

Overview of CSR Initiatives : A case study of NHPC

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Abstract

Corporate Social Responsibility (CSR) is a holistic phenomenon. Over the period of time it has become integral part of business strategies of an organization. CSR has transcended the concept of philanthropy and charity now focuses more on the sustainability rather just satisfying immediate needs. CSR not only confine to abiding laws and environment regulations it also involves the organization towards various initiatives undertaken to cater the needs of marginalized and deprived section of the society. With the growing alignment of business operation with social values the interest of various stakeholders is considered while framing company's business policies and actions. CSR initiatives adopted by the organization focuses on the social, environmental and economic aspects in order to work towards triple bottom line effect. This paper focuses on fundamentals of CSR and emphasis the CSR initiatives being undertaken by NHPC. Based on the case study of NHPC the major objectives of its CSR and sustainability policy are thoroughly analysed and the impact of CSR on profitability is studied with the help of correlation and regression test. The paper discusses the results obtained from the analysis which were statistically not significant but also did not hold negative implications for the companies

1. INTRODUCTION:

Corporate Social Responsibility is emerging as an important part of an organizations overall strategy. It integrates social and environmental concerns into their business strategies and voluntarily undertakes responsibilities towards the stakeholders. Corporate social responsibility includes responsibility of the corporations operating within the society towards the economic, social and environmental parameters to create a positive impact on the society. Although there is no fixed definition for CSR but the overall concept of CSR revolves around the fact the business organizations need to focus beyond just earning profits, they have to take care of important social parameters that affects their sustainability, profitability and acceptance by stakeholders. For the Sustainable Inclusive Growth blend of three important parameters and their respective responsibilities is needed. The first includes Governmental Social Responsibilities (GSR) which includes efforts and initiatives taken by the government, second is Corporate Social Responsibilities (CSR) which means responsibilities taken up the business organization towards the society. Third includes Personal Social Responsibility (PSR) which requires includes responsibilities undertaken by the citizens at their own level (Athreya, 2009). CSR focuses on triple bottom line effect that includes people, planet and profit. TBL is

based on commitment by Corporations in terms of their CSR initiatives and its impact on the environment over time (Sharma & Kiran, 2012).

2. RATIONALE OF THE STUDY:

CSR is a way through which companies undertake their responsibility to give benefits to the society, it helps the organizations to achieve and implement effective business strategies. By undertaking social responsibilities, an organization will not only enhance its own economic worth and brand value rather it will fulfill its responsibilities towards the society. The purpose of study is to analyse overview of CSR initiatives at NHPC and the how its CSR policy attains three major parameters :ethical aspect, sustainable development and profit maximization

Objectives:

- To overview CSR initiatives and spending by NHPC ltd
- To identify the specific social sectors in which CSR initiatives are made.
- To study CSR and Sustainable policy and the major parameters to be covered under it.: ethical responsibility, sustainable development and profit maximization
- To analyse how NHPC CSR initiatives focuses on ethical parameter
- To understand how NHPC 's CSR work towards Sustainable development and adopt (TBL) approach
- To understand the relation between CSR initiatives and profitability. (by correlating and regressing)

3. RESEARCH METHODOLOGY:

Research design:

The study is descriptive and exploratory in nature and divided into two phases:

In phase one an extensive review of literature on CSR and related concepts has been conducted.

Case study analysis of NHPC has been adopted to overview its CSR initiatives and spending, identifying special social sectors in which CSR initiatives were made, CSR execution and implementation mechanism .

Detailed analysis of CSR policy at NHPC and its major objectives such as ethical parameter, sustainable development and profit maximization is conducted.

In second phase data related to expenditure on CSR initiatives by NHPC and its net profit for the period of 10 years from 2009-10 to 2018-19 has been collected to determine the relation between CSR and profitability

Sources of data:

Secondary data and information was collected from reliable secondary sources such as annual reports, company websites, CSR and Sustainability report, government websites and various newspaper articles.

