

CSR as A Public Private Partnership Model

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Abstract: *In India Public Private Partnership has been introduced as a new Business model for rendering Corporate Social Responsibility activities which is also a form of corporate self regulation, which embraces and encourages a positive impact through its activities, which includes philanthropic efforts, employee volunteering and core strategies. As there is a poor development in health and education in the country the government has introduced the PPP model to bring out the development in these areas. This paper focuses on health and education through PPP model as a practicing CSR of various entities in India as it was not a success on its own. This paper focuses on the amount of expenditure spent on health and education by a few reputed companies in India and also explains various initiatives taken by the public and private sector companies in the field of CSR with some key factors. The present study results in examining the role of PPP towards CSR.*

Key words: *CSR, PPP, Health, Education, Expenditure*

Objectives Of The Study

1. To study the provisions and practices relating to CSR as per Companies' Act 2013.
2. To study the various PPP models to be adopted by the companies
3. To analyze the CSR activities relating to health and education.
4. To evaluate the role of PPP towards CSR

I. Introduction

CSR over the past few years has been the focus of many deliberations and research. It gained importance both academically as well as in the business sense. The term CSR not only includes the activities that a company undertakes in order to utilize their profits but also includes the methods that a company employs. It refers to ensuring the success of the business by inclusion of social and environmental considerations in to a company's operations. As a part of the CSR practices many companies are spending towards health and education as a high priority. To spend these amounts, they are either doing on their self or having a collaboration with a non-government organizations or with any other private entities. The term Corporate social responsibility gives a chance to all the employees of an organization to contribute towards the society, environment, country so on. CSR goes a long way in creating a positive word of mouth for the organization on the whole and it also gives employees a feeling of unparalleled happiness. The employees also feel the pride in educating poor people or children who cannot afford to go to regular schools and receive formal education.

Definition Of CSR

Definition as per European Union (EU): It describes CSR as the concept that an enterprise is accountable for its impact on all relevant stakeholders. It is the continuing commitment by business to behave fairly and responsibly, and contribute to economic development while improving the quality of life of the work force and their families as well as of the local community and society at large..."

(Source: E&Y report on CSR in India 2013)

Evolution Of PPP Models

The Public – private partnership (PPP) in the present scenario has become a new slogan for the development for many of the companies over the last two decades. For the purpose of national development, the PPP model has become a new innovative idea to raise the funds from private sources and to encourage its participation. The different types of PPP models are based on user free, performance and modified design. In the last five-year plan of the country (i.e., XII) the government focus was on the development of the infrastructure where the targeted investment was Rs. 1,00,000 crores, for which it was promoting the PPP's into various sectors.

During the adoption of any PPP framework for customization into a model, it is necessary that the models viability is evaluated before the public and private sector participants proceed with the PPP planning and implementation. Any PPP model has certain key factors on which it has to be evaluated:

Effectiveness
Efficiency
Equity
Financial sustainability

Need For The PPP

The Indian Government spends 1% of its GDP towards health when compared to other countries like Canada and UK spends 8% of their GDP on healthcare. Because of the low spending the common people are not in a reach to avail the benefits. The health sector is need of major funds for its development which is not possible either alone for the government or private to take up individually, for this they are entering into PPP where the government will provide necessary infrastructure and the remaining to be borne by the private sector. Even in the case of development in the Education as a RTI act where every child is to provide quality education for their growth, the government has joined hands with private entities as PPP to implement where it again provides the basic necessities and the remaining has to be borne by the private institutions. As we see many companies to implement their CSR practices are in to public private partnerships for a better implementation of the policy and to give the best towards the economic development of the nation.

CSR Provisions As Per Companies ACT' 2013

The provisions relating to Corporate Social Responsibility (CSR) under section 135 of the companies Act, 2013 and the rules made there under have been notified on 27.02.2014. The clause 135 will be applicable to all companies meeting the following criteria.

- Net worth of INR 500 crores or more
- Turnover of INR 1000 crores or more
- Net profit of INR 5 crores or more

The companies meeting the following above criteria required to spend at least two percent of their average net profits earned during three immediately preceding financial years on CSR activities. These companies need to constitute a CSR committee of the Board and necessitated to have a CSR policy to be framed and implemented. The board report shall include an annual report on CSR containing particulars specified in prescribed format and also specify the reasons for not spending the prescribed amount, if it fails to spend such prescribed amount. The Companies may implement their CSR policy through societies or trust or section 8 companies etc., The activities which can be undertaken by a company under CSR have been specified under schedule VII of the Act.

