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## Corporate social responsibility practices by Maharatna companies

**Dr. Irfan Ahmad and Rashid Siddique**

### Abstract

Corporate Social Responsibility (CSR) is an area of interest and a significant corporate endeavour. It is the dedication of a business to run in a way that is economically, socially and environmentally sustainable while taking into account the interests of its stakeholders. By assuming responsibility for the effects of their actions on their customers, employees, shareholders, communities, environment, and all other areas of their operations, corporations serve the interests of society through CSR. The focus of CSR in the public sector is on inclusive growth, sustainable development, and capacity building while giving adequate consideration to the socioeconomic requirements of the society's underserved and underprivileged groups. Analysis of the Corporate Social Responsibility (CSR) initiatives undertaken by Maharatna Public Sector Enterprises in India is the study's main goal. The study's secondary data comes from Maharatna firms' annual reports from 2015–16 to 2019–20. Profit after tax, funds allocated for CSR activities, funds used for CSR activities were factors taken into consideration for the study in order to assess the performance of CSR activities and their effects on the profitability of public sector Maharatna companies in India. The findings show that Maharatna enterprises are making an effort in the CSR sectors, although greater attention on CSR is still needed. Companies in the public sector have contributed most to CSR initiatives throughout the country.

**Keywords:** Public sector, Maharatna, corporate social responsibility, funds allocate, funds utilize

### Introduction

A company's commitment to operating sustainably on all three fronts economically, socially, and environmentally while taking into account the interests of all its stakeholders is known as corporate social responsibility (CSR). It means conducting business in a way that satisfies or exceeds the standards that society has set for businesses in terms of ethics, law, commerce, and the general public (Sinha *et al.*, 2012)<sup>[20]</sup>. Corporate social responsibility has grown in importance for corporations in the current era of globalization. The advantages of CSR initiatives at diverse areas throughout the world have gradually come to be understood by large corporations acting as global suppliers. The majority of businesses engage in CSR activities to boost their reputation and add value to society. To survive and compete in the market, many corporate houses adopt CSR as a competitive strategy. Nearly all of India's top corporations participate in a variety of CSR initiatives, including those that promote women's and other underrepresented groups in society's access to education, health care, and livelihood opportunities (Mukherjee *et al.*, 2014).

Public sector enterprises play a crucial role in the development of our economy. Government set up PSEs to build the industrial capacity and generate employment along with improved socio-economic condition of the country. The central government establishes Central Public Sector Enterprises (CPSEs) under the Department of Public Enterprise, Ministry of Heavy Industries & Public Enterprise which are governed by the guidelines issued by Department of Public Enterprise. New Guidelines on CSR and Sustainability for CPSEs came into effect on April 1, 2013. In India, the concept of CSR is governed by clause 135 of the Companies Act 2013, which was passed by both houses of the Parliament and had received the assent of the President of India on August 29, 2013. The CSR provision within the Act is applicable to all companies having an annual turnover of Rs. 1000 crore and more, or a net worth of Rs. 500 crore and more, or a net profit of Rs. 5 crore and more. The new rules enforced from the fiscal year 2014-15, also require companies to set up a CSR committee consisting of their board members having at least one independent director. The act encourages companies to spend at least 2 per cent of their average net profit in the previous three years on CSR activities.

Only the CSR activities undertaken in India will be considered. The activities meant exclusively for employees and their families will not qualify under these guidelines and the public sector units like Maharatna, Navratna, Miniratna etc. have to perform mandatory CSR activities.

The present study is organized as follows: First section deals with the introductory background of the study. Section two summarizes the concept of CSR and review of previous empirical studies. Section three specifies the methodology used in the study. Section four is concerned with analysis and interpretation of data. The last section focuses upon concluding remarks.

**Corporate Social Responsibility (CSR)**

Corporate social responsibility (CSR) is the way by which corporation achieves balance among its economic, social, and environmental responsibilities in its operations so as to address the expectations of shareholders and other stakeholders. CSR is the responsibility of an organization for the impact of its decisions and activities on society and the environment through transparent and ethical behavior that is consistent with sustainable development and the welfare of society considering the expectations of stakeholders; in compliance with applicable law and consistent with international norms of behavior; and is also integrated throughout the organization (ISO, 2007) [9].