Methodology adopted:

To study objectives of CSR policy of NHPC in relation to ethical parameter and sustainable development several secondary data sources and statistical graphics are used

To understand objective of CSR and Sustainable policy of NHPC in relation to profit maximization , descriptive statistics such as mean , average, standard deviation and statistical tools such as correlation and regression were adopted for hypothesis testing

LITERATURE REVIEW:

CONCEPT OF CSR:

There is no specific definition for corporate social responsibility, it is a way of doing business through which business organizations can contribute towards the social good. It basically means what companies actually do with their profits, in terms of going beyond philanthropy and focusing on economic, social and environmental impacts and how they influence its relationship with their important stakeholders related to workplace, marketplace, supply chain and society at large (Din, 2016).

According to the definition by the World Business Council for sustainable Development in regards to sustainability and growth which is important for social welfare, CSR means the commitment of the business organizations towards contribution for sustainable development for the society (Jamali & Mirshak, 2006). As per European union CSR means *integrating social and economic objectives by the organizations while performing their business operations in order to fulfill their responsibilities towards stakeholders on voluntary basis*. CSR apparently is divided into two major approaches—micro and macro. As per micro approach, it is the responsibility of every company to fulfill social obligations towards the society. Whereas as per macro approach of CSR points out that its not the corporate how are actually responsible, rather it's the government that should work for social welfare programs and achieve the country's social goals (Singh, 2010).

According to UNIDO, "Corporate social duty implies mix of social and ecological concerns in their business tasks and fulfilling their responsibilities towards stakeholders. Through this an organization accomplishes parity of financial, natural and social goals to meet desires for investors and its relevant stakeholders.

CAROLLS'S PYRAMID OF CORPORATE SOCIAL RESPONSIBILITY

As per Carroll (1983), "Corporate Social responsibility involves the conduct of a business so that it is economically profitable, law abiding, ethical and socially supportive. To be socially responsible then means that profitability and obedience to the law foremost conditions when discussing the firm's ethics and the extent to which it supports the society in which it exists with contribution of money time and talent."

Legal Responsibilities means that businesses should not only operate for earning profits but are also expected to follow the legal regulations promulgated by state, local and federal governments.

Ethical responsibilities includes norms, standards and expectation that stakeholders (such as employees, consumers, shareholders and the community) regard as fair.

Philanthropic responsibilities focuses on fulfilling the charitable expectation of the society,

Economic responsibilities means that major responsibility of business is to produce goods and services needed by society, and sell them to earn profit.

- **EVOLUTION OF CSR:**

The notion of social responsibility of business has its origins from ancient times, when Kautilya's Arthashastra and pre – Christian era philosophers professed that business should follow ethical principles in their engagements.

Concept of Social responsibility has for long time been defined and has been conceptualized in many ways by different writers. In 1950s Bowen was regarded as a pioneer of the CSR concept and he first explained that it is the necessary obligations of businessmen to follow those policies, make those decisions and implement those actions which are required in terms of being valuable for society. In the 60s the discussion about CSR started being pointed out as an important tool for profitability. In the early 80s the concept became a popular tool in order to create to create wealth by the business organization.

Further in 1990s concept of CSR encompassed a wide range of related to economic, legal, ethical and philanthropic (discretionary) activities. Carroll pointed out that the economic activities are the most important for business and further there is need for fulfilling legal, ethical and philanthropic activities which is known as the Pyramid of Corporate Social Responsibility (Schwartz & Carroll, 2003)

Corporate Social Responsibility has undergone four stages of evolution in India.

- Ethical model (1930-1950) - based on the trusteeship principle in which organizations act as fiduciaries of stakeholders
- Statist model (1950-1970) - includes statutory requirements under which organizations works effectively
- Liberal model (1970- 1990) - focuses on economic objective ie to maximize wealth and profitability
- Stakeholder model 1990- present- the focus is on the triple bottom line effect ie taking care for people, planet and profit

Factors of CSR

There are several factors that influences companies CSR initiatives. These include:

Sustainable development: it means using current resources judiciously and making it available for future generations. CSR helps in understanding sustainable development issues and inculcating them in a firm's business strategies detecting how business impacts labour market conditions, local communities and economies, and what are the essential steps an organization can take to maintain public good.

Globalization: due to integration of economies CSR plays an important role in detecting how business affects labour conditions, communities and economies, and what steps an organization can take to ensure business to maintain public good.

