

CSR in Public sector enterprises- A descriptive study concerning Kerala State Financial Enterprises Ltd

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ABSTRACT

Corporate social responsibility is an intelligent business initiative that aims to create a social image in the customer community, and thereby a business entity can earn social reputation and recognition. It is a collective and voluntary effort taken by business entities to protect the environment and basic human needs. Every business entity must share its contribution to the community to eradicate social evils to a possible extent. Public sector enterprises also play an essential role in CSR and its policies, practices, and implementation. More than that, Public Sector Enterprises have more responsibility to address the issues faced by society because it works with resources that have a lien of the common public. Kerala State Financial Enterprises Ltd is a pride PSE of Kerala as it contributes a meaningful amount to state exchequer. Under this situation, this paper aims to study CSR in Public sector enterprises- A descriptive study concerning Kerala State Financial Enterprises Ltd. from a theoretical viewpoint.

Keywords: CSR, Public Sector enterprises, Kerala State Financial Enterprises Ltd.

INTRODUCTION

Corporate Social Responsibility (CSR) Policy

The Ministry of Corporate Affairs has notified Section 135 of the Companies Act, 2013, along with the Companies (Corporate Social Responsibility Policy) Rules, 2014, "henceforth the CSR Rules" and other related notices (effective April 1, 2014) and the provisions relating to corporate social responsibility For certain companies that recognises the criteria set out in subsection 1 of 135.

"Corporate Social Responsibility (CSR)" can be considered as a corporate initiative to evaluate and take responsibility for the impact on the environment and social well-being. The term generally applies to companies' efforts beyond the requirements of regulators or environmental groups. Corporate social responsibility can also be called "corporate citizenship". It may incur short-term costs that do not provide immediate financial benefits to the Company but promote positive social and environmental change.

Companies with gross assets of Rs 500 crore or more as per the provisions of Section 135 (1) of the Companies Act, 2013; Or a turnover of Rs.1000 crore or more; Or the net profit would require Rs. 5 crore or more in any financial year to constitute a CSR Committee of the "CSR Committee" board, which will come into effect from April 1, 2014. Companies applying CSR rules after or after Rule 8 of the CSR Rules, April 8, 2014, are required to include in their Board Report the Annual Report on CSR, which includes the following details: A brief outline of the Company's CSR policy, including a review of the projects or programs it intends to undertake, as well as a web link to the CSR policy and projects or programs; Structure of the CSR Committee; The Company's average net profit for the last three fiscal years; Specific CSR expenditure (2% of net profit for the last three financial years); Details of CSR expenditure for the financial year; If the Company fails to spend 2% of its average net profit for the previous three financial years, its reasons.

The law stipulates that the geographical reach will priorities the Company area and the areas in which it operates and that the Corporation will carry out CSR activities in the State of Kerala where the Company operates.

Social responsibility is an attitude of togetherness and commitment to humankind to which it belongs. It is a socially created or inherited quality of human beings that recognises the basic requirement of needy people. Like

every individual, every firm must follow the norms prescribed to protect the needs of poor people and the beautiful earth. Business organisations cannot walk away from their social responsibility because no entity is separated from the community.

As far as Kerala state financial enterprises are concerned, it is one of the prominent public sector enterprises in the State of Kerala, having more than 630 branches and 42,000 crores of rupees as profit in the year 2022. It is one most profitable PSE in Kerala compared to other Public sector enterprises functioning in Kerala. The PSE is bound to spend a reasonable amount for CSR purposes because it is primarily doing business with the common public of the State.

The study focuses on understanding how and what ways the firm accomplishing its CSR responsibilities. The study focuses on CSR initiatives by the firm, enabling to identify various schemes related to CSR. The study may help the public to get an overall picture of CSR utilisation and the top-level executives or authorities will get a plan and implement CSR effectively.