CSR may be defined as the commitment of business to contribute to sustainable economic development working with employees, their families, the local community and society at large to improve their quality of life (Namita *et al.*, 2012) [12]. Corporate social responsibility is a concept whereby organization considers the interests of society by taking responsibility for the impact of their activities on customers, suppliers, employees, shareholders, communities and other stakeholders as well as the environment (Harish, 2012). Corporate Social Responsibility (CSR) is becoming an increasingly important activity to businesses nationally and internationally. As globalization accelerates and large corporations serve as global providers, these corporations have progressively recognized the benefits of providing CSR programs at various locations (Dipak *et al.*, N.D.).

CSR motivated by charity and philanthropy. It was characterized by the inclination of industrial families of the 19<sup>th</sup> century such as Tata, Godrej, Modi, Birla, Singhanian towards economic as well as social considerations. CSR for India’s social development: The second phase started with the independence movement where the industrialists were influenced by Mahatma Gandhi for socio-economic development of the nation. During this phase schools, colleges, training centers etc., were set up by various companies. CSR under the paradigm of the mixed economy: the labor and environment laws were introduced in an independent India. The CSR activities were mainly taken by the Public Sector Undertakings (PSUs). CSR at the interface between philanthropic and business approaches: the fourth phase which is still in existence, started in 1980. Indians started abandoning their traditional engagement with CSR and integrated it into a sustainable business strategy.

**Corporate Social Responsibilities: The Government Perspectives**

India’s new Companies Act 2013 (Companies Act) has introduced several provisions which have changed the face of Indian corporate business. One of such new provisions is Corporate Social Responsibility (CSR). The concept of CSR rests on the ideology of give and take. Companies use resources such as raw materials, human resources etc from the society and by performing CSR activities they are giving something in return to the society. Ministry of Corporate Affairs has notified Section 135 and Schedule VII of the Companies Act as well as the provisions of the Companies (Corporate Social Responsibility Policy) Rules, 2014 which came into effect from 1 April 2014. Section 135 of the Companies Act provides the threshold limit for applicability of the CSR to a Company i.e. (a) net worth of the company to be Rs 500 crore or more; (b) turnover of the company to be Rs 1000 crore or more; (c) net profit of the company to be Rs 5 crore or more. Further as per the CSR Rules, the provisions of CSR are not only applicable to Indian companies, but also applicable to branch and project offices of a foreign company in India (Anchula *et al.*, 2015).

**Corporate Social Responsibility: Financial Components**

Every year, each CPSE with the approval of its Board of Directors shall make a budgetary allocation for CSR and Sustainability activities/projects for the year. The budgetary allocation will be based on the profitability of the company. More specifically, it will be determined by the Profit after Tax of the company in the previous year and Range of Budgetary allocation for CSR and Sustainability activities (as % of PAT in previous year)

**Table 1:** Enterprise ratio

Less than Rs. 100 Crore	3% - 5%
Rs. 100 crore to Rs. 500 crore	2% - 3%
Rs. 500 crore and above	1% - 2%

**Source:** Department of Public Enterprises, Guidelines on CSR and Sustainability for CPSEs

With the enactment of new companies act, CPSEs need not to follow the above budgetary allocation. Now they have to spend 2 per cent of net profit under section 135 of Companies Act, 2013 (Rath, 2016) [16]. Each CPSE should have a Board level committee headed by either the Chairman and Managing Director, or an Independent Director, to oversee the implementation of the CSR and Sustainability policies of the Company and to assist the Board of Directors in formulating the adequate and suitable policies and strategies to undertake the CSR and Sustainability agenda of the company in the desired direction. Now as per the new law, CSR committee is to be formed to formulate CSR policy and monitor its implementation (Rajsekar *et al.*, 2015) [15].

**CSR Practices by public sector Maharatna Companies of India**

Public sector companies are much aware about the corporate social responsibility activities and they are working on this issue since long. Now, the government has made CSR practices mandatory. The areas where the public sector Maharatna companies are working is being highlighted in table 4.

