

## Corporate Social Responsibility Initiatives at Bharat Electronics Limited – An Empirical Analysis

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**Abstract:** *In the hue and cry of LPG policy of 1991, Companies were only focused toward profit maximization which led to social backwash. To overcome this fashion CSR play an important role in sustainable development which is possible only when there is a balance between profit and lowering social backwash or eradicating it. The importance of CSR is increasing in Indian corporate scenario because organizations have realized that ultimate goal is not profit making besides this trust building is viable and assert able with societal relationship. This research article highlights the essence of implementing various CSR initiatives by the public sector company, Bharath Electronics Limited, Bangalore-Karnataka, as a mandatory requirement from 1st April 2014 under schedule VII of the amended companies Act, 2013. The descriptive, survey and case analysis methods have been applied with a sample of 100 respondents. Judgmental and stratified sampling techniques are used to collect the data through the research instruments like structured questionnaires, schedules and personal interviews. After reviewing the previous studies and review of literatures the research gap is identified that there is huge gap in implementation of CSR initiatives between public sector companies and private sector companies under the study. The collected data have been analyzed with the help of statistical tools and techniques- averages and percentages. Wherever necessary the data were presented with the help of tables, charts and diagrams. The findings were made based on the analysis and interpretation of data, conclusion has been drawn and qualitative suggestions have been given. BEL, Bangalore has been doing social activities at the **time of its inception**, not after the establishment of Companies Amendment Act 2013. This shows that the sample company is financially **sound and strong**. Findings clearly indicates that, BEL Bangalore has achieved 3/4<sup>th</sup> of its initiates have been successfully completed as per its strategic operations and yielded the expected results under CSR mission.*

**Key Words:** CSR, Social Asset, Social Cost, Social benefits, Schedule VII of the Amended Companies Act of 2013

### Introduction

According to Lord Holme and Richard Watts, “Corporate Social Responsibility is a continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of work force and their families as well as of the local community and society at large”.

Section 135 of the Companies Act 2013 (The Act) will change the way that the companies behave, act and do business in India. According to the Act starting from 1st April 2014, every

company with a net worth of Rs.500 Crores or a turnover of Rs.1000 Crores or a net profit of 5 Crores will need to spend at least 2% of their average net profits of the last 3 proceeding years on corporate social responsibility (CSR) activities. Now, the CSR has been made mandatory for all the company who fall within these 3 threshold limits. The funds can be spent on projects or programmes relating to the activities specified in schedule VII of the Act such as eradicating hunger, Poverty and malnutrition, promoting preventive health care, sanitation and safe drinking water; promoting education and employment enhancing vocation skills especially among children, women, elderly; promoting gender equality and so on.

BEL has a CSR committee to evolve, and implement strategies in respect of Corporate Social Responsibility. The programmes are very utilitarian. The committee has several useful programmes like help Poorest of the Poor by Promoting Sanitation, Health Care, Education, Sports, Women Development, making clean Drinking Water available, production to heritage buildings, Village Adoption and Helping Armed Force Personnel.

### **Statement of the Problem**

The present study aimed at knowing the utility of Corporate Social Responsibility programmes. It also embarked upon knowing the social cost and social benefit analysis of each of the Corporate Social Responsibility programmes in the last three years. It also identifies the bottlenecks in the implementation of programmes smoothly and efficiently the key research issues under the study.

### **Objectives of the Study**

1. To Know the Corporate Social Responsibility Strategies at Sample Company Bharat Electronics Limited, Bangalore;
2. To analyze the overall Impact of Corporate Social Responsibility initiatives on Bharat Electronics Limited performance; and
3. To Validate the Data and offer Constructive Suggestions

### **Scope of the study**

The subject scope of this study covers various provisions relating to CSR activities under the Companies Amendment Act 2013, CSR activities of Bharat Electronics Limited, CSR Committee of Bharat Electronics Limited, CSR Budget, CSR Committee Data, Stakeholders of the company, Promoting Sanitation, Health Care, Education, Vocational skill development, Rural development, Sports, Women Development, making clean Drinking Water available,



production to heritage buildings, Village Adoption, environment protection and Helping Armed Force Personnel. And the geographical scope of the study is within BEL, Bangalore and the beneficiaries under CSR initiatives of various places of Bangalore.