The Kerala State Financial Enterprises Limited, commonly known as KSFE. It is a Miscellaneous Non-Banking Finance Company. KSFE was an initiation by the Government of Kerala on November 6 1969, to meet the goal of facilitating an alternative to the public from the private chit promoters in order to bring in social control over the chit fund business so as to save the public from the clutches of unscrupulous fly-by-night chit fund operators. It is one of the most profit-making public sector undertakings of the State. The Paid up capital at the beginning was Rs. 2 Lakhs. The total number of employees at the start was 45. The number of branches KSFE began with was 10. The Head Office of KSFE is placed in Thrissur, the hub of Chitty business in Kerala. KSFE pays the Government of Kerala crores of rupees every year by way of Guarantee Commission, Service Charges and Dividend.

Corporate Social Responsibility Policy of KSFE

KSFE has a great role to play in the development of the community. Corporate Social Responsibility (CSR) is the Company's commitment to its stakeholders to conduct business economically, socially and environmentally sustainably that is transparent and ethical. It is the commitment of the Company to fulfil the corporate social responsibility toward the community and environment. The Company is committed to following the corporate social responsibilities to protect economic, social, environmental and sustainable development. When going through the records, it can be seen that KSFE shows a commitment to CSR activities.

Objectives of CSR

- ❖ To identify sectors of CSR needs and strategy.
- ❖ To identify possible CSR activities in the prescribed area.
- ❖ To maintain a proper implementation process.

Duties of CSR committee

- Review the CSR activities of KSFE.
- Recommend the CSR activities to KSFE.
- Recommend the CSR Expenditure of CSR activities.
- Monitor the execution of the CSR activities.
- Preparation of annual report of the CSR activities.

Responsibility of the board

- ❖ CSR Policy and Expenditure should be approved.
- ❖ Ensure at least 2% of average net profits for CSR.
- ❖ Ensure that CSR activities are specified in Schedule VII of the Companies Act.
- ❖ Should disclose the contents of the CSR Policy on the KSFE website.
- ❖ Directors' Report should include in the financial reports every year from FY 2014-15 onwards.

CSR Activities – Projects

- Safe drinking water by installing tanks and pipelines, digging bore wells etc.
- Full-fledged Ambulances to hospitals.
- Providing equipment to differently-abled.
- Providing old age homes.
- Promoting library for empowering women.
- Activities of conservation of natural resources.
- Sports promotional activities.
- Contribution to the Prime Minister's National Relief Fund.
- Eradication of poverty.
- Promoting healthcare activities.

- Promotion of general and special education activities.
- Promoting and setting up homes and hostels for women and orphans.
- Ensure the conservation of natural resources and maintain environmental sustainability.
- Protection of historical and national heritage.
- Ensure the benefit of armed forces veterans, war widows and their dependents.
- Contribution to State Governments for socio-economic development.
- Ensure relief and welfare of backward classes, minorities and women.
- Activities for development projects.

Objective of the Study.

1. To identify different schemes of CSR of KSFE Ltd.
2. To analyse CSR projects of KSFE Ltd.

Method

The study envisages to identify and analyse the CSR initiatives of KSFE descriptively from 2014-15 to 2018-19, 5 consecutive years. It mainly focuses on getting a brief idea regarding CSR schemes and its implantation.

This study is based on secondary data and are collected directly from the published reports are come under the preview of the study. The collected data are analysed with befitted essential statistical tools, diagrams and graphs are used to conclude the research problem.

REVIEW OF LITERATURE

For the purpose of the study a detailed review were organized and purposefully noted to find out the relativity of research question. Not much studies were conducted in CSR area in Kerala and not much studies were conducted at KSFE particularly so far. The study has much scope and futuristic one because studies in these kind didn't get significant attention for the time being.

