

**JASMINA JAWED**  
**REGISTRATION NO: 117-1211-0292-17**  
**CU ROLL: 171117-11-0033**

The screenshot displays a web browser window with three tabs: WhatsApp, Rediffmail, and E-commerce\_project.pdf. The active tab is Rediffmail, showing an email interface. The browser's address bar contains the URL: f5mail.rediff.com/ajaxprism/container?angular=1&els=cb2f64e838fb786d7d78030b0a1447a08&user\_size=1#readMail/Inbox@1601264759.S.2096954.Z.5315.H.WVN1cm... The Rediffmail header includes the logo, a search bar with the text 'project', and user information: 'Hi I ARUNKUMARSINGH' with links for 'Settings' and 'Logout'. A 'Sponsored' label is visible above the email content.

**Write mail**

- Inbox
- Bulk
- Junk
- Sent
- Trash
- Drafts
- + Folders
- Address Book
- Calendar

© 2024 Rediff.com India Limited.  
Disclaimer | Privacy Policy | T&C  
Feedback

Actions: Back, Reply, Reply All, Forward, Move mail, Delete, Spam

**The "SEM 6 Accounting & Finance" project of these students has been submitted under your supervision.Thank You.**

From: Surendranath\_Evening College <sneccommercesem6hons@gmail.com> on Mon, 28 Sep 2020 09:15:59 | [Add to address book](#)

To: You | [See Details](#)

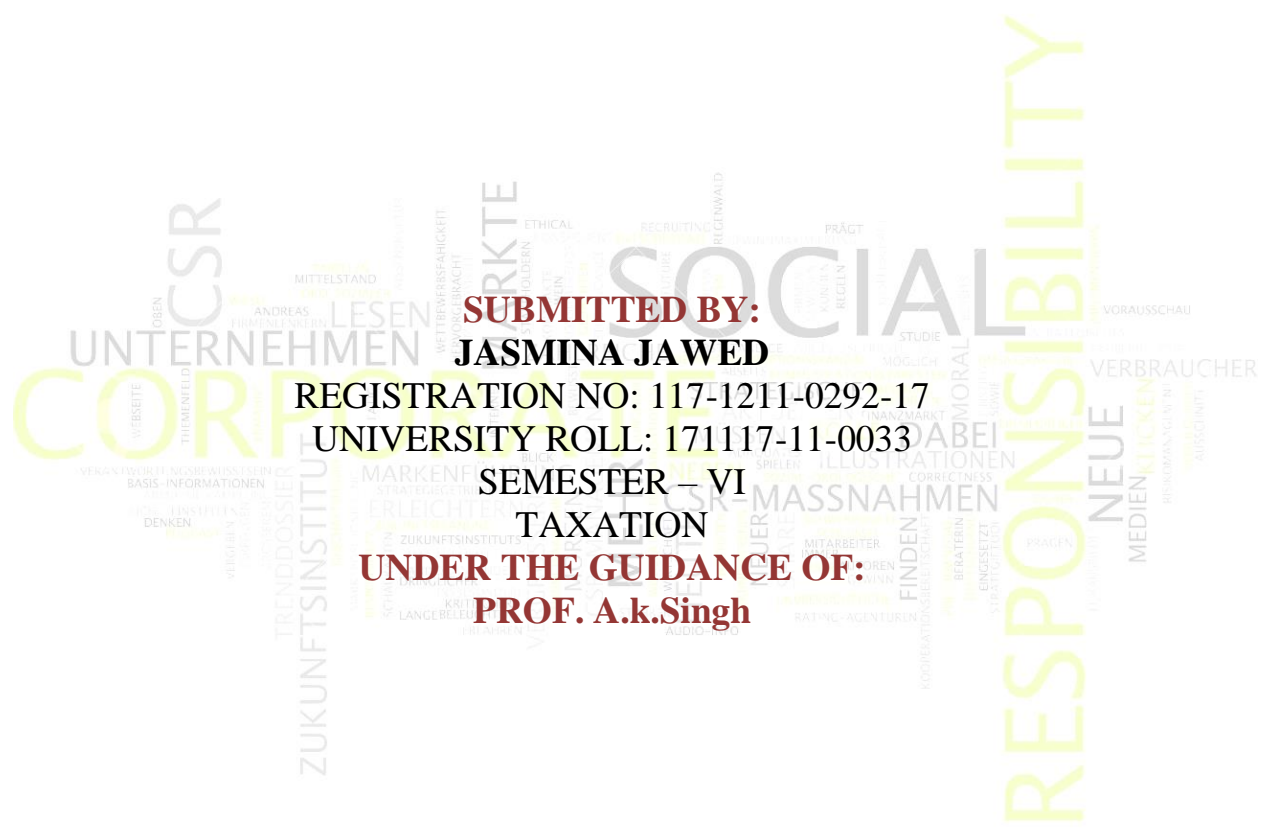
1 attachment

47.docx  
1.48 MB

Quick reply to Surendranath\_Evening College <sneccommercesem6hons@gmail.com>

System tray: 30°C Haze, 20:33, 22-05-2024

**PROJECT REPORT ON**  
**A STUDY ON CORPORATE SOCIAL RESPONSIBILITY**  
**OF ONGC AND GAIL (INDIA) LIMITED.**



## Supervisor's Certificate

This is to certify that JASMINA JAWED a student of B.Com. Honours in Accounting & Finance of SURENDRANATH EVENING COLLEGE under the University of Calcutta has worked under my supervision and guidance for his Project Work and prepared a Project Report with the title **A STUDY ON CORPORATE SOCIAL RESPONSIBILITY OF ONGC AND GAIL** which she is submitting, is her genuine and original work to the best of my knowledge.





*“It is not possible to prepare a project report without the assistance & encouragement of other people. This one is certainly no exception.”*

On the very outset of this project, I would like to extend my sincere & heartfelt obligation towards all the personages who have helped me in this endeavour. Without their active guidance, help, cooperation & encouragement, I would not have made headway in the project. I am extremely thankful and pay my gratitude to my faculty **Prof. A.k.Singh** for her valuable guidance and support and giving his precious time for the completion of this project in his presence.

I am ineffably indebted to **all the Professors** for their conscientious guidance and encouragement to accomplish this assignment. I extend my gratitude to SURENDERNATH EVENING College for giving me this opportunity.

I also acknowledge with a deep sense of reverence, my gratitude towards my parents and member of my family, who has always supported me morally as well as economically.

At last but not least gratitude goes to all of my friends who directly or indirectly helped me to complete this project report.

Any omission in this brief acknowledgement does not mean lack of gratitude

**With Regards,**

**JASMINA JAWED**

## **Table of Contents**

Sl. No	Particulars	Page No
A	Title Page	01
B	Supervisor's Certificate	02
C	Student's Declaration	03
D	Acknowledgement	04
E	INDEX	05
<b>1</b>	<b>Introduction</b>	<b>06-22</b>
1.1	Background of the study	07
1.2	Literature Review	08-09
1.3	Objectives of the study	10
1.4	Research Methodology	11
1.5	Limitations of the study	11
<b>2</b>	<b>Conceptual Framework</b>	<b>09-19</b>
2.1	National and International Scenario	13-14
2.2	Sec-135 of Companies Act, 2013	15-16
2.3	Schedule VII of Companies Act, 2013	17-18
2.4	Disclosures of CSR	19
2.5	Importance of CSR	20-22
<b>3</b>	<b>Data Analysis and Findings:</b>	<b>23-43</b>
3.1	Oil and Natural Gas Corporation Limited	24
3.2	CSR expenditure for the year 2017-2018	25
3.3	List of CSR Activities for the year 2017-2018	28
3.4	Gas Authority of India Limited	29
3.5	CSR expenditure for the year 2017-2018	30
3.6	List of CSR Activities for the year 2017-2018	31-32
3.7	Statistical Representation of Data	33-
	a) CSR Expenditure for the financial years 2016-2018	34
	b) Details of CSR expenditure incurred by ONGC during 2016-2018	35
	c)Details of CSR expenditure incurred by GAIL during the preceding three financial years	36
	d)Comparative study of CSR expenditure incurred by ONGC and GAIL during the preceding three financial years	37
	e)Comparative study of contribution towards CSR expenditure on percentage basis	38
	f)Analysis of Relationship b/w Revenue from Operations and Percentage of Actual CSR Expenditure to Estimated CSR Expenditure	39-40
	g): NET WORTH AND Percentage of Actual CSR Expenditure to Estimated CSR Expenditure	41-42
	h)Market Value of Shares and CSR Contribution	43
<b>4</b>	<b>Conclusion and Recommendations</b>	<b>44-47</b>
4.1	Conclusion	45
4.2	Recommendations	46
4.3	References	47