### Review of Literature

Abhisekh Shah, Kaushik PS and Priya Malebennur (2016)<sup>1</sup> in their Research Article entitled ‘Roles and Powers of CSR Committee Members Under Companies Act 2013’ corporate social responsibility under Section 135 of the Companies Act, 2013. The objective of the CSR Law is to promote innovative ideas and corporates enhanced management skills in discharging social responsibility that results in greater efficiency and better outcomes.

Richa Gautam and Anju Singh (2013)<sup>2</sup> in their research title entitled, “Corporate Social Responsibility Practices in India: A Study of Top 500 Companies”. The main findings of the study are that CSR is now presented as a comprehensive business strategy, arising mainly from performance considerations and stakeholder pressure. Companies consider their interaction with stakeholders’ and impact of its business on society as significant issues.

Laveena, Shivali Jindal, Alisha Ahuja, Harpreet Singh (2007)<sup>3</sup> in their Research Article entitled, “SWOT Analysis of CSR Strategies of Indian Companies”. The main purpose of this study is to explain the proper meaning and description of Corporate Social responsibility and its development in India and study the theoretical aspects.

### Research Methodology

#### i) Tools used for Research

- Descriptive Method
- Survey Method
- Case Study
- Sampling

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1. Abhisekh Shah, Kaushik PS and Priya Malebennur (2016)<sup>1</sup> in their Research Article entitled ‘Roles and Powers of CSR Committee Members Under Companies Act 2013’

<sup>1</sup> Richa Gautam and Anju Singh (2013) <sup>2</sup> in their research title entitled, “Corporate Social Responsibility Practices in India: A Study of Top 500 Companies”

<sup>2</sup> Laveena, Shivali Jindal, Alisha Ahuja, Harpreet Singh (2007),<sup>3</sup> in their Research Article entitled, “SWOT Analysis of CSR Strategies of Indian Companies”.

### Universe of the Study

The study involves the people involved in the implementation of Corporate Social Responsibility at Bharat Electronics Limited, Bangalore and the beneficiaries of various CSR activities of BEL, Bangalore. There are about 4579 employees in different job positions discharging their duties. The employees and the beneficiaries of various CSR activities of BEL, Bangalore constitutes the universe of the study.

- Sample Size- sample size for the study is 100 respondents consisting of 30 employees of the BEL and 70 respondent beneficiaries of CSR activities.

### Composition of Sample Respondents

Sl. No	Category of Respondents	Size	Sampling Technique Used
1.	Company Employees	30	Judgmental Sampling
2.	Beneficiaries	70	Stratified Random Sampling
	<b>Total</b>	<b>100</b>	

### Research instruments Used

➤ Questionnaire ➤ Schedule ➤ Personal Interviews

### Data Collection

#### Primary data

Primary data has been collected by using a well-structured Questionnaire, Schedules and through Personal Interviews with the sample Respondents.

#### Secondary data

For this study the secondary data have been collected from Books, Magazines, News papers, News bulletin, website, published Articles, company annual reports, information from corporate social responsibility committee and other related information of sample company BEL.

### Plan of Analysis

The collected data have been analyzed with the help of statistical tools and techniques such as averages and percentages. Wherever necessary the data were presented with the help of tables, charts and diagrams to make the data in a presentable form.

### Limitations of the Study

1. The study is limited to Bharat Electronics Limited, Bangalore.
2. The findings are based on the data supplied by the company