1. Riaz P Nalakam S Ganesan (2016). Depending on the instrument or criteria of performance, the things that are recognises as impact are different, the success of commercial activities is measured by profit, and mission-practical activities like CSR are successful when their achievements reach the maximum number of people. It positively affects them. Impact measurement is more critical than measurement of the amount spent on these ventures, not output. Roche (1999) argues that causation should not be overemphasized and that its impact should be defined by a systematic analysis of the last existing or significant changes - positive or negative, intentional or unintentional - a series of actions, or actions, or actions taken in the lives of the people, including health care, rural development, and environmental protection. It has a positive impact on improving trust in the organisation by minimising corporate vulnerabilities and taming brand recognition and loyalty.

The dimensions that CSR seeks to influence represent a larger picture of social and environmental issues, including human rights, the sustainable development of the environment, the promotion of education, and health benefits for the economically backward sections of society. Equipment benefits include the relationship between economic, social, and environmental performance, including the impact of making a business case for corporate liability. Business attitudes, awareness, and practices refer to the non-financial aspects of business operations, how they operate, how companies think, and the impact of CSR. It can be established that the consequences of the voluntary actions of the corporations and the CSR initiatives are positively impacting society. However, accurately measuring the impact can be challenging.

Riaz P Nalakam S Ganesan "Societal Impact of CSR Initiatives of Companies in Kerala" -Asian Journal of Research in Business Economics and Management Vol. 6, No. 11, November 2016.

2. **Budhedeo, Shradha Hitesh;** Doshi, (2015). The study recognises India's worldwide acceptance as a developing country economically based on GDP and per capita income. Nevertheless, India lacks low satisfaction related to basic needs and infrastructure developments. There is much disparity in poverty, education, water, sanitation, housing and environment. The study also identifies many areas to be addressed by public sector enterprises by utilising its CSR initiatives. The public sector enterprises have many roles in solving the problems of the different cross-sections of the nation.

Budhedeo, Shradha Hitesh; Doshi, Parinda Viral. Role and Impact of Profit and Non-Profit Social Enterprises in India. Prabandhan: Indian Journal of Management, [S.l.], p. 7-22, Mar. 2015.

3. **Dokania, Abhishek Kumar;** Pathak, Govind Swaroop. (2015). under the study, the researcher's CSR activities as a strategic tool for image creation and reputation and, in turn, can assure the success of the concern. It is also a

crucial thing as concerned with the effective utilisation of CSR funds. The paper adopted a case study method conducted at Indian Steel Industries to find out how the CSR initiatives helped to create a corporate image.

Dokania, Abhishek Kumar; Pathak, Govind Swaroop. Adopting the CSR Route for Corporate Image Building: A Case Study on the Indian Steel Industry. Prabandhan: Indian Journal of Management, [S.l.], p. 19-30, Feb. 2015.

4. Singh, Raj Kumar. (2013), In the study, the researcher points out that CSR activities should balance the concept of viability in economics, responsibility for social concern and sustainability for the environment. CSR is a bridge between two ideologies, capitalistic and socialistic, and a policy of inclusive development.

Singh, Raj Kumar. Corporate Social Responsibility: A Business Solution for Sustainable and Inclusive Development. Prabandhan: Indian Journal of Management, p. 5-17.

5. De Souza, Christina Ana Maria; PAI, Mahesh Surendra. (2013). the researcher tries to identify the approaches by the hospitality industry toward CSR initiatives and how the industry satisfies the needs of employees, the community and the environment. The study also envisages identifying the advantages that arise from the adaption of CSR in the industry. The outcome of the study was very hopeful, in which the industry directly provides reasonable and remarkable activities were carried out for the development of infrastructure and women empowerment through proper training, consideration of health and employment for differently abled. And the industry also engaged in organising environmental awareness programmes.

5. De Souza, Christina Ana Maria; PAI, Mahesh Surendra. (2013)Corporate Social Responsibility: A Study of the Hospitality Industry in Goa. Prabandhan: Indian Journal of Management, p. 5-13, Aug. 2013.