## 1.1 Background of the study

The concept of social responsibility was traced back to the ancient times. The first stage of the CSR development happened thousand years BC where authorities introduced different rules and regulations where the workers were severely punished for being careless and injured someone during their work. Or "In Ancient Rome senators grumbled about the failure of businesses to contribute sufficient taxes to fund their military campaigns."(History of Corporate Social Responsibility and Sustainability) During the industrial revolution the concept grew to a whole new level and the significance of business in society started to increase exponentially. By the 1920s the new stage began that social responsibility was not seen as an ethic but became a whole new concept, however the magnitude of the concept was undervalued. As Dean of Harvard Business School Wallace B. Donham: "Business has not learned how to handle these changes, nor does it recognise the magnitude of its responsibilities for the future of civilisation."(History of Corporate Social Responsibility and Sustainability)

The ideology of corporate social responsibility (CSR) has emerged as a response to pressure from the business side of growing leftist sentiment and the trade union movement in the last third of the XIX century. Incurred if the institutions of civil society demanded from businesses providing social guarantees to the workers and to ensure protection of their labour and the decline of trade unions in the mid XX century for business owners updated the task of preserving and maintaining the loyalty of motivation of subordinates, which again forced them to turn to CSR. It was then that the concept has become firmly established in the theory and practice of corporate governance in the U.S.

However the effect of globalization cannot be under estimated as it played a significant role in CSR, which forced companies to look for more creative ways of positioning information in a crowded world. Thus, CSR was the result of deep transformation of relations of private business and society in a post-industrial economy.

ZUKI

RE!

## 1.2 Literature Review

**Caroll (1991)**: CSR consists of four elements represented in the form of a pyramid, whose top is a philanthropic, followed by legal, economic and social responsibility to the bottom. Economic responsibility is the basic responsibility of the company in terms of company profits through the satisfaction of the needs and expectations of consumers. Legal responsibility is reflected in the fact that the corporation has a responsibility to comply with the law. A company that behaves in accordance with the requirements of social responsibility, we can say that it works considering the business ethical standards. Philanthropic responsibility assumes that the company is a "good citizen" and contributes to community resources. CSR encompasses two main aspects accountability and transparency. In addition to the default responsibility for its financial performance and profitability, companies are accountable to stakeholders, for their performance in relation to human rights, environmental policies, business moral principles, corporate governance, society development, and diversity and job creation problems.

**Cannon (1992)**: He discussed the development of corporate social responsibility via the historical development of business involvement leading to a post-war re-examination of the nature of the relationship between business, society and government. This traditional contract between business and society has changed over the years because of the addition of new social value responsibilities placed upon business. Social value responsibilities include: stricter fulfillment with local, state, and international laws; social problems; human values; health care; pollution; quality of life; equal employment opportunities; sexual harassment; elimination of poverty; child care and elderly care; support of the arts and universities; and many others.

**Fredrick (1986, 1994)**: He identified corporate social responsibility as an examination of corporations' responsibility to work for social betterment and refers this to as CSR1. According to Frederick (1994), the move to "corporate social responsiveness" started from 1970, that he refers to as CSR2. According to him, corporate social responsiveness is the ability of a corporation to respond to social pressures. He argues that the effect of the move from CSR1 to CSR2 is reflected from a philosophical approach.

**Baker (2006)**: He argues that proponents of CSR claim that it is in the enlightened self interest of business to undertake various forms of CSR. A report by the World Business Council for Sustainable Development stated in its introductory section on corporate social responsibility (World Business Council for Sustainable Development, 1999, p. 5) that business benefits



- To know about the amount of money and areas where the companies like ONGC and GAIL are spending their money as CSR Expenditure .
- To analyse the statistica data with repect to :
  1. Actual CSR expendiure and Expected CSR Expenditure for ONGC and Gail indivisuallyfor the three years .
  2. CSR Expenditure of ONGC nd GAIL as a % of their Net Profit during the year
  3. Analysing the relationship between CSR Expenditure and Revenue from Operations of GAIL nd ONGC respectively .
  4. Analysing the relationship between CSR Expenditure and Net Worth of the companies .
  5. Analysing the relationship between CSR Expenditure and Market Value of Shares .

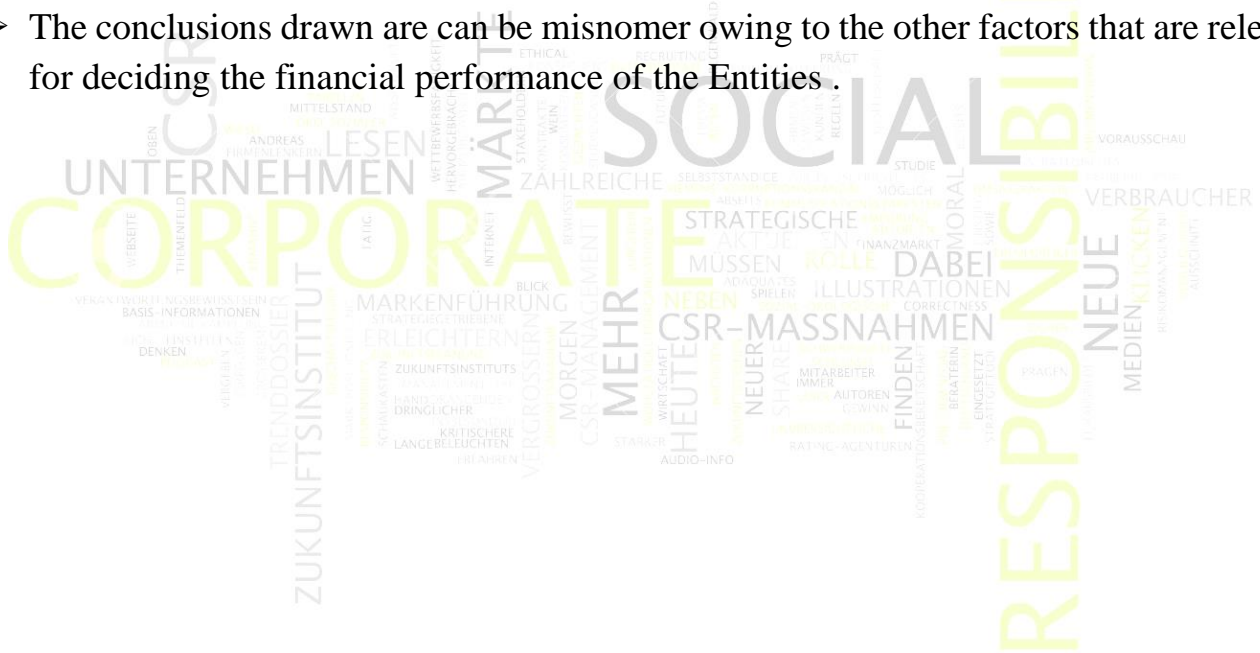


## 1.4 Research Methodology

Being an explanatory research it is based on secondary data of journals, articles, newspapers and magazines. Considering the objectives of study descriptive type research design is adopted to have more accuracy and rigorous analysis of research study. The accessible secondary data for a period of three financial years from 2015-2016 to 2017-2018 is intensively used for research study.