Governance: it describes the effective guidelines, policies and procedure to be undertaken by the organization to follow ethical conduct and helps in framing CSR model . CSR irreflect internationally-agreed goals and laws regarding human rights, the environment and anti-corruption. (Mourougan, 2015)

Corporate sector impact: Companies are global ambassadors of change and values. How they behave is becoming a matter of increasing interest and importance

CSR initiatives of NHPC* doc csr _ policy

NHPC Limited is amongst the Mini Ratna Category-I companies, it is related to Power Generation Distribution sector, it's a PSU listed on stock exchange. It is committed towards planning, promoting and organizing an integrated and efficient development of

power by adopting conventional and non- conventional sources in India and abroad (Corporate Social Responsibility & Sustainability Policy of NHPC, 2017).

. As per the corporate vision and mission NHPC fulfils its commitment towards environment and society. It conducts several business activities in a socially responsible way to win the trust and confidence amongst the stakeholders. It is engaged in several CSR initiatives related to the Triple bottom line ie covering social, economic and environmental concerns related to the key stakeholders and further contributes towards sustainable development and inclusive growth while taking care of People, Planet and profit. NHPC is also a member of the United Nations Global Compact (UNGC) and subscribes to the principles of human rights, labour standards, environmental consciousness and anti- corruption ("http://www.nhpcindia.com/about-overview.htm", 2020)

Nhpc csr and sustainability policy

Corporate Social Responsibility (CSR) and Sustainability Policy, of NHPC formulated in the year 2013 has been amended, in accordance with the CSR Policy framework included in the Section-135 of the Companies Act, 2013 and the Companies (CSR Policy) Rules notified / clarifications issued by Ministry of Corporate Affairs, Government of India and Guidelines on Corporate Social Responsibility and Sustainability for Central Public Sector Enterprises issued by Department of Public Enterprises, Government of India which are effective from 1st April 2014.

CSR & Sustainability Policy of NHPC is thus a statement of company's commitment to fulfil stakeholders' aspiration and contributing to sustainable development of people, planet and the organisation. The key stakeholders covered by NHPC includes its Employees, Shareholders, Project Affected Families, Local Communities, Local Bodies such as Panchayat, Block and District Administration (Corporate Social Responsibility & Sustainability Policy of NHPC, 2017).

Implementation and monitoring mechanism to measure CSR and Sustainability --- ---2017

As per section 135 of the Act CSR provisions are applicable on the following category of companies having:

1. Net worth of Rs 500 crore or more or
2. Turnover of Rs 1000 crore or more; or
3. Net profit of Rs 5 crore

During any financial year shall be required to constitute a CSR committee that consisting of three or more directors, out of which at one director shall be independent director to formulate and recommend CSR Policy, amount of expenditure to be incurred on activities and monitor CSR Policy of the company (Corporate Social Responsibility & Sustainability Policy of NHPC, 2017).

Monitoring and Evaluation of CSR Activities

- Institutional arrangement exists for Implementation, Monitoring and Evaluation of the CSR & Sustainability activities of the corporation.
- NHPC follows the three tier structure for implementation, monitoring and evaluating the CSR activities:
 - i) The Board level Committee is created related to CSR, the chairman of the committee is an Independent Director
 - ii) Nodal Officer works in the authority of an executive director and assisted by his team



iii) Regional ED/Project Head/Unit Head and his team is appointed for implementation and monitoring the activities

- Monthly report related to the progress of CSR & Sustainability schemes under implementation at each of the location is being to the Nodal Officer by the Unit Head.
- Proper records are being maintained through the photographs/videos related to the progress of works.

Quarterly Progress Reports regarding implementation of CSR and Sustainability activities are reviewed by CSR Committee and NHPC Board((NHPC Annual Report 2017-18, 2018)