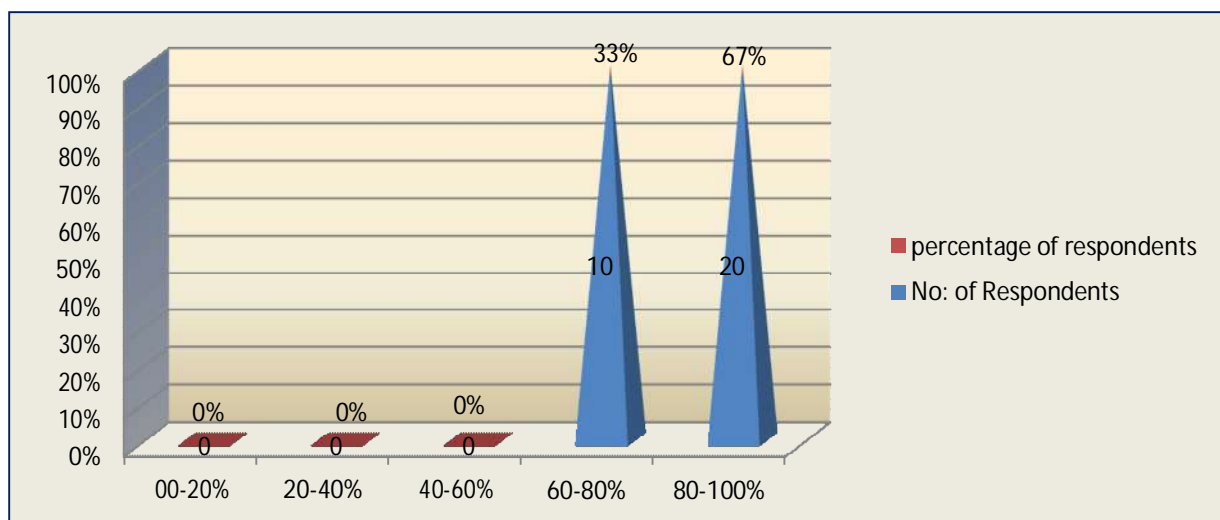
### Analysis and Interpretation of Data

**Table-1: CSR Policy Materialization**

Statement	Scale in percentage	Number	Percentage
To what extent CSR policy is Materialized during the last years?	00-20%	0	0%
	20-40%	0	0%
	40-60%	0	0%
	60-80%	10	33%
	80-100%	20	67%
	<b>Total</b>	<b>30</b>	<b>100%</b>

Source: Primary Data Size: 30

**Graph-1: CSR Policy Materialization**



The Government and capital market watch dog SEBI made the assumption of CSR a mandatory for companies forcing them to promote welfare of the society. Therefore 67% of sample Respondents agreed with 80-100% of CSR activities are materialized and 33% of sample Respondents agreed that 60-80% of CSR activities are fully materialized. Out of 30 sample respondents, 20 sample respondents agreed that BEL is doing the best in CSR front, and remaining 10 sample respondents says that few negatives are there but 100 percent possibilities are there to overcome it and to be at the top.

**Table-2: Social Assets components under CSR**

Sl. No	Social Assets Created by BEL, Bangalore	Yes
1.	School Buildings	✓
2.	College Buildings	✓
3.	Multipurpose Hall, Library and Auditorium for college	✓
4.	Public Toilets	✓
5.	Burns Ward construction in Hospital	✓
6.	Rain water harvesting in components SBU	✓
7.	Boundary Wall Construction and MS Gate for School	✓

(Source – Primary Data)

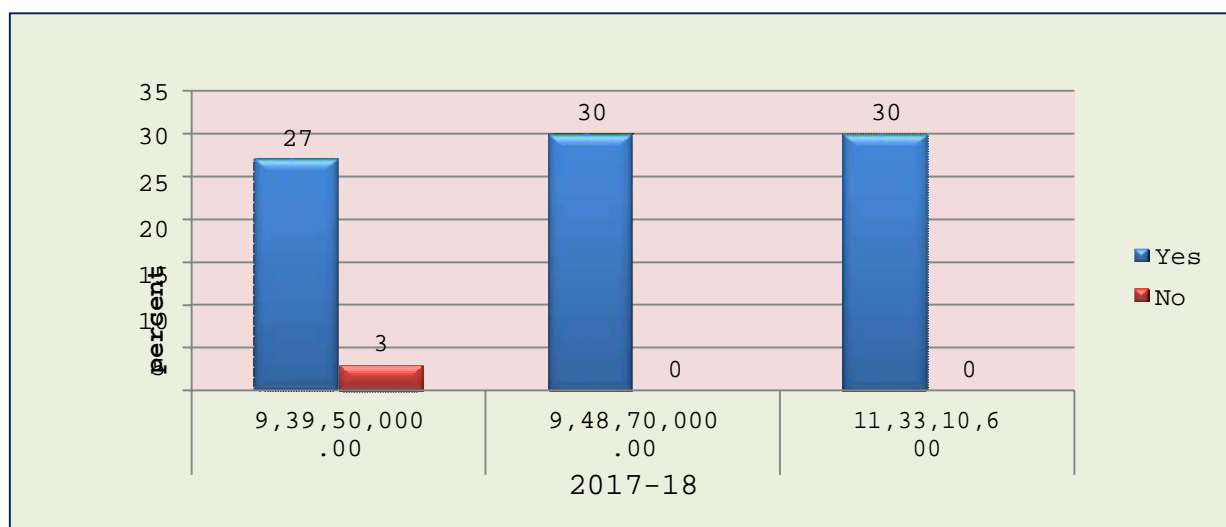
All the 30 Sample Respondents accepted the fact that at BEL, Bangalore the CSR Committee through its policy consistently working for the benefit of the society.