## 1.5 Limitations of the study

- The performance of the companies relating to CSR expenditure has been analyzed over a period of preceding three financial years (2015-2016 to 2017-2018).
- The study has been completely done on the basis of secondary data, such as company's annual report.
- There was time constraint in completing the project report.
- The conclusions drawn are can be misnomer owing to the other factors that are relevant for deciding the financial performance of the Entities .



# Chapter 2

# Conceptual Framework



## 2.1 National Scenario

The concept of corporate social responsibility in India has been discussed below under the head “Section 135 of Companies Act, 2013” and “Schedule VII of Companies Act, 2013”.

## 2.1 International Scenario

CSR initiatives have developed along different routes in different jurisdictions, varying from the encouragement of voluntary initiatives by the European Commission, to the adoption of mandatory reporting of CSR activities by Denmark. This section will consider the status of efforts to implement CSR in the United States, Canada, Denmark, and the European Union.

**The United States:** CSR in the United States has primarily been approached through the initiatives of its corporations, rather than through the legal developments or government actions seen in other jurisdictions. Currently, approximately 59% of American companies report information relating to their actions regarding the environment and social policies publically. Further, major American corporations have actively promoted both voluntary CSR initiatives, and have called for the adoption of mandatory standards. An example of this may be seen in the United States Climate Action Partnership, which counts corporations such as the Ford Motor Company, Chrysler, Shell and General Electric as members, and calls for “strong national legislation to require significant reductions of greenhouse gas emissions”.

**Canada- Bill C-300- “Corporate Accountability for the Activities of Mining, Oil or Gas in Developing Countries”:** As in the United States, the corporate law of Canada has a tradition of shareholder primacy. However, it also has a greater tendency to recognize stakeholder interests to a greater degree through the regulatory actions of the Federal Government. Exemplary of this is legislation which has recently been introduced in the Canadian Parliament, which if passed will specifically regulate the behaviour of corporations in the mining and gas industries when they operate in developing countries.

**Denmark:** The Mandatory Reporting of CSR In 2008, the Danish Parliament adopted the "Act amending the Danish Financial Statements Act (Accounting for CSR in large businesses)". The Act defines CSR to include the manner in which “businesses voluntarily include considerations for human rights, societal, environmental and climate conditions as well as combating corruption in their business strategies and corporate activities”. However, the Act does not mandate that any specific activities need to be undertaken by corporations in respect of CSR, instead leaving it “up to the businesses to decide how it makes sense for them to work on corporate social responsibility”.

**The European Union:** The European Commission, the executive body of the European Union, has stated that the incorporation of social and environmental concerns into a corporation's operations is "fundamentally about voluntary business behaviour". As such, it has suggested that approaches involving increased regulation may be "counter productive". Instead, in its most recent Communication in respect of CSR, issued in 2006, it proposed a series of actions for the promotion of CSR practices. These proposals include raising awareness about CSR through the promotion of voluntary environmental initiatives, and increased involvement for stakeholders and NGO's.





## **2.2 SECTION 135 OF COMPANIES ACT 2013**

1. Every company having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during any financial year shall constitute a Corporate Social Responsibility Committee of the Board consisting of three or more directors, out of which at least one director shall be an independent director.
2. The Board's report under sub-section (3) of section 134 shall disclose the composition of the Corporate Social Responsibility Committee.
3. The Corporate Social Responsibility Committee shall, —
  - a. formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII;
  - b. recommend the amount of expenditure to be incurred on the activities referred to in clause (a); and
  - c. monitor the Corporate Social Responsibility Policy of the company from time to time.
4. The Board of every company referred to in sub-section (1) shall, —
  - a.
  - b. Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII; after taking into account the recommendations made by the Corporate Social Responsibility Committee, approve the Corporate Social Responsibility Policy for the company and disclose contents of such Policy in its report and also place it on the company's website, if any, in such manner as may be prescribed; and
  - c. Ensure that the activities as are included in Corporate Social Responsibility Policy of the company are undertaken by the company.
5. The Board of every company referred to in sub-section (1), shall ensure that the company spends, in every financial year, at least two per cent of the average net profits of the Company made during the three immediately preceding financial years, in pursuance of its Corporate Social Responsibility Policy:

- Provided that the company shall give preference to the local area and areas around it where it operates, for spending the amount earmarked for Corporate Social Responsibility activities:
- Provided further that if the company fails to spend such amount, the Board shall, in its report made under clause (o) of sub-section (3) of section 134, specify the reasons for not spending the amount.

**Explanation.** —For the purposes of this section “average net profit” shall be calculated in accordance with the provisions of section 198.

## The CSR Funnel



ER

## 2.3 Schedule VII of Companies Act, 2013

Activities which may be included by companies in their Corporate Social Responsibility Policies Activities relating to: —

1. **Eradicating hunger**, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to the Swachh Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water.
2. **Promoting education**, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects.
3. **Promoting gender equality**, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
4. **Ensuring environmental sustainability**, ecological balance, protection of flora and fauna, animal welfare, agro, forestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga;
5. **Protection of national heritage**, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional arts and handicrafts;
6. Measures for the **benefit of armed forces veteran**, war widows and their dependents;
7. Training to **promote rural sports** nationally recognized sports and Olympic sports;
8. Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government;
9. **PM Relief fund**: contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women; and rural development projects and slum area projects

**- Inserted vide Notification dated 24.10.2014**

**Explanation.** —For the purposes of this item, the term ‘slum area’ shall mean any area declared as such by the Central Government or any State Government or any other competent authority under any law for the time being in force.

A. In item (i), after words "and sanitation", the words "**including contribution to the Swach Bharat Kosh set-up by the Central Government for the promotion of sanitation**" shall be inserted;

B. In item (iv), after the words "and water "the words "**including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga**" shall be inserted;

**Amount spent in above activities are qualified as CSR activities the interpretation of Sch. VII is broad and open and its scope is wide to help of Corporates.**



## **2.4 Disclosures of CSR**

**ANNEXURE FORMAT FOR THE ANNUAL REPORT ON CSR ACTIVITIES TO BE INCLUDED IN THE BOARD'S REPORT**

1. A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.
2. The Composition of the CSR Committee.
3. Average net profit of the company for last three financial years.
4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above).
5. In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report.
6. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company.
7. Details of CSR spent during the financial year:
  - (a) Total amount to be spent for the financial year;
  - (b) Amount unspent, if any;
  - (c) Manner in which the amount spent during the financial year is detailed below:

S No.	CSR Project or Activity Identified	Sector in Which the Project Covered	Projects/ programme location (Specify the State and district where projects or programs was Undertaken)		Amount Outlay (budget) project or programs Wise	Spent on the project or programs		Cumulative Expenditure up to the reporting period	Amount Spent : Direct or Through implementin agency
			Local	Other		Direct Expenditure	Through Overhead		

## 2.5 IMPORTANCE OF CSR

Corporates interact with society in many ways. They invest in facilities, produce and sell products, employ people and subcontract or in-source many activities. They also have an impact on the environment by the nature of their activities, by using valuable resources, or creating by-products, which influence the physical environment. Their interaction with society

is through their employees and the many facets of society around them. Further, corporates may act explicitly as responsible, for either emotional reasons or business purposes. As the organization is a part of the society, it cannot function in isolation. So there is an obligation and responsibility from the part of the corporate to take action that protects and improves the welfare of society as a whole along with company's own interest (Davis, 1975). The society plays a pivotal role in the success of any organization.

Originally, businesses were seen strictly as economic entities with the primary responsibility for producing goods and rendering services required by a society. This is the classical view held by Milton Friedman and Hayek, Theodore Levitt and other authors. According to (Friedman, 1971) "Corporate social responsibility is beyond the basic purpose of business and violates the responsibility of business to its owners, the stockholders".