Overview of NHPC CSR and Sustainability initiatives-----2017

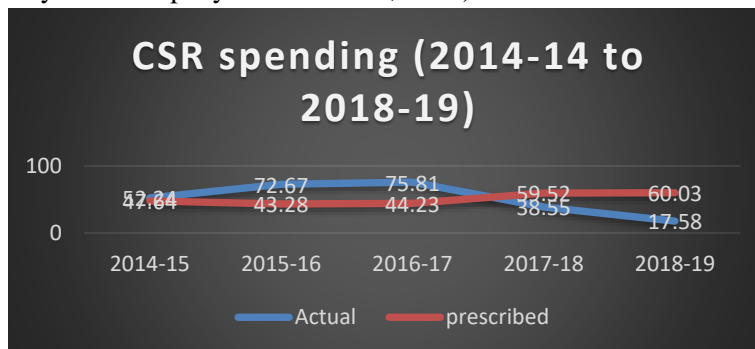
- ❖ The thematic areas of covered under the CSR initiatives are:
- ❖ Working towards community development projects such as reducing inequality existing in the Society, putting more focus towards the initiatives for the marginalized and underprivileged sections of Society
- ❖ Supporting environment protection and conserving Biodiversity.
- ❖ Improving rural infrastructure
- ❖ Development of sustainable livelihood generation opportunities.
- ❖ Inculcating sustainable practices
- ❖ Promoting education, training and upgrading existing educational institutions
- ❖ Engaging in projects related to improvement in Health and Family Welfare infrastructures, creation & improvement of sanitation facilities, and drinking water schemes.
- ❖ Boosting agriculture sector by adopting innovative methods of irrigation, conservation of water, management of energy requirements and waste management. Promoting indigenous methods of farming techniques, conserving knowledge related to the medicinal plants.
- ❖ Protect & promote sports, heritage, art, music & culture in relation to the Indian tradition.

Working towards women empowerment (NHPC Annual Report 2017-18, 2018)

NHPC’s CSR fund allocation and expenditure for the financial year (2014-15 to 2018-19)

Year	2014-15	2015-16	2016-17	2017-18	2018-19
Actual CSR	52.24cr	72.67 cr	75.81 cr	38.55 cr	17.58 cr
Prescribed CSR	47.64 cr	43.28 cr	44.23 cr	59.52 cr	60.03 cr

("NHPC Limited-Haryana- Company CSR Profile", 2020)



Major Objectives of CSR and Sustainability policy at NHPC

The CSR & Sustainability Policy formulates the basis for conducting business. **The NHPC's CSR and sustainability policy revolves around the following major objectives:**

Ethical parameter-To conduct business in a responsible way and maintain high level of organizational integrity and ethical behavior

Sustainable development- addressing social, economic and environmental concerns **and** **to** stakeholders to achieve TBL policy **Profit maximization-** integration (linking or relating) of profit maximization with CSR and sustainable initiatives (Corporate Social Responsibility & Sustainability Policy of NHPC, 2017).

Objective 1: ethical business practices* 2018, website nhpc**

PHILOSOPHY ON CORPORATE GOVERNANCE

NHPC follows strong governance model to work over ethical business practices. corporate governance provides an ethical process as well as well-defined structure through which the objectives of the firm, the means of attaining such objectives, and systems of monitoring performance are also set. Corporate governance is the system by which firms are directed and controlled. A14

The Corporate Governance practices of NHPC get their substance from the provisions of Companies Act, 2013, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR) and the Guidelines on Corporate Governance for Central Public Sector Enterprises (CPSEs) given by Department of Public Enterprises (DPE), Govt. of India.*** 2018.

Several governance parameters are adopted to ensure ethical practices in the organization:

Board OF DIRECTORS

The Board of Directors of the Company functions subject to the provisions of the Companies Act, 2013, SEBI LODR, Articles of Association, Guidelines issued by DPE and other directions/ guidelines issued by the Government of India from time to time, as applicable to the Company.

Size & Composition of the Board: website nhpc

As per the provisions of the Companies Act, 2013 NHPC Limited is a government company which comprises of team of board of directors who are appointed by the President of India, Government of India. The board of directors includes executive , non executive director and independent director. Independent directors are the part time non-official appointed as an additional directors on the Board of NHPC Limited. The independent directors are appointed by the shareholders in the Annual General and their tenure is for three years or till further orders, whichever is earlier. Independent director do not have any material or pecuniary interest in the business , they only get sitting fee . At present, the sitting fee is Rs. 20,000/- for attending each meeting of the Board and Committee. The independent director are appointed to give independent opinion which is for the benefit of all the stakeholders. Presently the board of directors include of five executive directors (whole-time Directors including Chairman & Managing Director), five independent directors (including one woman Director) and one government nominee director Adeyemi and Fagbemi (2010) pointouts that board independence can enhance the audit quality.