**Table-3: Social Costs under CSR**

Year	Amount Spent	Responses( n = 30)		
		Yes	No	Total
2016-17	9,39,50,000.00	27 (90%)	3 (10%)	30 (100%)
2017-18	9,48,70,000.00	30 (100%)	0 (0%)	30 (100%)
2018-19	11,33,10,600.00	30 (100%)	0 (0%)	30 (100%)

(Source – Primary Data)

**Graph -3: Social Costs under CSR**



In the year 2018-19 whole 30 Respondents also agreed to the social cost spent towards social

asset creation, in the year 2017-18 also all 30 Respondents agreed to the social cost spent where as in the year 2063-17 only 27 Respondents agreed for the social cost spending another 3 Respondents are unaware of CSR social cost.

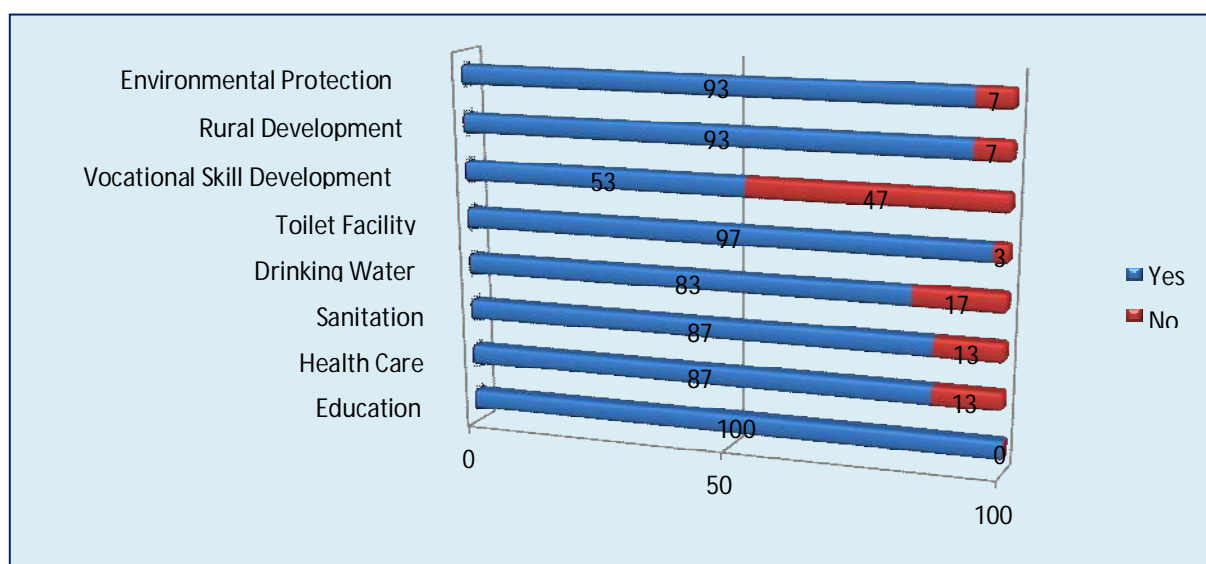
The data reveals that compared to 2017-18 in 2018-19 the social cost has increased slowly but shows the positive impact of sample company BEL, Bangalore. On the other part social beneficiaries are satisfied to full extent and that leads to value creation & increase in profitability, that makes company to spent more on Corporate Social Responsibility initiatives in present as well as in future.

**Table-4: Social Benefits and CSR**

Sl. No	Social Benefit	Responses (n=30)		
		Yes	No	Total
1.	Education	30 (100%)	0 (0%)	30 (100%)
2.	Health Care	26 (87%)	4 (13%)	30 (100%)
3.	Sanitation	26 (87%)	4 (13%)	30 (100%)
4.	Drinking water	25 (83%)	5 (17%)	30 (100%)
5.	Toilet Facility	29 (97%)	1 (3%)	30 (100%)
6.	Vocational skill development	16 (53%)	14 (47%)	30 (100%)
7.	Rural Development	28 (93%)	2 (7%)	30 (100%)
8.	Environmental protection	28 (93%)	2 (7%)	30 (100%)

(Source: Primary Data)