6. Manimalar, R.; Sudha, S..(2016).Under the study, the researcher approaches CSR in a different way. It is the sum total of all activities under CSR meant for the protection of the natural environment. CSR and its two components such as trust and loyalty. Ethical and legal elements were taken as the dependent variable. CFA was applied to validate the questionnaire. The study reports that the companies should take into consideration the trust of the consumer. It will help the Company to rate a good image among the consumers.

Manimal, R.; Sudha, S.Corporate Ethical and Legal Responsibility: Effects of CSR on Consumer Trust and Brand Loyalty. Prabandhan: Indian Journal of Management, [S.l.], p. 7-19, Jun. 2016.

7. Huang, Q., & Lin, M. (2022). The research article identifies the importance of protecting the environment effectively. It Is the responsibility of the individual and business to keep the environment clean and safe. The paper identifies a strong relationship between CSR and climate change.

Huang, Q., & Lin, M. (2022). Do climate risk beliefs shape corporate social responsibility? *Global Finance Journal*, 100739.

8. Rezaee, Z., Dou, H., & Zhang, H. (2020). Under the study, the researcher finds out a significant relation between earning quality and CSR activities. If a firm follows CSR initiation or engages with low-rated utilisation of CSR funds, it also earns much more profit or returns when compared to firms that did not pay anything for CSR.

Rezaee, Z., Dou, H., & Zhang, H. (2020). Corporate social responsibility and earnings quality: Evidence from China. *Global Finance Journal*, 45, 100473.

9. Shirasu, Y., & Kawakita, H. (2021). Under the study, the researcher points out the positive effect of CSR and market share. The long-term CSR activities may reflect in the stock market indices if the firms are deliberately investing in CSR with the view of getting a high return in stocks in the long term. So there a belief in connection with CSR is that those firms utilising CSR will reflect on their market share.

Shirasu, Y., & Kawakita, H. (2021). Long-term financial performance of corporate social responsibility. *Global Finance Journal*, 50, 100532.

10. Suchitra A (2019). Under the study, the author identifies the responsibility of firms' contribution toward CSR. The paper recognises many more shortfalls in CSR activities in both private and public sector companies. It is due to the backwardness or under development in the industrial sector. Many public sector firms are showing regular loss or inefficacy in working. After the proper implementation of the Companies Act 2013, there is evidence of the uplifting of CSR.

Suchitra A (2019) corporate social responsibility practices of Kerala-based listed companies, Department of Commerce and Management Studies, University of Calicut.

11. Sharma, Seema G. 2009. Under the study, the author brings out the two ideologies of social responsibility. India is the brand ambassador of CSR to the world in the olden days. Nevertheless, things are different from the 1990s; CSR is compulsory for firms that should pay much more money to protect the environment, humanity and stakeholders. The interpretations of CSR have been changed due to globalisation. All firms are considered a part of CSR in the modern world. The article ends with optimism that CSR has a promising future and cannot be separated from a business, leading the firms to gain a lot from the long term market.

Sharma, Seema G. 2009. "Corporate Social Responsibility in India: An Overview." The International Lawyer 43, no. 4 (2009): 1515–33.

12 Gupta, Sanjeev, and Nidhi Sharma's (2009) study, the researcher treat CSR as a tool for effective management rather than a cost centre. If CSR is effectively executed, it may contribute multi-level advantages to the firm. The study recognises that CSR initiatives are not a zero-sum game. Instead, it may become an advantage to the firm in a different manner.

Gupta, Sanjeev, and Nidhi Sharma (2009) "CSR- A Business Opportunity." Indian Journal of Industrial Relations 44, no. 3 (2009): 396–401.