With the business environment being characterized by various developments including the shift of power from capital to knowledge, increased levels of literacy and the shrinking of geographical boundaries due to faster means of travel and communication, people are, by and large, becoming conscious of their rights, which has led to a rise in the expectations of society from business. Thus, businesses depend on society further existence and (Brenner and Cochran, 1991) it is in their interest to take care of society. Businesses cannot operate or in vacuum.

Corporate Social Responsibility involves a commitment by a company towards the sustainable economic development of the society. It means engaging directly with local communities, identifying their basic needs, and integrating their needs with business goals and strategic intend Essentially, it is about how business takes into account the economic, social and environmental impact of the way in which it operates.

The managers of large corporations and smaller businesses came to realize that they have responsibilities that extend beyond their own stockholders to a wide range of parties dependent on or affected by corporate performance. These parties are known as stakeholders. (Freeman 1984) classic definition of stakeholders, arguably the most popular definition cited in the literature (Kolk and Pinske 2006), proposed that stakeholders are 'any group or individual who can affect or is affected by the achievement of a corporation's purpose'. In addition to a company's shareholders, its stakeholders include its employees, the communities in which it operates suppliers, customers, government and society at large.

The business class should render their support to the general people. If they will be uplifted socially and economically, the productivity of the corporate is also bound to increase.

### ➤ Importance of Corporate Social Responsibility .

Enhances brand equity



Financial institutions can boost their brand image through CSR activities. Responsible companies face far lesser scrutiny from regulatory authorities.

Builds trust and confidence



In an uncertain business environment, CSR activities help financial institutions rebuild trust and relationships with different stakeholders.

Improves financial performance



CSR activities can directly contribute to the bottom line. According to a study commissioned by the Global Alliance for Banking on Values (GABV)\*, values-based banks deliver higher financial returns. Responsible banks outperform traditional banks across financial indices such as return on assets, growth in loans and deposits, and capital strength – a compelling case for values-based banking.

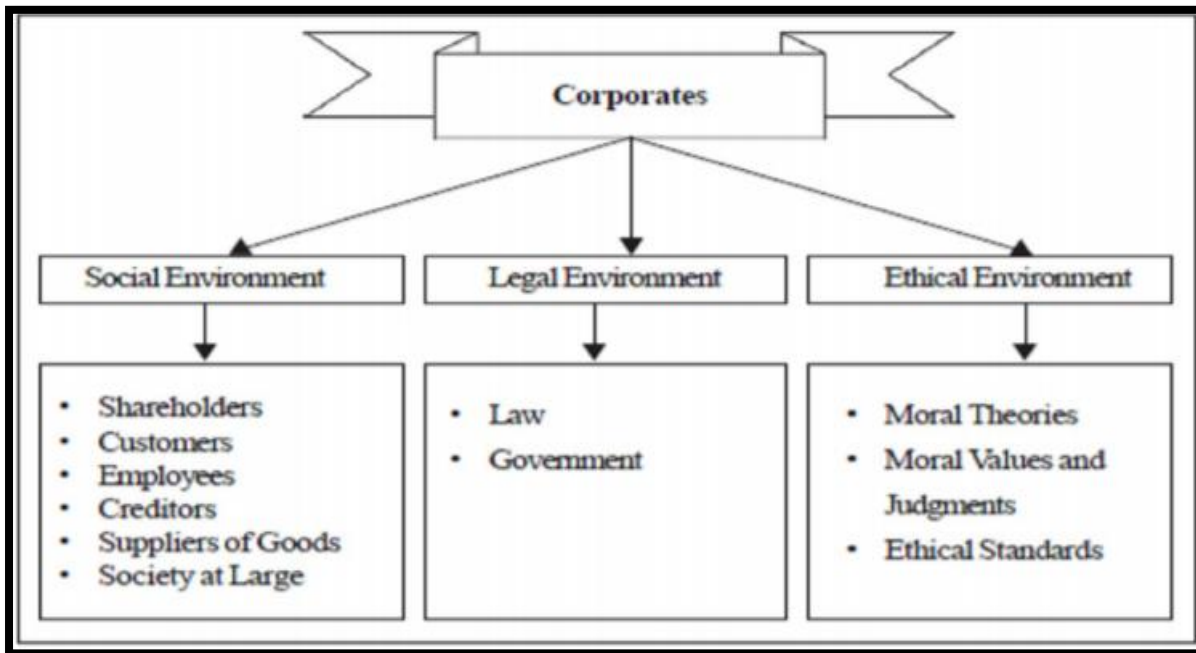
Increases business growth



There is a correlation between CSR activities and business growth. Prospects of a business increase when CSR is aligned with business. It could be due to the brand loyalty of customers.

The Corporates are to act according to the environmental factors given in like social, legal and ethical environment.

## Corporates and Environmental Factors



As per the above figure,

Corporate Social Responsibility is an obligation of the organization to act in a way that serves both its own interests and interests of its many external communities and environmental factors such as social environment including customers, employees, creditors, suppliers of goods, society and legal environment comprises of state and local governments. To get successful results corporates should hold moral values and judgments and ethical standards.





## 3.1 OIL AND NATURAL GAS CORPORATION LIMITED



Maharatna ONGC is the largest producer of crude oil and natural gas in India, contributing around 70 per cent of Indian domestic production. The crude oil is the raw material used by downstream companies like IOC, BPCL, HPCL to produce petroleum products like Petrol, Diesel, Kerosene, Naphtha, Cooking Gas-LPG.

ONGC is India's Top Energy Company and ranks 20<sup>th</sup> among global energy majors (Platts).

ONGC ranks 14<sup>th</sup> in 'Oil and Gas operations' and 220<sup>th</sup> overall in Forbes Global 2000. Acclaimed for its Corporate Governance practices, Transparency International has ranked ONGC 26<sup>th</sup> among the biggest publicly traded global giants. It is one of the most valued public enterprise in India, and one of the highest profit-making and dividend-paying. ONGC has a unique distinction of being a company with in-house service capabilities in all areas of Exploration and Production of oil & gas and related oil-field services. Winner of the Best Employer award, a dedicated team of over 33,927 professionals toil round the clock in challenging locations. Its wholly-owned subsidiary ONGC Videsh

Limited (OVL) is the biggest Indian multinational in the energy space, participating in 36 oil and gas properties in 17 countries. ONGC subsidiary Mangalore Refinery and Petrochemicals Limited (MRPL) is a Schedule 'A' Miniratna, with a single-location refining capacity of 15 million tons per annum.

### **3.2 CSR Expenditure for the FY 2017-2018**

In the financial year 2017-18, the Company ensured more than 100% utilization of CSR budget amounting to 5,034 million against the budget of 4,870 million.

As stipulated in the Section 135 of the Companies Act, 2013, the Company has a Board Level Committee on CSR namely CSR and SD Committee, who has approved 19 major CSR projects amounting to `2,600 million in FY'18. Besides, a detailed standard operating procedure on CSR has been rolled out to bring in standardization and transparency in the process of implementing CSR projects.

Average net profit of the Company for last three financial years is as under;			
Particulars	(` in million)		
	2014-15	2015-16	2016-17
Profit as per	26,358.17	23,081.03	23,616.73
Average profits	24351.97		

#### **Prescribed CSR Expenditure (2% of the amount as in item 3 above)**

The prescribed CSR expenditure for FY'18 was 4,870.4 million (2% of the average profit in terms of Section 135 for the last three years.)

#### **Good Corporate Citizen' - PHD Chamber Awards**

PHD Chamber of Commerce bestowed 'Good Corporate Citizen' award to ONGC during Annual Awards for Excellence-2017 function held at New Delhi on October 26, 2017. The award was given to ONGC for its meaningful CSR policies as well as a robust Health Safety & Environment (HSE) framework in operations.