**Graph-4: Social Benefits and CSR**



Social Benefits have been considered as key benefits out of many social programmes, they are

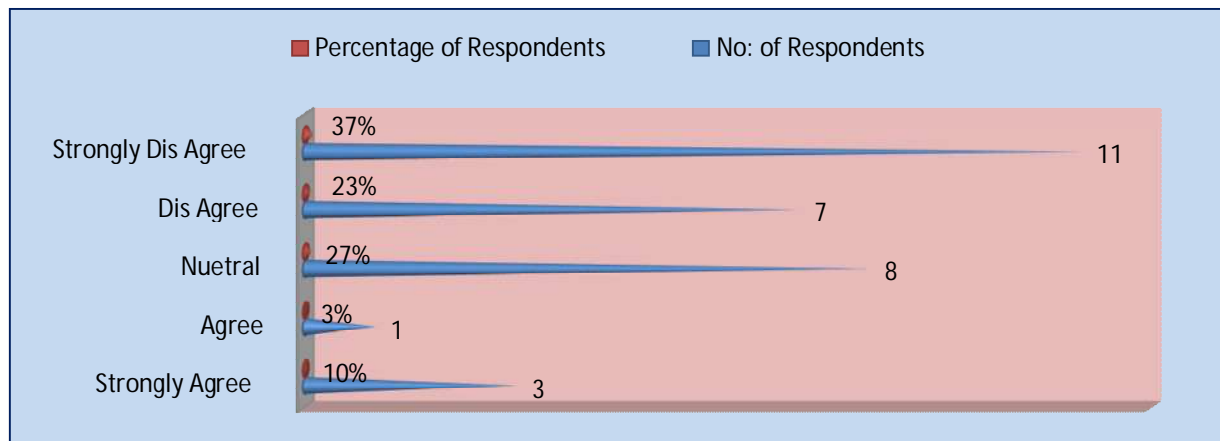
Education (100%), Health Care (87%), Sanitation (87%), Drinking water (83%), Toilet Facility (97%), Vocational Skill Development (53%), Rural Development (93%), and Environmental Protection (93%).

**Table-5: Impact of CSR on Sales and Profitability**

Statement	Scale	Responses (n=30)	
		Number	Percentage
CSR initiatives affect the governance of BEL, Bangalore Sales and Profitability turnover?	Strongly Agree	3	10%
	Agree	1	03%
	Neutral	8	27%
	Disagree	7	23%
	Strongly Disagree	11	37%
	<b>Total</b>		<b>30</b>

(Source: Primary Data)

**Graph-5: Impact of CSR on Sales and Profitability**



CSR initiatives have positive impact on the Sales turnover and profitability of BEL, 10% of sample Respondents are strongly agreed for this statement, 3% of sample respondent only agreed, 27% of the Respondents became neutral, 23% of respondent disagreed on the statement, 37% of sample Respondents strongly disagreed for the statement.