DISCUSSION

Table 1.1 Year-Wise CSR Fund Utilisation

YEAR	Total Amount Spent
2014-15	12479944
2015-16	48735297
2016-17	34891213
2017-18	39750400

Source: Annual Report of KSFE

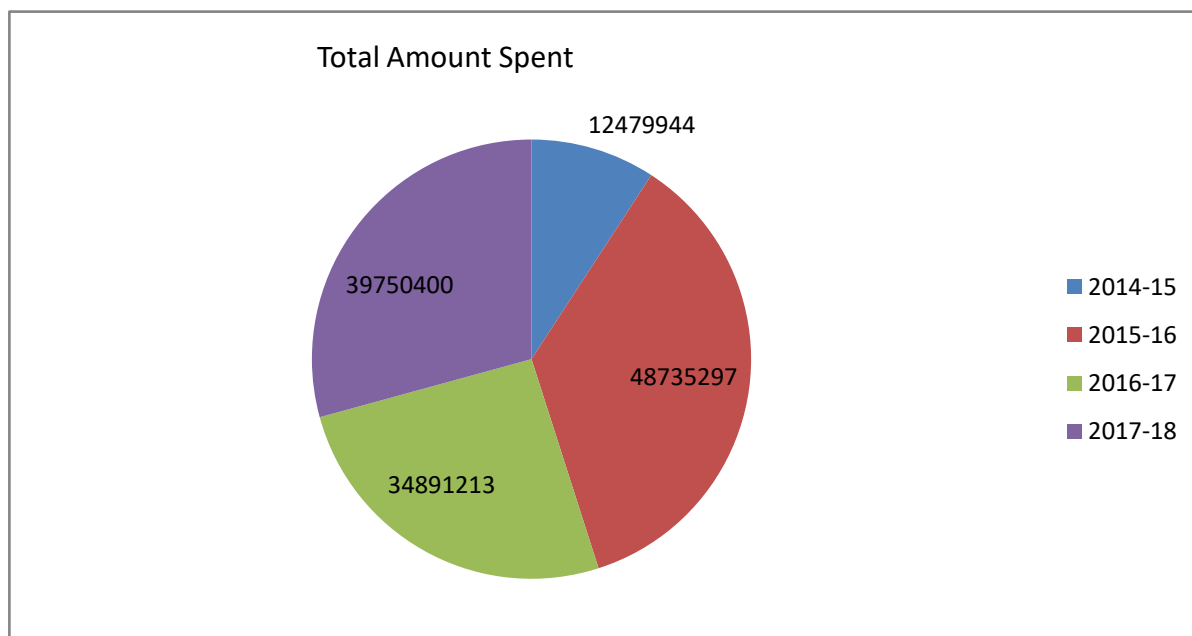


Figure 1.1 Year wise CSR Fund utilization

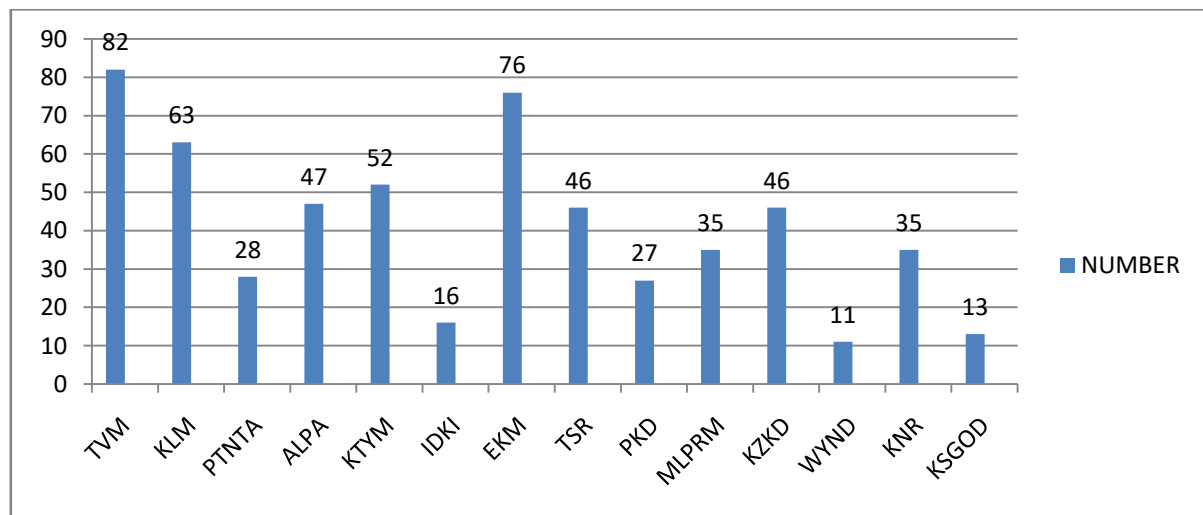
Source: Annual Reports of KSFE

The table and figure given above depict the year-wise amount spent for corporate social responsibility. In the year of 2015-2016 the company spent Rs.4,87,35,297, 2017-18 Rs.3,97,50,400, 2016-17 Rs.3,48,91,213 and in the year of it was Rs.1,24,79,944. According to table the highest amount spent on CSR during 2015-16