### **3.3 List of CSR activities during 2017-2018**

Serial No.	Sector of Activity	Indicative budget of allocation
1.	Promoting health care including preventative health care and sanitation and making available safe drinking water	Approx 20% of CSR budget
2.	Promoting education including special education and employment enhancing vocational skills specially among children, women, elderly and differently abled and livelihood enhancement projects	Approx 20% of CSR budget
3.	Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, of natural resources and maintaining quality of soil, air and water.	Approx 20% of CSR budget
4.	Rural development Project	Approx 20% of CSR budget
5.	Setting up homes and hostels for women and orphans; setting up old age homes , day care centres and other such facilities for senior citizens Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; and development of traditional arts and handicrafts Training to promote rural sports, regionally recognised sports Paralympics sports and Olympic sports Other areas mentioned in Schedule – VII	Approx 20% of CSR budget

## Details of CSR Activities of GAIL for the year 2019-2020

SL NO.	CSR Project or Activity	Sector			Budget (in Rs. million)	Amt spent (in Rs. million)
			Local/Other	State of operation		
1	Support for National Cancer hospital	Healthcare	Local	Nagpur, Mah	1000	1000
2	Construction of 16000 IHLS	Sanitation	Local/Other	Various states	559	559
3	ONGC Municipality hospital	Healthcare	Local	Assam	990.7	109.8
4	Construction of Tapas and PU College building	Education	Other	Karnataka	53.3	47.9
5	Cleanliness Drive	Sanitation	Local	Andhra Pradesh	130	42.3
6	Sports Complex	Promotion of Sports	Other	Karnataka	136.8	41.1
7	Project Sarswati	Drinking water	Other	Haryana	56.4	40
8	Restoration Work	National Heritage	Local	Uttarakhand	56.4	35.4
9	Promotion of Sanskrit language	Education	Other	All India	116	43.6
10	Varisthabhajan Swastha Sewa Abhiyan	Healthcare	Local	Operational States	199	49
11	Cleaning and restoration of 4 historic Kunds at Varansi	Protection of National Heritage	Other	Uttar Pradesh	106.9	30.6
12	Construction of Admin Block and student dormitories at ECOART	Ecological Balance	Other	Vikarbad , Telangana	47.2	28.3
13	Construction of a new ONGC-MRPL Wing of Govt Lady Goschen Hospital Mangalore	Women Empowerment	Other	Karnataka	146.8	24.2
14	Swach Vidyalaya Abhiyan	Education	Local/Other	Various states	78	20.1
15	Women Skilling and Entrepreneurship development	Women Empowerment	Other	Bihar	67.1	20.1
16	Bio-CNG Plant	Ecological Balance	local	Uttarakhand	18.9	18.9
17	Construction of a secondary school building	Education	Other	Haryana	34.1	17.3
18	Construction of Bed College at Nirjuli	Education	Other	Arunachal Pradesh	59	14.8
19	Construction of boys hostel at Bangalore	Education	Other	Karnataka	137.6	14.2
20	Construction of an academic building and two hostel buildings at Bhubneshwar	Education	Local	Odisha	47.2	14.2
21	Swach Bharat Abhiyan	Sch-7 of COMPANIES. ACT	Local/Other	All India	1156	765.9
22	Health Infrastructure CSR Projects	Healthcare	Local/Other	All India	134.7	58.5
23	Health Initiatives	Healthcare	Local/Other	All India	156	140.8
24	Education and Skill Development project	Education and skill dev	Local/Other	All India	565	300
25	Support to KV Schools	Education	Local/Other	Various states	483.5	479.6
26	Reducing Inequalities CSR Projects	Sch-7 of COMPANIES. ACT	Local	All India	55.2	29.3
27	Environment Protection	Sch-7 of COMPANIES. ACT	Local/Other	All India	202.4	152.4

28	Welfare of SC/ST	Sch-7 of COMPANIES. ACT	Local/Other	All India	85.4	79.6
29	Art and Culture	Sch-7 of COMPANIES. ACT	Local/Other	All India	31.6	25
30	Promotion of Sports	Sch-7 of COMPANIES. ACT	Local/Other	All India	97.9	78.4
31	Rural Development	Sch-7 of COMPANIES. ACT	Local/Other	All India	64.6	42.4
32	Onshore Assets / Basins	Sch-7 of COMPANIES. ACT	Local	State of operation	557.8	438.2
33	Offshore Assets / Basins	Sch-7 of COMPANIES. ACT	Local	State of operation	25	19.1
34	Exploration Group	Sch-7 of COMPANIES. ACT	Local	State of operation	2.9	2.9
35	CSR Project OF Plants	Sch-7 of COMPANIES. ACT	Local	State of operation	15.3	10.1
36	Admin Offices/ Institutions	Sch-7 of COMPANIES. ACT	Local	State of operation	49.5	24.7
37	Administrative Expense					213.7

7723.2 5031.4



### 3.4 GAIL (India) Limited



**Gail (India) Limited (GAIL)** (formerly known as **Gas Authority of India Limited**) is the largest state-owned natural gas processing and distribution company in India. It is headquartered in New Delhi. It has the following business segments: natural gas, liquid hydrocarbon, liquefied petroleum gas transmission, petrochemical, city gas distribution, exploration and production, GAILTEL and electricity generation. GAIL was conferred with the **Maharatna** status on 1 Feb 2013, by the Government of India. Only six other Public Sector Enterprises (PSEs) enjoy this coveted status amongst all central CPSEs.

GAIL has built a network of trunk pipelines covering the length of around 11,000 km. Leveraging on the core competencies, GAIL played a key role as gas market developer in India for decades catering to major industrial sectors like power, fertilizers, and city gas distribution. GAIL transmits more than 160 MMSCMD of gas through its dedicated pipelines and have more than a 70% market share in both gas transmission and marketing.

However, there are regional imbalances in the gas supply across the country. To bridge this gap in infrastructure, the Ministry of Petroleum and Natural Gas, in 2007, authorised five new pipelines to GAIL covering a length of over 5,500 km.

### **3.5 CSR Expenditure for the FY 2017-2018**

Average net profits of the company for the last three financial years is as under:

Financial Year	Net profit (₹ in Crore)*
2014-15	3652.98
2015-16	2553.82
2016-17	4243.70
Total (A)	10450.50
Average of 03 FY's (A)/3	3483.50

\*Net profit for CSR is as per provisions of the Companies Act, 2013

#### **PRESCRIBED CSR EXPENDITURE (TWO PERCENT OF THE AMOUNT AS IN ITEM 3 ABOVE)**

The prescribed CSR expenditure for FY 2017-18 as per provisions of Companies Act, 2013 was 69.67 Cr.

GAIL made allocation of Rs. 104.51 crores on CSR activities of 2017-18, which is 3% of the avg. net profit of the preceding three financial years. Against this, GAIL has incurred a total expenditure of rs. 123.58 crores, out of which Rs. 91.65 crores have been incurred on CSR projects/activities of FY 2016-17. This amounts to 2.63% of the avg. net profit of the preceding three financial years.

#### **AWARDS**

1. GAIL CSR initiatives were appreciated and rewarded at multiple forums with big wins at the 16th FICCI CSR Awards 2017 (under Category 2: Education, Skill Development and Livelihood under Public Sector Companies for Project Avant).
2. Awarded as the Best Corporate (in Large Companies Category) at 2nd ICSI CSR Excellence Awards 2017 for CSR initiatives, Social Footprints CSR Awards 2018 for CSR initiatives under Swachh Bharat Abhiyan, the Golden Globe Tigers Awards 2018 (for Excellence & Leadership in CSR).
3. India CSR Award 2018 for Project Shrijan under Project of the Year [Large Impact] category.