**Table 2:** Targeted Areas under CSR Practices by Maharatna Companies

SAIL	GAIL	NTPC	ONGC	IOC	BHEL	CIL
Medical & Healthcare; -Education, Livelihood Generation; - Empowering underprivileged sections of the society - Rural Development	Nutrition, Health, Sanitation, Drinking Water projects; - Education Initiatives; - Livelihood Generation and Skill development initiatives; - Rural Development; - Women Empowerment initiatives; - Care of the elderly and differently abled; - Environment centric initiatives	-Education - Women Empowerment - Health Care - Entrepreneurship Development - Infrastructure Development - Care for Differently Abled - Water Management - Environment Protection - Promotion of Artisans - Promoting Sports	Promoting Education; - Promoting Gender Equality; - empowering women; - setting up homes and hostels for women and orphans; - setting up old age homes; - ecological balance; - protection of Flora and Fauna; - Animal Welfare; Conservation of Natural Resources	-Clean Drinking Water; - Health & Medical Care; - Expansion of Education; - Rural Development; -Women empowerment initiatives	-Environment Protection & Energy Conservation; - Adoption of ITI' sand Setting up of Skill Development Institutes; - Vocational Training - Education & Promotion of Talents - Adoption of Villages and Community Development; - Disaster/Calamity Management; - Health Management; - Infrastructure Development;	Installation/Repairing of Hand Pumps; -Digging/renovation of Wells/Ponds/ Dam etc.; - Water Supply through pipelines; - Construction/Renovation and repair of Community; Centre/building, Construction/repair of Roads/Culverts; - Organising Medical Camps; - Organising Sports and Cultural Activities

Source: Annual reports of public sector Maharatna companies

**Statement of Problem**

Indian Public sector companies contribute nominal part of their profits towards corporate social responsibility practices. The Companies Act 2013 clearly states that certain class of companies have to spend at least 2 per cent of their three year average annual net profit towards CSR activities. In this perspective, the following study is undertaken to find out CSR budget, allocation of funds, utilisation of funds and unutilized amount by the Indian Public Sector Maharatna companies.

**Review of Literature**

In order to reduce wealth disparities in India, Harish, N. (2016) [8] investigated corporate social responsibility practises in Indian enterprises. The practises and methods used for CSR as a business activity by Indian companies are also a concern of the study. Additionally covered are the potential and risk factors associated with CSR initiatives in India. Anchula *et al.* (2020) [1] investigated CSR practises at Maharatna PSU using funds provided and used prior to and subsequent to the Companies Act of 2013. The amount of money allocated and the amount of money used by Maharatna for CSR initiatives served as the variables for the analysis. It was discovered that Maharatna Enterprises were unable to spend their CSR funding; just 50% of the total was actually used. According to the study's findings, Maharatna firms did not engage in many CSR projects because they were not supported by the government. In their paper, Gautam *et al.* (2018) [6] examined the CSR policies of the top 500 Indian corporations. They elaborated on the evolution of CSR in India and addressed various definitions and explanations of the concept. The survey looked at the top 500 corporations in India and determined the most important CSR practises. The study was exploratory in nature, and the CSR practises of businesses operating in India were evaluated using a content analysis technique. Rajasekar *et al.* (2015) investigated the advancements in this

field as well as the evolution of corporate social responsibility in India. They examined the sum spent on CSR by Maharatna public sector organisations. The use of cash for CSR activities was taken into consideration for seven public sector Maharatna firms. They talked about the new regulations requiring public sector organisations in the Maharatna category to spend 2% of their average net profits from the three most recent fiscal years in a quick examination of their spending for the fiscal years 2011–14. Conclusion: The use of CSR funds by Maharatna PSEs demonstrates that, despite the fact that these businesses engaged in extensive CSR initiatives prior to being required to do so, the amount they spent fell short of the legally mandated cap, providing wiggle room and resources for these Maharatna PSEs to expand their CSR initiatives and serve as a catalyst for the government's agenda for inclusive growth.

Mukherjee *et al.* (2019) [11] used North Eastern Electric Power Corporation Limited and National Hydroelectric Power Corporation Limited as examples to highlight the corporate social responsibility practises of central public sector organisations. The study came to the conclusion that both corporations were given the greatest number of projects for building large dams in north-eastern India, and that these projects had an operational influence on both society and the environment. Sahu (2017) [17] investigated the CSR initiatives of Indian Maharatna corporations. The primary goal of the study was to gather data regarding the CSR initiatives carried out by seven Maharatna public sector enterprises in India. He evaluated the similarities between the CSR efforts of Maharatna corporations and the socioeconomic advancement of society.

**Research Gap**

A number of studies on corporate social responsibility have been done all around the world. The researcher does not found any study on corporate social responsibility available

on CSR funds utilization and its impact on performance of the company. The distribution of funds, their use for CSR practises by the companies, and the effect of those activities on the company's profitability at a given point in time are the main topics of the current study.

**Objectives of the study**

- To discuss CSR practices adopted by Public Sector Maharatna companies of India.
- To study the CSR practices including funds allocation and funds utilization by Maharatna companies of India.
- To measure the impact of CSR practices on the profitability of Maharatna companies.

