL INDIA LIMITED (OIL)**

From the above diagram it can be seen that highest amount on CSR spent by Oil India Limited (OIL) was the financial year 2018-19 i.e., 5.15% followed by the financial year 2019-20 i.e., 4.85% followed by the year 2020-21 i.e., 4.28% followed by the year 2017-18 i.e., 3.18% and the lowest was the year 2016-17 i.e., 2.86%

## V. FINDINGS

- HPCL achieved by conveying different development skills and promoting different events. It was mentioned that vocational skills in order to enhance employment, promotion of sports events and maintaining the environment, promotion of many sports events and maintaining the environment in various ways were imparted in the year 2018-19, 2019-20, 2020-21.
- The study revealed that in areas including environmental sustainability, sanitation, education, health care, art and culture, sports promotion, education, and skill development, ONGC has consistently carried out CSR operations. In contrast, money was set aside for education, sports promotion, and art and culture in the years 2018-19, 2019-20, and 2020-21.
- Indian Oil Corporation Limited (IOCL) spent the most money on CSR in the fiscal year 2018-19, or 2.9%, followed by the fiscal years 2019-20, or 2 percent, and 2020-21, or 2 percent, and the fiscal year 2017-18, or 1.55%. The least amount was spent in the fiscal year 2016-17, or 1.12%.
- OIL has consistently carried out CSR initiatives in areas with a specific focus, including health care, education, sustainable livelihood generation, skill development etc. throughout the years.
- The study revealed that BPCL had spent the highest amount on CSR in the financial year 2020-21.
- The present study found that in the financial year 2016-17, HPCL had spent the highest amount of CSR.



- After analyzing the annual report of ONGC, it was found that in the year 2020-21 the company had spent the highest amount on CSR.
- According to the study, the highest amount that was spent on CSR in 2.9% in the year 2018-19 which is followed by 2% in the year 2019-20.
- The study reveals that 5.15% of the OIL company’s average profit was spent on CSR in the financial year 2019-20. It was the year that spent the highest amount on CSR by the company and 2016-17 was the year that spent lowest amount on CSR (i.e., 2.86%).

## **VI. SUGGESTIONS**

In the previous years (2016–21), the CSR arm of ONGC discontinued its involvement in education, skill development, and the arts and cultures. As people cannot disregard the educational sector, it is essential that the corporation continue investing at least in skill development and education.

According to the survey, OIL firm had previously made CSR investments. Therefore, it is advised to continue doing so in the future. The most money was spent on CSR during the 2020–21 fiscal year. Like the year before, The CSR rate peaked in 2016–17 at 2.6 percent, the highest level until 2020–21. Therefore, it is advised to increase CSR spending in the future.

The year 2018–19 had the greatest PAT on CSR expenditures in IOCL enterprises. Therefore, I wanted to make the suggestion that they aim to meet the 2.9 percent of 2018–19 as their CSR spending has decreased over the last two years compared to that year.

Similar to the previous statement, CSR spending at HPCL enterprises was highest in the 2016–17 fiscal year and lowest in the 2018–19 fiscal year.

And the year 2017–18 saw BPCL companies spend the most on CSR. Due to the fact that all businesses, regardless of size, invested in CSR, more businesses should do the same in the future. Researcher advised keeping them the same or increasing them in the years to come.

## **VII. CONCLUSION**

CSR has advanced significantly in India and is essentially about ensuring that the business can grow sustainably while upholding equity for all stakeholders. It successfully combines business with environmental sustainability, social inclusion, and diversity. From responsive actions to sustainable projects, businesses have amply demonstrated their capacity to significantly impact society and raise standard of living. It is challenging for one individual to effect change in India's existing social climate because of the size of the problem. It is challenging for one individual to effect change in India's existing social climate because of the size of the problem.

Corporate entities have the knowledge, the ability to plan strategically, the resources, and the funds to support significant social change. Effective collaborations between businesses, NGOs, and the government would hasten India's social development.

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