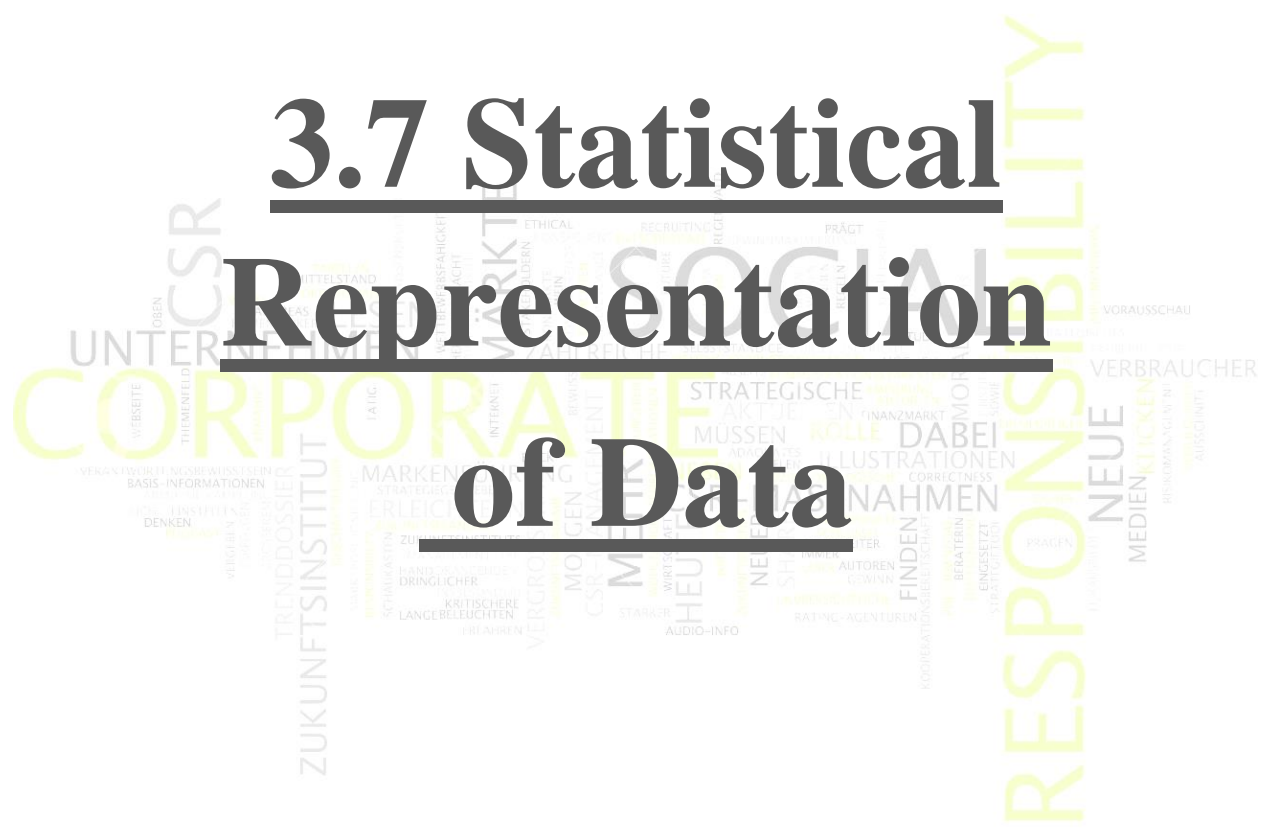
4. GAIL has been conferred with the Economic Times 2 Good CSR Rating, the only PSU to be feted in 'All Round Excellence'category.

### **3.6 List of CSR Activities for the year 2017-2018**

<b>SL No.</b>	<b>CSR ACTIVITY</b>	<b>SECTOR</b>	<b>AREAS WHERE PROJECT IS RUN</b>	<b>BUDGET (inrs.million)</b>	<b>Actual Expenditure( inrs.million)</b>
1	AROGYA (DRINKING WATER , HEALTH AREA , SANITATION )				
	Cleanliness at iconic places	Sanitation	Agra	47.250	47.250
	Project Arogya – healthcare	Healthcare	East Godavari Ludhiana Gujrat Haridwar Uttar Pradesh	46.1	46.1
	Mobile Meical unuits at Odhisha and Bihar	Healthcare	Odhisha and Bihar	17.482	17.482
	Co educational toilets in schools	Sanitation	Andhra Pradesh	11.86	11.86
	Supply Household Dustbin	Sanitation	Agra	11.35	11.35
	Projects less than 10 million rupees	Sanitation / Healthcare/ Drinking water	Various Local areas	137.23	137.23
2	KAUSHAL (SKILL DEVELOPMENT)				
	Contribution to Initial Corpus of Hydrocarbon sector Council	Skill development	Various districts pan India	20	20
	Contribution to Skill development institution	Skill development	Raiberaily UP	15	15
	Support for Skill development for candidates at GAI;L	Skill development	Madhya Pradesh	13.499	13.499
	Training in plastic products	Skill development	Guwahati Imphal Chennai Aurangabad	11.039	11.039
	Projects less than 10 million Rs	Skill development	Various local areas	17.518	17.518



# 3.7 Statistical Representation of Data



**Table 1: CSR Expenditure for the financial years 2015-2016 to 2017-2018**

Year	2016		2017		2018	
	ONGC	GAIL	ONGC	GAIL	ONGC	GAIL
<b>Average Net Profit u/s 135</b>	2,96,848	51,170	2,67,835	40,740	2,43,519	34,835
<b>Estimated CSR Expenditure</b>	5,937	1,023	5,357	815	4,870	1,045.10
<b>Actual CSR Expenditure</b>	4,210	1,186	5,259	922	5,034	1,235.80
<b>Percentage of average net profit</b>	1.42%	2.32%	1.96%	2.26%	2.07%	3.55%

**Interpretation:**

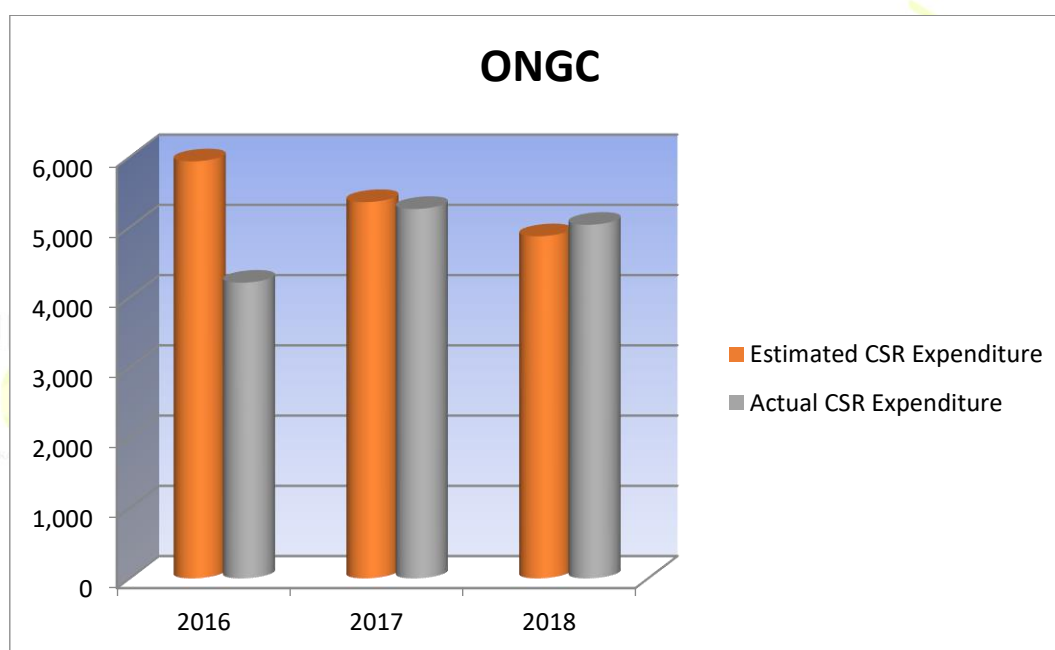
As per Section 135 of Companies Act, 2013, companies having net worth of Rs. 500 Crores or more or a turnover of Rs. 1000 Crores or more or net profit of Rs. 5 Crore or more shall contribute atleast 2% of the average net profit of preceding three financial years towards CSR Expenditure.