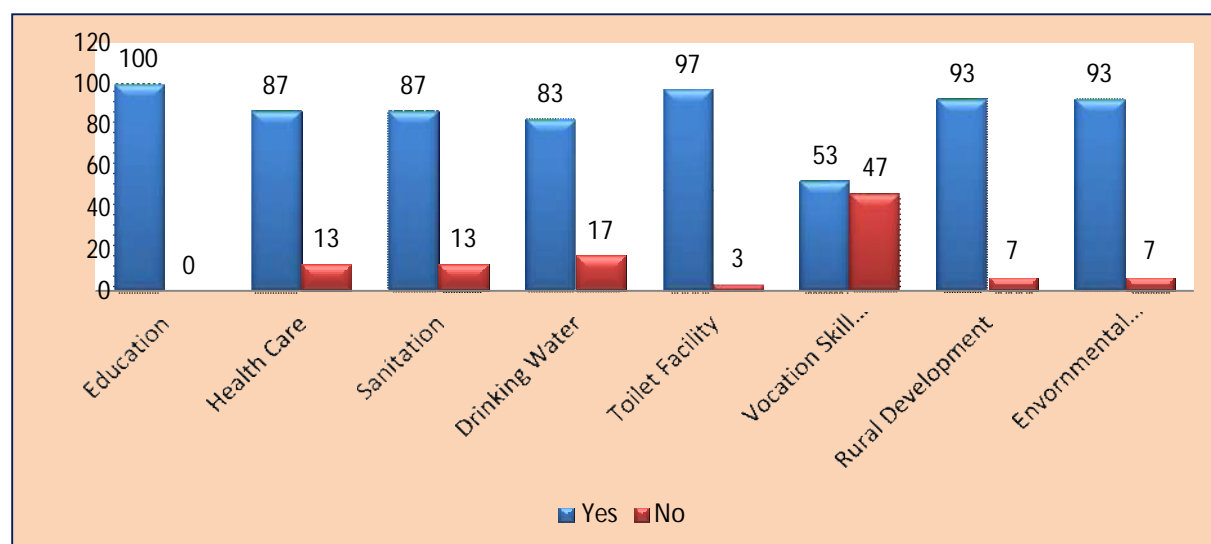


**Table-6: CSR benefits to Beneficiaries**

Sl. No	CSR Benefits	Responses (n=70)		
		Yes	No	Total
1.	Education	70 (100%)	0 (0%)	70 (100%)
2.	Health Care	57 (87%)	13 (13%)	70 (100%)
3.	Sanitation	52 (87%)	18 (13%)	70 (100%)
4.	Drinking water	66 (83%)	4 (17%)	70 (100%)
5.	Toilet Facility	66 (97%)	4 (3%)	70 (100%)
6.	Vocational skill development	16 (53%)	54 (47%)	70 (100%)
7.	Rural Development	66 (93%)	4 (7%)	70 (100%)
8.	Environmental protection	59 (93%)	11 (7%)	70 (100%)

(Source: Primary Data)

**Graph-6: CSR benefits to Beneficiaries**



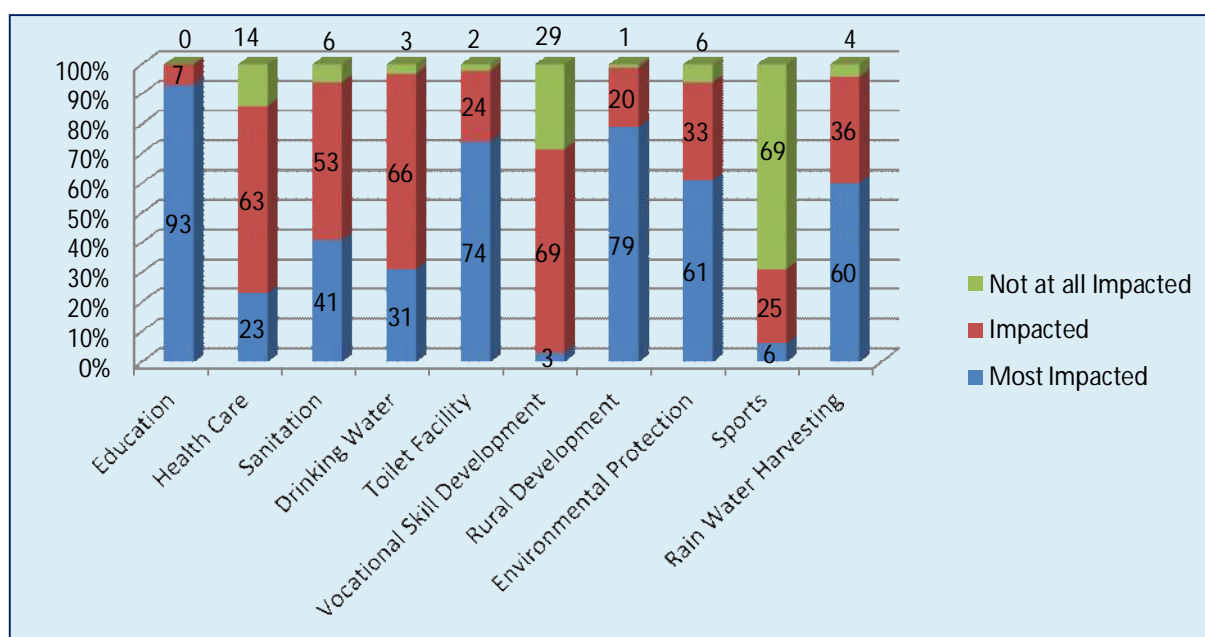
The responses of beneficiaries of BEL on social benefit created by the company under CSR states that they are benefited significantly through Education (100%), through Toilet Facility (97%), through Rural Development & Environmental protection (93%), through Health Care and Sanitation (87%), through drinking water facility (83%), through vocational training that will be the least Percentage (53%).