Table1. 2. Number of Branches of KSFE in different districts in Kerala

DISTRICTS	Number of branches
Thiruvanthapuram	82
Kollam	63
Pathanamthitta	28
Alappuzha	47
Kottayam	52
Idukki	16
Ernakulum	76
Thrissur	46
Palakkad	27
Malapuram	35
Kozhikode	46
Wayanad	11
Kanoor	35
Kasargod	13
TOTAL	577

Source: Annual Reports of KSFE



Source: Annual Reports of KSFE

Figure1. 2. Number of Branches of KSFE in different districts

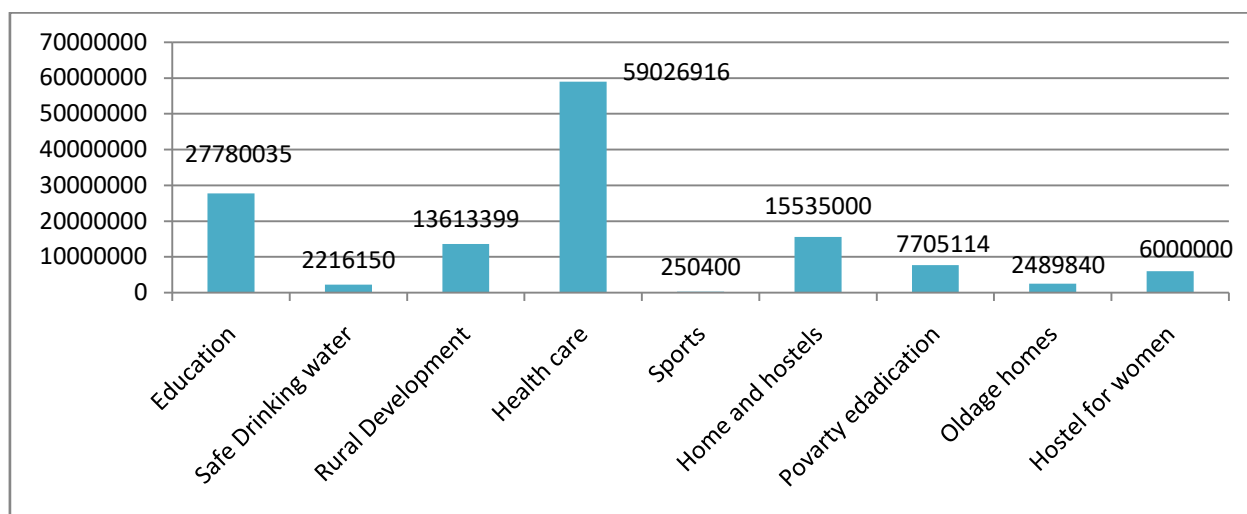
The table explains the number of branches of KSFE all over Kerala. The largest number of branches is at Thiruvanthapuram and Kollam as 82 and 63 respectively. The number of branches is very low in the districts of Wayanad and Kasargod at 11 and 13, respectively.