II. Review Of Literature

Bansal and Rai (2014) were of the opinion that CSR activities of the firms depended upon the nature of their industry and restricted to the area where the firm was located and largely driven by factors such as cost minimization and “visibility” among the consumers. But this may change with the new law. Firms may be driven to diversify their areas of operation and part of population which had been left behind in the development process ma gain tremendously from this.

Kamal Kishore (2015) stated that CSR started as voluntary concept but some aspects of it have been given mandatory nature like antitrust laws, mini wages, competition laws, health and safety of workers, environmental issues, human rights etc., He was of the opinion that voluntary CSR which operated in last 60 years, had not really worked well, therefore in a country India, a mandatory CSR measure is considered a step in right direction to reach places where state cannot reach and we cannot expect the state to take up all the welfare activities for the community.

D.S. Prathima (2015) was of the opinion that CSR is more of an obligation than option for the companies to implement their activities and also concluded saying that what can't be measured can be improved.

Dr. M. Ramana kumar has made a study on the private and public companies of India revealed the facts that the public company spends more than the private company in terms of CSR expenditure, he also examined various activities undertaken by them.

III. Methodology

The various sources of the data are secondary collected through various published articles, journals company's annual reports, magazines, parliamentary reports.

Table No: 1 CSR Budget of 10 companies for the financial year's 2014-2017

S.No	Name of the Company	2014-15 (INR Cr)		2015-2016 (INR Cr)		2016-2017 (INR Cr)	
		Prescribed	Actual	Prescribed	Actual	Prescribed	Actual
1.	Indian oil corporation Limited	133.40	113.79	141.5	156.68	213	214
2.	Bharat Petroleum Corporation Limited	76.01	33.95	112.6	95.59	159.14	90.98
3.	Hindustan Petroleum Corporation	34.03	34.07	53.92	71.76	216.57	108.11
4.	State Bank Of India	109	115.8	143.92	143.92	109.82	109.82
5.	Oil and Natural Gas (ONGC)	660	495	593.7	421	536	526
6.	Tata Consultancy Services Limited	285	219	360	294	446	379.7
7.	Reliance Industries Ltd	533	761	557.78	651.57	620	659.2
8.	HDFC Bank Limited	197.13	118.55	127.28	120.72	304	305.4
9.	ITC	213	214	246.76	247.5	275	276
10.	Infosys Limited	243	240	256.01	202.3	287	289.4

Source: www.ngobox.com and Annual reports of the companies

Table No:2 CSR ACTIVITIES IN THE AREA OF HEALTH AND EDUCATION BY THE TOP 5 SELECT GOVERNMENT COMPANIES FOR THE YEAR 2016-2017

Ranking	Government Company	Health	Education
1	Indian oil corporation Limited	The company has set up a Tourist medical facilitation center at khardungla in Jammu&Kashmir	It established a skill development institute to train 40,000 youth in 10 years under National Skill Development Mission of Government of India.
2	Bharat Petroleum Corporation Limited	The Company has provided basic health care services, infrastructure , professionals, and conducted health camps through mobile medical units to the underprivileged.	The company has provided support to the cancer affected children and night schools in Mumbai for those who are unable to complete in the day schools.
3	Hindustan Petroleum Corporation	The company is pursuing with multiple health care centers at various states in India.	There are innumerable programme initiated at multiple states
4	State Bank Of India	The company has donated ambulances, medical vans and surgical equipments and conducted various outreach programmes in rural areas.	It has provided infrastructure to schools in rural areas, school buses and also set up the digital classrooms.
5	Oil and Natural Gas (ONGC)	The company has taken initiative in promoting and preventing health care and sanitation and made safe drinking water available	The company took initiative in promoting special education and employment providing vocational skills for children, women, elderly and differently abled and livelihood enhancement projects.