**Table-7: Impact of CSR on Social Programmes**

Sl. No	Social Programmes	Responses (n=70)			
		Most Impacted	Impacted	Not at all Impacted	Total
1.	Education	65 (93%)	05 (7%)	0 (0%)	70 (100%)
2.	Health Care	16 (23%)	44 (63%)	10 (14%)	70 (100%)
3.	Sanitation	29 (41%)	37 (53%)	4 (6%)	70 (100%)
4.	Drinking Water	22 (31%)	46 (66%)	2 (3%)	70 (100%)
5.	Toilet Facility	52 (74%)	17 (24%)	1 (2%)	70 (100%)
6.	Vocational Skill Development	2 (3%)	48 (69%)	20 (29%)	70 (100%)
7.	Rural Development	55 (79%)	14 (20%)	1 (1%)	70 (100%)
8.	Environmental Protection	43 (61%)	23 (33%)	4 (6%)	70 (100%)
9.	Sports	4 (6%)	18 (25%)	48 (69%)	70 (100%)
10.	Rain Water Harvesting	42 (60%)	25 (36%)	3 (4%)	70 (100%)

(Source: Primary Data)

**Graph-7: Impact of Social Programmes**



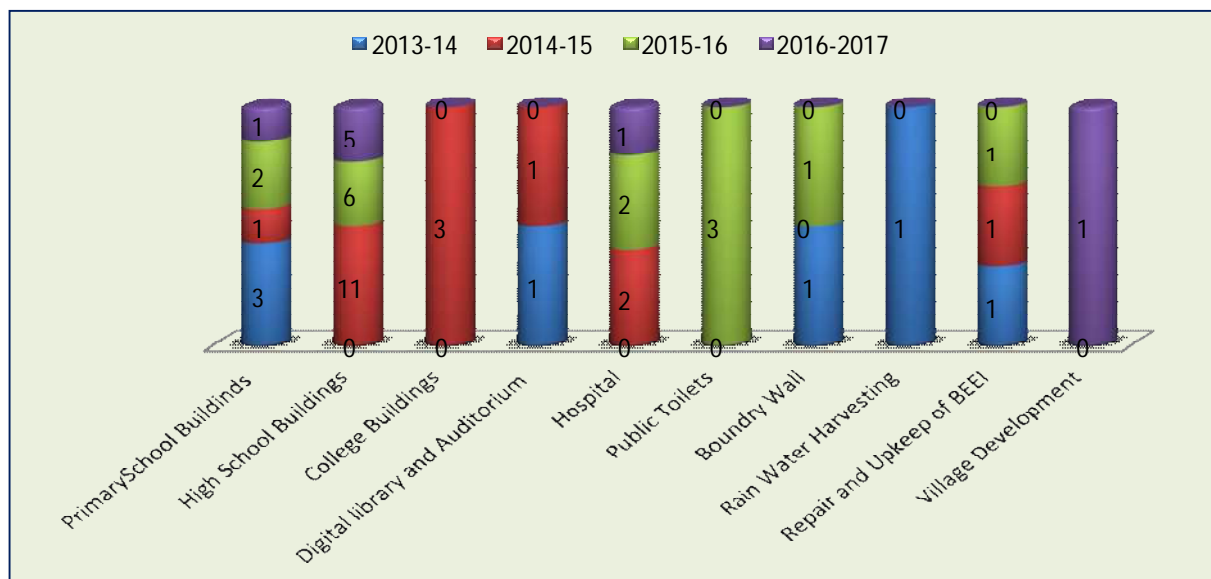
The beneficiary's responses state that Education (93%), Toilet Facility (74%), Rural Development (79%), Environmental Protection (61%) and Rain Water Harvesting (60%) are the Most Impacted social programmes of BEL. The response of the beneficiaries in terms of percentage is above (60%). Impacted social programmes are Health Care (63%), Drinking Water (66%) and Vocational Skill Development 69%, which are all above (60%). The study reveals that sports programme has no significant impact on CSR social programmes of the sample company.