**Hypotheses**

H<sub>01</sub>: There is no significant difference in fund utilization for CSR activities among Maharatna companies.

H<sub>02</sub>: There is no significant impact of utilized funds on net profit among Maharatna companies.

**Research Methodology**

The present study is purely based on secondary sources of information derived from various journals, books, newspapers along with the published annual reports of selected public sector enterprises of India. The study is exploratory in nature which depends upon the workings and operations of Selected Maharatna companies of Indian Public Sector and their corporate social responsibilities practices for socio-legal environment and other aspects. The

Maharatna Companies have been taken as sample for the purpose of study which are as follows:

- Steel Authority of India Limited (SAIL).
- Bharat Heavy Electricals Limited (BHEL).
- National Thermal Power Corporation (NTPC) Limited.
- Oil & Natural Gas Corporation (ONGC) Limited.
- Coal India Limited (CIL).
- Gas Authority of India Limited (GAIL).
- Indian Oil Corporation (IOC).

Secondary data is used for the analysis which has been taken from the Published Annual Reports of Public Sector Companies. Various Journals, Magazines, Newspapers as well as internet have been used for the collection of data regarding corporate social responsibility. The present study deals with the disbursement of funds by Maharatna Companies of Indian Public Sector for a period of five years ranging from 2015-16 to 2019-20. Profit after Tax, Funds Allocated for CSR activities, Funds Utilized for CSR activities, Funds Unutilized and funds utilized as percentage of net profit. Descriptive Statistics and Ordinary Least Square Regression Model have been used along with tabular and graphical presentation of data.

**Results and Discussion**

The present study is concerned with CSR activities measured by five variables chosen for the analysis. The tabular and graphical presentation of profit after tax, funds allocated, funds utilized and funds unutilized are as follows:

**Table 3:** Profit after Tax in Public Sector Maharatna Companies (Rs. in crore)

Year	SAIL	BHEL	NTPC	ONGC	CIL	GAIL	IOC
2015-16	4905	6011	9103	18924	10867	3561	7445
2016-17	3543	7040	9224	25123	14788	3654	3955
2017-18	2170	6615	12619	20926	17356	4022	5005
2018-19	2616	3460	10974	22095	15112	4375	7019
2019-20	2093	1419	10291	17733	13727	3039	5273

Source: Annual Reports of Maharatna companies from 2015-16 to 2019-20

The above table presents the profitability position of Public Sector Maharatna companies of India from 2015-16 to 2019-20. The profit of SAIL was Rs. 4905 crore in 2015-16 which declined steeply during the study period and stood at Rs. 2093 crore in 2019-20. BHEL has also experienced mixed trend of profit during the study period. It was fluctuating during the first half of the study period and later declined to reach its lowest i.e. Rs. 1419 crore in 2019-20.

NTPC has a fluctuating cum increasing trend of profit during the study period. The profit of ONGC was Rs. 18924 crore in 2015-16 which increased next year but fluctuated in later part of the study period. The profit after tax of CIL was Rs. 10867 crore in 2015-16 which showed a mixed trend during the study period and finally reached to Rs. 13727 crore in 2019-20.

**Table 4:** Funds allocated for CSR Activities by Maharatna Public Sector Enterprises (Rs. in crore)

Year	Sail	BHEL	NTPC	ONGC	CIL	GAIL	IOC
2015-16	94.00	21.55	72.37	335.35	262.28	69.54	131.11
2016-17	64.00	36.47	49.44	378.48	113.03	80.95	78.47
2017-18	42.00	63.00	69.24	418.5	140.13	92.00	82.88
2018-19	44.87	69.2	128.35	418.5	142.16	91.00	81.91
2019-20	78.00	165.00	283.48	660.61	298.10	118.67	133.40

Source: Annual Reports of Maharatna companies from 2015-16 to 2019-20

The above table shows the funds assigned for CSR activities by Public Sector Maharatna companies. In the year 2015-16 SAIL, allocated Rs. 94 crore for CSR activities which declined in the next two years and stood at Rs. 42 crore in 2017-18. A slight increase was seen in 2018-19 and the

allocated amount further increased to Rs. 78 crore in 2019-20. BHEL recorded an increasing trend in allocating funds for CSR activities. The amount allocated by NTPC has also increased throughout the study period except in 2016-17 when it declined to Rs. 49.44 crore. ONGC has allocated a



huge amount for CSR activities, depicting an increasing trend all over the study period but in 2016-17 and 2017-18 where the allocated funds did not change. CIL, GAIL and

IOC have shown a fluctuating trend throughout with the highest allocation of funds in 2019-20.