Table No:3 CSR ACTIVITIES IN THE AREA OF HEALTH AND EDUCATION BY THE TOP 5 SELECT PRIVATE COMPANIES FOR THE YEAR 2016-2017

Ranking	Private Company	Health	Education
1	Tata Consultancy Services Limited	Providing health programmes by spending Rs. 88.3 crores	Providing educational programmes and the total amount spent towards is RS. 90.6 crores.
2	Reliance Industries Ltd	Supported health programmes by providing health consultations, diagnosis for anemia , screening for malnutrition	Reliance encouraged Quality education provided to one lakh under privileged children, and provided scholarships for 528 students for pursuing high education, and also launched Digital Learning Van for underprivileged children PPP: 12 Partner NGOs
3	HDFC Bank Limited	Supporting health related activities with a total expenditure of Rs. 23.56 crores, not disclosed in detail in the reports.	Joining hands in the eradication of illiteracy with many private partnership firms and the amount spent towards Rs. 25.48
4	ITC	Supporting Health & sanitation , providing	Providing education, vocational

		drinking water, striving towards eradication of poverty	training, development of livestock and livelihood generation.
5	Infosys Limited	The company will work organizations working in medical or health related projects for providing cancer treatment and cataract surgeries.	The main focus is to train students from under privileged backgrounds in its various development centers, and provide grants to various colleges for improving infrastructure and also sponsored chairs and created endowment funds to assist students in their studies to various colleges and universities.

IV. Findings

The Indian Oil Corporation Limited has been spending towards various CSR related activities of which for the financial year 2016-2017 it has spent Rs. 7.2 crores on health and Rs.25.27 crores on Education. The major part of its CSR spending was on health and education, the actual expenditure as per the annual report 2016-2017 is Rs. 108.37 crores. Bharath petroleum Corporation Limited has spent Rs. 218.21 crores which includes the previous year's carry forward amount of Rs.59.07 crores, where the prescribed for the year 2016-2017 was Rs.159.14 crores, of which they have spent Rs. 31.91 crores, from the current year prescribed amount. The company has started Computer Assisted Learning (CAL) in 2009-10 which has spread over to 250 centers in Mumbai, Uran, Panvel, Solapur, Lucknow and Jaipur. The various health initiatives taken by the company has reached out to 1,44,205 beneficiaries. HPCL has prescribed 2.6% of average profits of preceding three financial years 2013-2016 towards CSR. State Bank of India has been contributing 1% of its net profits towards CSR activities as 2% is a mandate. For rendering its activities it has donated Rs. 1.57 crores to reputed NGOs for providing assistance to physically disabled persons. ONGC is the major contributor of CSR among all the public companies undertaken for the study.

ITC has spent a total expenditure of Rs. 275.96 crores (i.e. 2.71% of the Profits After Tax for the financial year 2016-2017) on various activities were the information towards the spending on health and education not declared. Over 2,52,329 children covered through 2,334 primary learning centers. Chairman of CSR Committee Mr. Y.c. Deveshwar in his recent address announced about the company's decision to set up a multi-specialty hospital to put forward its way into the healthcare sector. Infosys has launched a program in the name of **SPARK** to raise aspirations of students across India in 2008, which includes programs like Rural-Reach, Catch them Young and Spark – Guru engaged with over 12,654 students since its launch and reached over 9,29,114 students in 2016. Campus Connect launched in May 2004, is a first industry academia partnership program that aims at raising the employability of India's engineering students. HDFC bank is the least contributor for CSR among all the private companies and Reliance Industries Limited is the highest. According to World Bank the total projects under PPP were 824 and as per Indian survey conducted by NGObox for the year 2016-2017 on BSE Big 300 companies 55% of the CSR projects implemented through NGOs, and other government agencies, 20% directly by the company and 24% through its own CSR foundation.

V. Suggestions

As the majority of the Indian population is living in the economically backward regions where the facilities of the health and education is not in their reach, therefore the companies have to take this as challenge to promote their activities in such a way which brings the benefit to everyone. For this they have to find new ventures of PPPs. According to a recent report given by NITI Aayog about the public – private partnership (PPP) model in health care which works along with the public system and also will be chargeable. As a belief that private health care generally offers a quality service, it is better to join the hands of the public with private in the promotion of health and education for the betterment of the nation.

VI. Conclusion

The study has made an observation on the CSR activities of select five companies on public and private sectors. It is observed that the select companies are spending the prescribed amount by the statute on health and education. This spending is routed through their own foundations and also through NGOs, private implementing agencies and also through public private partnership. It is also observed that there is an accountability of spent item without the mention of any reason for unspent amount.

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