The two companies under consideration ONGC and GAIL (India) Limited meet the criteria specified under Section 135 and henceforth are required to contribute atleast 2% of the average net profit of preceding three financial years towards CSR. From Table 1 it can be seen that during the past three financial years ONGC has not contributed exactly 2% of average net profit towards CSR whereas GAIL (India) Limited has continuously been on a rising curve in respect of percentage contribution towards CSR expenditure.

**Data Interpretation on an Individual Basis**

**Table 2: Details of CSR expenditure incurred by ONGC during the preceding three financial years**

(Rs. In Millions)			
<u>Year</u>	<u>Average net profit u/s 135</u>	<u>Estimated CSR Expenditure</u>	<u>Actual CSR Expenditure</u>
<b>2016</b>	2,96,848	5,937	4210
<b>2017</b>	2,67,835	5,357	5259
<b>2018</b>	<b>243519</b>	<b>4870.4</b>	<b>5034</b>



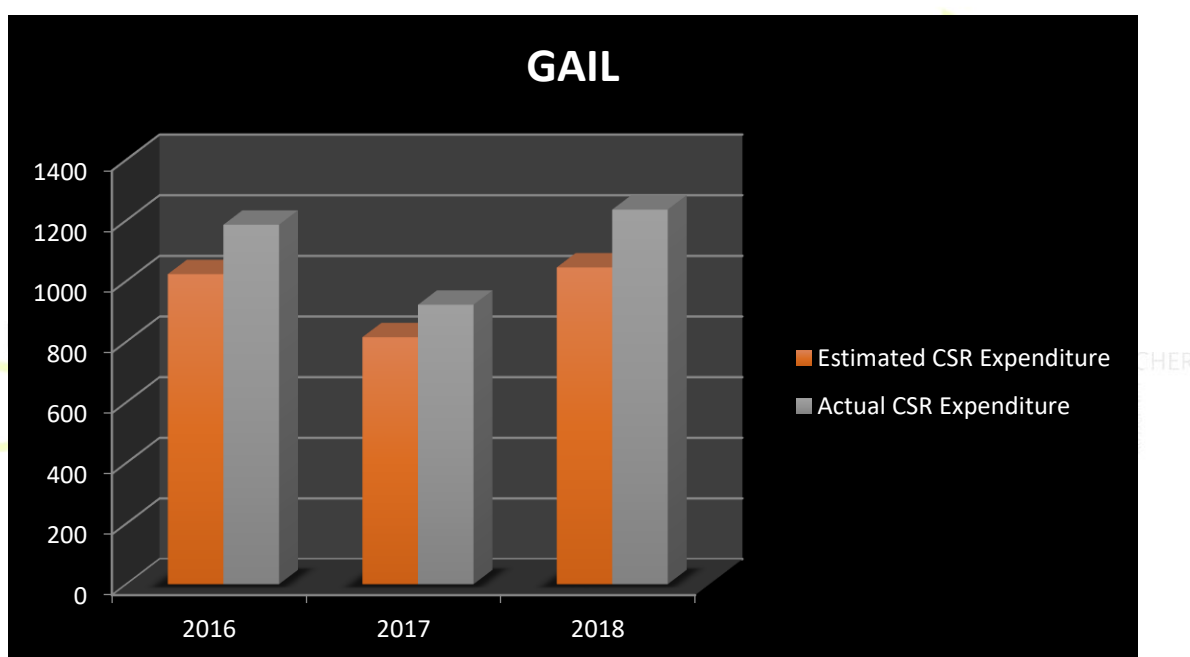
**Fig 1: Actual Expenditure v/s Estimated Expenditure**

**Interpretation:**

From the above data it can be said that ONGC is continuously trying to efficiently contribute towards CSR expenditure during the preceding three financial years. The efficiency has increased from 71 % in the financial year 2015-2016 to 98% in the financial year 2016-2017 to 103.36 % in 2017-2018 .

**Table 3: Details of CSR expenditure incurred by GAIL during the preceding three financial years**

			(Rs. In Millions)
<u>Year</u>	<u>Average net profit u/s 135</u>	<u>Estimated CSR Expenditure</u>	<u>Actual CSR Expenditure</u>
<u>2016</u>	<u>51170</u>	<u>1023</u>	<u>1186</u>
<u>2017</u>	<u>40740</u>	<u>815</u>	<u>922</u>
<u>2018</u>	<u>34835</u>	<u>1045.1</u>	<u>1235.8</u>



**Fig 2: Actual Expenditure v/s Estimated Expenditure**

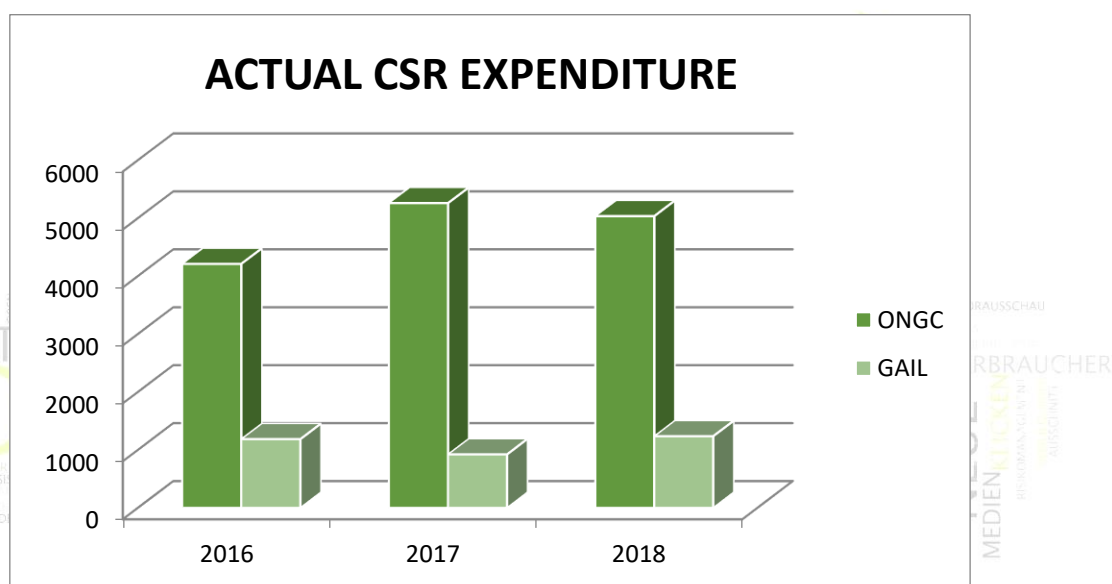
**Interpretation:**

From the above data it can be said that GAIL has consistently improved its efficiency in contributing towards CSR expenditure during the preceding three financial years. The efficiency in the financial year 2015-2016 is 115.93% which dropped down slightly to 113% in the financial year 2016-2017 and increased to 118.25% in 2017-2018 .