Table 1. 3. Sector-wise, CSR projects of KSFE

Sector wise head	Amount spent(Rs)
Safe Drinking water	22,16,150
Rural Development	1,36,13,399
Health care	5,90,26,916
Sports	2,50,400
Home and hostels	1,55,35,000
Poverty eradication	77,05,114
Old age homes	24,89,840
Hostel for women	60,00,000
Education	2,77,80,035
Total	13,46,16,854

Source: Annual Reports of KSFE

Figure1. 3. Sector-wise, CSR projects of KSFE



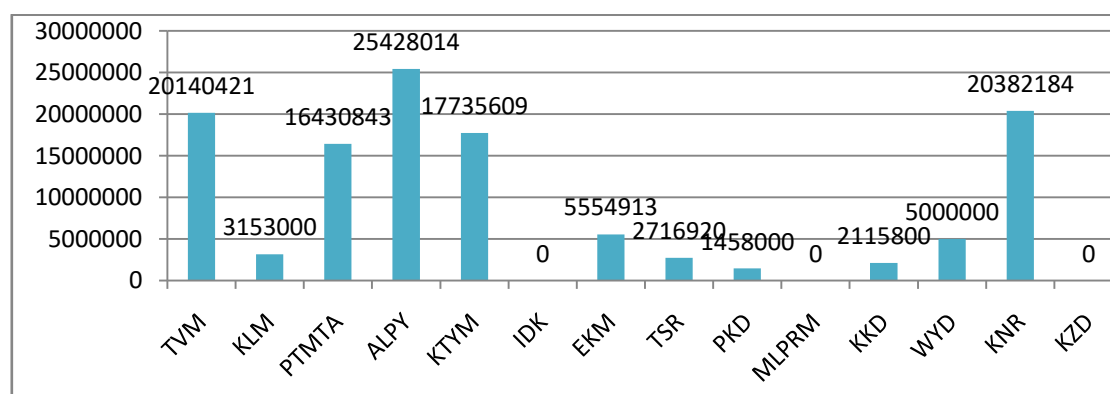
Source: Annual Reports of KSFE

By examining the table and figure, it is clear that KSFE has spent most of the CSR fund on health care projects. The second position goes to the education sector. Adequate attention has been paid to rural development and homes and hostels. Hostels for women and poverty eradication are also relatively well funded. Very little money has been spent on drinking water and sports.

Table 1. 4. District wise CSR fund allocation

Districts	Amount Spent Rs.
Thiruvananthapuram	2,01,40,421
Kollam	31,53,000
Pathanamthitta	1,64,30,843
Alappuzha	2,54,28,014
Kottayam	1,77,35,609
Idukki	0
Ernakulum	55,54,913
Thrissur	27,16,920
Palakkad	14,58,000
Malapuram	0
Kozhikode	21,15,800
Wayanad	50,00,000
Kanoor	2,03,82,184
Kasargod	0