**Table 5:** Funds Utilized in CSR Practices by Maharatna Public Sector Enterprises (Rs. in crore)

Year	SAIL	BHEL	NTPC	ONGC	CIL	GAIL	IOC
2015-16	68.27	21.55	72.21	219.03	152.33	59.90	128.41
2016-17	35.52	30.05	45.52	121.08	104.12	54.43	82.73
2017-18	24.81	63.00	69.24	261.57	23.73	64.65	78.97
2018-19	40.00	56.7	109.77	341.3	141.70	62.57	81.91
2019-20	35.04	102.06	205.18	495.23	24.04	102.06	113.79

**Source:** Annual Reports of Maharatna companies from 2015-16 to 2019-20

Table 5 highlights the funds utilized for CSR activities by Maharatna companies. Out of the total allocated funds of Rs. 94 crore, SAIL utilized Rs. 68.27 crore in 2015-16. Most of the allocated funds have been utilized in 2018-19. BHEL utilized the whole amount of allocated funds in 2015-16 and 2017-18. NTPC also exhibits the same pattern with almost full utilization of funds in 2015-16 and full utilization for CSR in 2016-17. ONGC has not utilized much of its funds for CSR activities whereas, CIL shows a fluctuating trend. GAIL has utilized most of the funds allocated for CSR activities in a quite stable pattern. IOC has displayed a better trend in utilization of funds but in 2019-20 only Rs. 113.79 crore were utilized. It is observed that IOC has made better utilization of funds in comparison to other Maharatna companies.

**Data Analysis and Interpretation**

The present study is primarily concerned with the issue of Corporate Social Responsibility practices by Public Sector

Maharatna companies of India. The secondary data considered for the study consists of selected variables collected for the five year period from 2015-16 to 2019-20. The analysis and interpretation is based on the following hypotheses:

**H<sub>01</sub>: There is no significant difference in fund utilization for CSR activities among Maharatna companies.**

To understand the changes in funds utilized across public sector Maharatna companies the following analysis is carried out to identify the mean percentage of variation in funds utilization in different companies during the study period. The null hypothesis (H<sub>0</sub>) assumed that there is no significant difference in CSR funds utilization across Maharatna companies. The following tables show the results of mean differences of CSR fund utilisation among Maharatna companies of Indian public sector with the help of SPSS.

**Table 6:** Descriptive Statistics

Company	N	Mean	Std. Deviation	Minimum	Maximum
SAIL	5	40.73	16.370	24.81	68.27
BHEL	5	54.67	31.711	21.55	102.06
NTPC	5	100.38	62.937	45.52	205.18
ONGC	5	287.64	140.626	121.08	495.23
CIL	5	89.18	62.242	23.73	152.33
GAIL	5	68.72	19.026	54.43	102.06
IOC	5	97.16	22.499	78.97	128.41

**Source:** Calculated from table 5

The above table shows the statistical description of fund utilization for CSR activities by public sector Maharatna companies from 2015-16 to 2019-20. SAIL and BHEL utilized Rs. 40.73 and Rs. 54.67 crore respectively on CSR practices during the study period. ONGC spent maximum amount of Rs. 287.64 crore on CSR practices among Maharatna companies while NTPC is the second largest company which utilized Rs. 100.38 crore on CSR practices. To understand the change in fund utilisation for CSR activities among Maharatna companies following analysis is carried out. In order to identify the variation in fund utilisation among different Maharatna companies following null hypothesis (H<sub>0</sub>) is formulated, i.e. there is no significant difference in fund utilization in CSR activities among Maharatna companies. The mean values of percentage change in fund utilisation have been compared between different Maharatna companies by using one way ANOVA. The following table shows the result of mean differences of

fund utilisation of different Maharatna companies with the help of SPSS.