**Tabel-8: Social Asset creation of BEL, Bangalore**

Sl. No	Social Assets	2013-14	2014-15	2015-16	2016-17	Total
1.	School Buildings for Primary schools along with kitchen and toilet blocks	3	1	2	1	7
2.	School Buildings for Higher Primary schools along with kitchen and toilet blocks	-	11	6	5	22
3.	College Buildings along with kitchen and toilet blocks	-	3	-	-	3
4.	Digital Library and Auditorium	1	1	-	-	2
5.	Construction of Wards & Ambulance for Health Centre, Ventilators & Monitors	-	2	2	1	5
6.	Construction of Public Toilets, Foot Paths, Bus Stops	-	-	3	-	3
7.	Construction of Boundary Wall & MS Gate	1	-	1	-	2
8.	Rain Water Harvesting Components in SBU	1	-	-	-	1
9.	Repair and Upkeep of BEEI, Bengaluru.	1	1	1	-	3
10.	Village Development	-	-	-	1	1

(Source: Primary Data)

**Graph-8: Social Asset creation of BEL, Bangalore**



Social asset creation by sample company BEL for Education is high in number compared to other social assets. School buildings for higher primary schools along with kitchen and toilet blocks are 22 in Number, School buildings for primary schools along with kitchen and toilet blocks are 7 in Number, College Buildings along with kitchen, toilet blocks and other facilities are 3 in Number, Digital Library and Auditorium are 2 in Numbers, Construction of Wards & Ambulance for Health Centre, Ventilators & Monitors are 5 in Numbers, Construction of Public Toilets, Foot Paths, Bus Stops are 3 in Numbers, Construction of Boundary Wall & MS Gate are 2 in Numbers, Rain Water Harvesting Components in SBU is 1 in Number, Repair and Upkeep of BEEI, Bangalore are 3 in Numbers and Village Development is happening in only one place.

### Findings

- BEL, Bangalore has been doing social activities at the *time of its inception*, not after the establishment of Companies Amendment Act 2013. This shows that the sample company is financially *sound and strong*.
- 67% of the CSR committee policy is materialized, but remaining 33% of policy has not materialized upto 100%, this can be overcome by putting little more effort, if that is the case, BEL, Bangalore will be the number one among the other PSUs.
- BEL'S, Bangalore have created more than 25 and above social assets for the benefits of the society. They are school buildings, college buildings, kitchen and toilet blocks, hospitals,

parks, drinking water tanks, bus stops etc.

- Social programmes of sample company BEL, Bangalore have crossed 25 and above, out of that education, sanitation, rural development, health care, environmental protection are the major programmes.
- 90% of the Respondents strongly agreed that the CSR Committee members work very conscious and in a co-ordinated manner, remaining 10% of the Respondents also agreed.
- 83% of employees are satisfied (strongly agreed) with CSR Committee initiatives of sample company BEL, Bangalore. But 17% of Respondents agreed. Here both the percentages are having positive impact on company.
- Social benefits are 100% for education, 87% for health care, 87% for sanitation, 83% for drinking water, 97% toilet facility, 53% vocational skill development, 93% for both rural development and environmental protection. This shows that company is concentrating on basic necessities of poor people.

### Conclusion

The views of Mahatma Gandhi about trusteeship of business when he says: “Each capitalist and industrialist should consider himself to be a trustee of the wealth that he possesses. He should consider himself to be a custodian of the industry resources, labour and wealth that he uses for his business purposes. That would transform the capitalist order of society into an egalitarian one, where the ‘greatest good of all’ could be achieved.”

In the same way sample company BEL, Bangalore have created so many social assets for the welfare of the society, that had created social benefit for the company in the form of reputation, value creation and increase in sales like this many advantages are due to CSR initiative implementation.

The sample company BEL, Bangalore is creating a history in CSR Practices compared to other PSUs. This shows that BEL is the real cause for the development of the society and our economy, let this Good work and God’s work continue forever.

### Suggestions

After listing out the important findings and drawing, appropriate conclusion the researcher would like to offer the constructive suggestion to the stake holder on the topic. The details are as follows:

- Make company employees to become aware of the benefits they can reap from CSR

activities. That should be provided at the time of training itself further for continue knowledge weekly once or monthly once awareness programmes should be arranged.

- Company should have contact with Institutions, and focus on training students in not merely implementing CSR activities, but in framing policies and initiating new activities,”
- Governments and organizations of the “third (i.e. not-for-profit non-governmental) sector” should work together with company to identify the need for CSR-activities, to motivate the development of CSR strategies and to help realizing these strategies.

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- Business today
- Business line
- Financial express

### **Web Resources**

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- [www.icaai.org](http://www.icaai.org)
- [www.mca.gov.in](http://www.mca.gov.in)
- [Www.Economictimes.Com](http://Www.Economictimes.Com)

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