**Comparative Representation of Data**

**Table 4: Comparative study of CSR expenditure incurred by ONGC and GAIL during the preceding three financial years**

(Rs. In Millions)		
Year	ONGC	GAIL
2016	4210	1186
2017	5259	922
2018	5034	1235.8



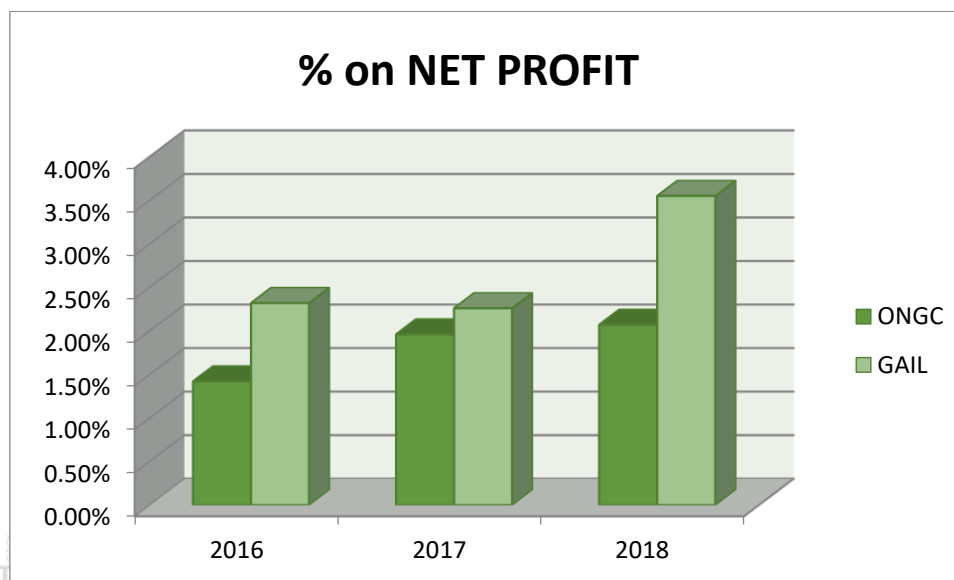
**Fig 3: Actual Expenditure**

**Interpretation:**

Expenditure towards CSR is required to be contributed by the companies satisfying the criteria stated in Section 135 of Companies Act, 2013. Both ONGC and GAIL are complying with the statutory requirement and contributing towards the betterment of the society.

**Table 5: Comparative study of contribution towards CSR expenditure on percentage basis**

Year	ONGC	GAIL
2016	1.42%	2.32%
2017	1.96%	2.26%
2018	2.07%	3.55%



**Fig 4: Expenditure on percentage basis of average net profit**

### Interpretation:

From the above data it can be said that both ONGC and GAIL have been on a rising curve in contributing towards CSR expenditure since the financial year 2015-2016. Hence, they are efficiently complying with the statutory requirement and working for the betterment of the society.

**Table 6: Revenue from Operations and Percentage of Actual CSR Expenditure to Estimated CSR Expenditure**

FINANCIAL FACTORS	Company	2016	2017	2018



Revenue from Operations	ONGC	7,77,417.00	7,79,078.00	8,50,041.00
Percentage of actual CSR Expenditure to Estimated CSR Expenditure	ONGC	70.91 %	98.17 %	103.36 %
Revenue from Operations	GAIL	5,20,030.00	4,87,890.00	5,36,900.00
Percentage of actual CSR Expenditure to Estimated CSR Expenditure	GAIL	115.93 %	113.13 %	118.25 %

## Observations

1. In case of ONGC the Percentage of Actual CSR Expenditure to Estimated CSR Expenditure and Revenue from Operations is showing a positive relationship . An increase in percentage of actual CSR Expenditure to estimated CSR Expenditure can be observed from 70.91 to 98.17 and further to 103.36 in 2016 , 2017 and 2018 respectively and similarly an increase can be observed in the amount of Revenue from operations from 7,77,417.00 to 7,79,078.00 and further to 8,50,041.00 millions INR in 2016,2017 and 2018 respectively .
2. In case of GAIL , the Percentage of Actual CSR Expenditure to Estimated CSR Expenditure and Revenue from Operations is showing a positive relationship. A decrease in percentage of actual CSR Expenditure to estimated CSR Expenditure can be observed from 115.93 to 113.13 and similarly a decrease can be observed in the amount of Revenue from operations from 5,20,030.00 in 2016 to 4,87,890.00 millions INR in 2017 . Furthermore , an increase in the Percentage of Actual CSR Expenditure to Estimated CSR Expenditure can be observed from 113.13 in 2017 to 118.25 in 2018 and the Revenue from Operations has also risen from 4,87,890.00 in 2017 to 5,36,900.00 million INR in 2018 .

## Interpretation:

It is very evident from the table that there exists a Revenue from Operations and Percentage of Actual CSR Expenditure to Estimated CSR Expenditure but the same results has also got various limitations at the same time . It is clear that if CSR Expenditure expectations



Percentage of actual CSR Expenditure to Estimated CSR Expenditure	ONGC	70.91 %	98.17 %	103.36 %
NET WORTH	GAIL	3,06,990.00	3,23,500.00	3,51,420.00
Percentage of actual CSR Expenditure to Estimated CSR Expenditure	GAIL	115.93 %	113.13 %	118.25 %

## Observations

### 1 ONGC:

It is clearly evident from the given table that Percentage of Actual CSR Expenditure to Estimated CSR Expenditure has got a positive impact over the value of the Net Worth of the Company . With the growing increase in Company's actual expenditure to that of estimated expenditure from 70.91 in 2016 to 98.17 in 2017 to 103.36 in 2018 , the Net Worth of the Company has also increased from 16,57,747.00 million INR to 18,55,384.00 million INR to 19,33,847.00 million INR.

### 2 GAIL:

In the case of GAIL also we can see the impact of change in the Percentage of Actual CSR Expenditure to Estimated CSR Expenditure with regard to the Net Worth of the Company .

With the decrease in the CSR expenditure from 115.93% to 113.13% from 2016 to 2017 , the Net Worth of the Company has only managed to climb up from 3,06,990.00 million INR to 3,23,500.00 million INR ( an increase of just 5.37% ) whereas with increase in the of Actual CSR Expenditure to Estimated CSR Expenditure from 113.13% to 118.25 % . there has been an increase of Net Worth from 3,23,500.00 million INR to 3,51,420.00 million INR ( a positive increase of 8.63% )

## Interpretation:

Though it will be very immature to say that CSR Expenditure has a positive relationship with the Net worth of the Company but it is very clear from our observations that it has certainly got a impact on the Net Worth of the Company as seen in case of ONGC and GAIL .



Percentage of actual CSR Expenditure to Estimated CSR Expenditure	GAIL	115.93 %	113.13 %	118.25 %
---	------	----------	----------	----------

## Observations

After observing the given figures , no actual correlation can be found between the 2financial factors as shown above. The market value of shares are being impacted by many factors such as:

1. Internal Developments
2. World Events
3. Inflation and Intrest Rates
4. Economic Outlook and Political shocks
5. Changes in Economic Policy
6. Supply & Demand
7. Natural Disasters
8. Industrial Relations
9. Level of Foreign Investments
- 10.Returns offered by other Markets, etc .....

Though it is known that CSR expenditure being a socially recognizable effort by the companies is widely encouraged and accepted by the investors and the other stakeholders of the company but it is also evident from our research that it is difficult to analyse the impact of CSR Contribution by the company on the Market Price of Shares .



environment protection, and the social wellbeing of people in society, both now and in the future. CSR has a variety of policies such as giving to organization, providing products and services to consumers, reducing harmful waste, and treating their employees with moral ethics. Corporate social responsibility is the best thing that was implemented into businesses both large and small, in this way the environment and society can be treated the way it supposed to, with respect. CSR is something that everyone can benefit from, when businesses adopt its policy.







## References

The data in this project have been collected from the links given below:

1. Annual Report of Oil and Natural Gas Corporation for the year ended 31.03.2018 , 31.03.2017 and 31.03.2016 .
2. Annual Report of Gas Authority of India Limited for the year ended 31.03.2018 , 31.03.2017 and 31.03.2016 .
3. <https://www.moneycontrol.com/india/stockpricequote/oil-drilling-and-exploration/gailindia/GAI>
4. <https://www.moneycontrol.com/india/stockpricequote/oil-drilling-and-exploration/oilnaturalgascorporation/ONG>
5. <https://www.valueresearchonline.com/stocks/snapshot.asp?code=1263>
6. <https://www.valueresearchonline.com/stocks/snapshot.asp?code=2730>
7. Gailonline.com
8. Ongcindia.com
9. [www. Mca.gov.in/SerachableActs/Section135.html](http://www.Mca.gov.in/SerachableActs/Section135.html)
10. [https://www.researchgate.net/publication/319036439\\_Corporate\\_Social\\_Responsibility\\_A\\_Literature\\_Review](https://www.researchgate.net/publication/319036439_Corporate_Social_Responsibility_A_Literature_Review)