Source: Annual Reports of KSFE



Source: Annual Reports of KSFE

Figure1. 4. District wise CSR fund allocation

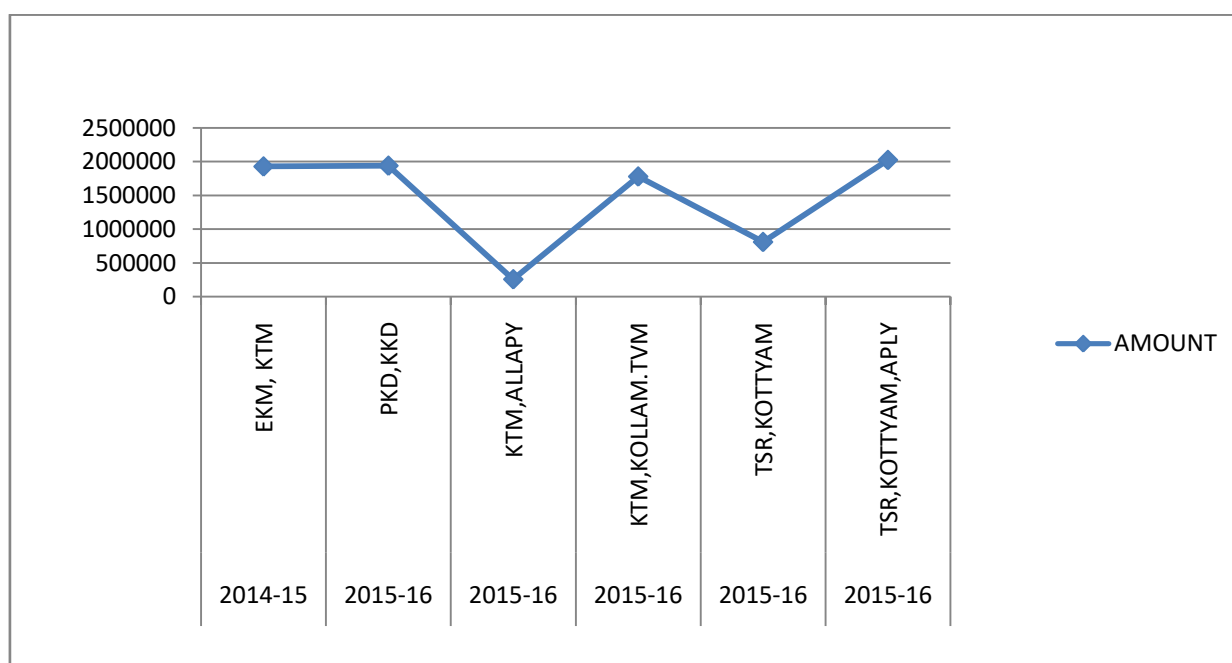
From table no. 4 and figure no. 4, we can see how small an amount of CSR has been spent on a district basis. There is a big difference between the districts in which CSR amounts spend. Alappuzha and Kannur have the highest expenditure. A reasonable amount has been spent in Kottayam and Pathanamthitta districts. It can be seen that the average amount was spent in Ernakulum and Wayanad districts. However, the CSR fund has not been spent in Idukki, Malapuram and Kasargod districts.

Table1. 5. Project with the combination of district

Year	district	Amount spent
YEAR	EKM, KTM	19,28,750
2014-15	PKD, KKD	19,40,000
2015-16	KTM,ALLAPY	2,57,400
2015-16	KTM,KOLLAM.TVM	17,80,000
2015-16	TSR, KOTTAYAM	8,10,000
2015-16	TSR,KOTTAYAM,APPLY	20,25,000
	TOTAL	87,41,150

Source: Annual Reports of KSFE

Figure 1. 5. Projects with a combination of districts



Source: Annual Reports of KSFE

KSFE CSR fund has been utilised by combining with two or more districts. Of these, the highest amount was spent in the district of Palakkad and Kozhikode.

FINDINGS

- The highest amount was spent on CSR during 2015-16.
- Water is a primary need. But very little money has been spent on it.
- In the case of sports, the Company should consider the needs of the youth.
- CSR fund has not been spent in Idukki, Malapuram and Kasargod districts.
- If possible, when combining districts, programme schedules should include a legible no of districts to be included.

CONCLUSION

CSR is a commitment of every business enterprise working with utilising public and natural resources. KSFE, through its CSR accomplishments, can be seen that the Company plays a significant role in the execution of CSR activities. The study clearly states that the Company is constantly and meticulously involved in the implementation of CSR. Even though several CSR projects are being implemented, all those projects are focused on specific

activities and districts. The critical issue is that some districts have not come under the range of this significant social commitment of the business enterprises.

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