**Table 7:** Test of Homogeneity of Variances

Test of Homogeneity of Variances				
Levene Statistic	F- value	4.482	p-value	.003
Anova				
F-Statistic	F -value	8.170	p-value	.000
Robust Test of Homogeneity of Variances				
Welch Test	F value	4.813	p-value	.010
Brown Forsythe test	F value	8.170	p-value	.004

**Source:** Calculated from table 5

As it has been clearly seen from table 7 that the P value of F test in ANOVA is 0.003 which is less than alpha 0.05 which shows statistically significant differences in the mean percentage of fund utilisation among different Maharatna companies and thus null hypothesis is rejected. It reveals

that the funds utilized by Maharatna companies in CSR activities differ significantly and according to their profit position. To test the homogeneity of variances i.e. the Levene statistic, the null hypothesis is assumed that there is no significant difference between variance of population. The results of Levene test shows the p- value 0.039 which is statistically significant with the alpha 0.05 thereby rejecting the null hypothesis. Here the principle of homogeneity is violated and thus Brown Forsythe test and Welch test has been used accordingly regarding the equal variances in the sample. Levene test is used to find the homogeneity of data and significance value lesser than 0.05 shows heterogeneity of the data and significance value greater than 0.05 shows homogeneity in the data. The results of Levene test shows that the data is heterogeneous i.e. p-value is less than 0.05. From the analysis it has been observed that Maharatna companies are more or less working satisfactorily in their CSR activities during the study period and a significant difference exist in fund utilization for CSR activities among Maharatna companies.

**H<sub>02</sub>: There is no significant impact of utilized funds on net profit among Maharatna companies**

To find the impact of utilized funds on net profit among Maharatna companies, Ordinary least-squares (OLS) regression is used. In OLS regression, to find the

relationship between a dependent variable (response variable) and independent variables (explanatory variables), following linear equation is used:

$$Y = \alpha + \beta X + e$$

Where

Y = dependent variable

X = independent variable

α = intercept (value of Y when X is equal to zero)

β = regression coefficient (change in Y that is associated with a unit change in X).

In this study,

Y = Net Profit (NP)

X = Fund Utilization (FU)

Therefore, equation will be

$$NP = \alpha + \beta FU + e$$

For this study, 5 years (2016-2020) data of total utilized funds by each Maharatna company is taken from the annual reports from 2015-16 to 2019-20. To find the impact of fund utilization in CSR practices on net profit, OLS regression model is used and results are shown in the table below.

**Table 8: Impact of Fund Utilization of Net Profit**

Variables	Coefficient	Std. Error	T-Statistic	P-value
Funds Utilized	39.36	9.21	4.27	0.00
C	4271.87	1318.16	3.70	0.00
R-squared	0.31			
Adjusted R-squared	0.33			
F-statistic	16.46			
P-value (F-statistic)	0.00			

**Source:** Calculations are made on the basis of data given in annual reports of public sector Maharatna companies

In the above table, the value of F-statistic is 16.46 which is significant at 1 per cent level as the P-value is less than .01, this shows that the funds utilised for CSR practices is one of the factor of increasing Net profit of the 7 public sector companies and the R<sup>2</sup> value of 0.31 also shows that this model explains the 31 per cent of variation in the dependent variable due to independent variable. The above mentioned results provide that as more and more funds are utilised in CSR practises, more will be the impact on net profit of the firms. The coefficient values of fund utilized shows that there is a positive relationship between the funds utilised and net profit. The CSR fund allotment is quite minimal i.e. around 2 per cent of the total profit and the percentage of utilized funds are even less. It shows that there are other factors too affecting the profitability of the firm and this is the reason due to which the value of R square is 0.35 which is quite low.

**Conclusion**

Companies all over the world are increasingly realizing their stake in the society and engaging themselves in various social and environmental activities. Corporate social responsibility is an evolving concept that incorporates a wide range of internal and external policies and practices extending from the workplace into the community, the

environment and beyond. From the above analysis, it may be concluded that Maharatna companies are working satisfactorily in CSR activities. They are involved more or less in same kind of CSR activities as they follow the guidelines issued by Department of Public Enterprise which streamlines CSR activities of CPSEs. As per recently passed company law, CSR is mandatory for companies as per criteria set for that and it has now become an integral part of Corporate Governance. As per Section 135 of Companies Act, 2013, companies have to spend 2 per cent of the average net profit made during the three immediately preceding financial years, in pursuance of its CSR Policy. CSR Committee should be formed to formulate and recommend CSR policy to the Board, amount to be spent and to monitor the CSR policy from time to time. CSR activities under taken by Maharatna include environmental protection, women empowerment, village up-liftmen, health care, education, job creation and assistance during natural calamities. Among these activities, Maharatna enterprises have given top priority to environmental protection. Only half of the amount is utilized for CSR practice from the total allocated amount to Maharatna. Among the seven Maharatna enterprises, IOC, SAIL, GAIL and NTPC enterprises have utilized more than 50 per cent of the allocated amount.

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