Code of Conduct: Board shall lay down a code of conduct for all board members and senior management of the company. **The Annual Report of the company shall contain a declaration to this effect signed by the CEO.** The board shall meet at least four times a year, with a maximum time gap of three months between any two meetings. **Srn i26**

Board Committee:



In order to ensure more transparency, ethical practices and code of conduct NHPC as per the guidelines has formulated several committees. These committees are set up to enhance the accountability of the board as they provide independent oversight of various board activities (Harrison, 1987).

- Audit committee is created to oversight company's financial reports and disclosures. it reviews the annual financial statement with the management before submitting it to the board for approval(Saad, 2010). Several other details are dully reviewed by the audit committee Klein (2002)such as : Management discussion and analysis report, Statement of related party transactions, Management letters / letters of internal control weaknesses issued by the statutory auditors, Internal audit reports, The appointment, removal and terms of remuneration of the Chief internal auditor, Matters required to be included in the director's responsibility statement ,Changes if any in accounting policies and practices and reasons for the same (Sehgal and Mulraj, 2008). Simnett *et al.*, (1993) emphasised that audit committee enhances the effectiveness of internal and external auditors
- Remuneration committee- it is set up by the board to determine specific remuneration packages for executive directors, the committee to be comprised of at least 3 directors, all of whom should be non-executive directors and the chairman shall be an independent director. Williamson (1985) (A18 as source)

Nomination committee- it is set up to assist the Board of Directors in developing and administering a fair and transparent procedure for setting policy on the overall human resources strategy and remuneration of Directors and senior management of the company, and for determining their remuneration packages. Chairman of the Nomination committee is the an independent non-executive director.(CadburyCommittee,1992)

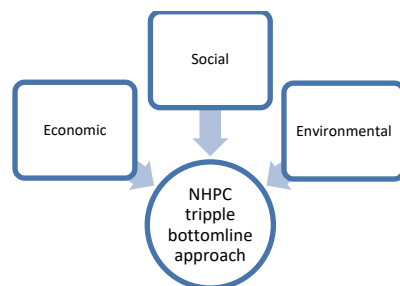
- Risk management committee: it is formulated to analysis company's risk profile and key areas of risk. It recommend the board about risk assessment and rating procedures. It helps in developing and implementing a risk management framework and internal control system and review the nature and level of insurance coverage.***corp gov
- CSR committee- it includes three or more directors, out of which atleast one shall be independent director. The purpose is to formulate and recommend CSR Policy, amount of expenditure to be incurred on activities and monitor CSR Policy of the company.***ebr
- Shareholders committee- a board committee with chairman as a non-executive director is being formulated to look into the redressal of shareholder and investors complaints like transfer of shares, non receipt of balance sheet, non receipt of declared dividends etc(Chahine and Filatotchev, 2008).
- A detailed disclosure enables investors to ascertain adequate and reliable information of companies in order to make better investment decisions (Ho *et al.*, 2008). The disclosures realated to- related party transactions: which are not in the normal course of business and which are not on an arm's length basis, these shall be placed periodically before the audit committee. Transactions related to the subsidiary companies shall be analysed by the audit committee of the host company(Kiel*et al.*, 2006)
- B) Any change in the accounting policies shall be disclosed in the financial statements, together with the management's explanation (NHPC 43rd Annual Report 2018-19, 2019)

- **Whistle Blower Policy-** a proper mechanism is established within the company to enable employees to report any unethical behavior, actual or suspected fraud etc by ensuring safety of employee (*NHPC 43rd Annual Report 2018-19, 2019*)
- **Corporate governance report-** a separate section on CG in the Annual Report of company should be presented. It should include all the relevant non-compliance with mandatory requirements with reason thereof and the extent to which non-mandatory requirements are adopted is to be highlighted. A quarterly compliance report shall be submitted to the stock exchange within 15 days from close of quarter. Report to be signed by Compliance officer or the CEO of the company. (*NHPC 43rd Annual Report 2018-19, 2019*)* ** done

Objective 2: working towards Sustainable development: NHPC's Tripple bottom line approach* paper triple bottom line_ csr

Sustainable development focuses on Triple Bottom Line (TBL) concept that was introduced in 1987 in Brundtland Commission. It was officially named by John Elkington in 1994. This theory is also known as 3Ps or three pillars. It states that a company should be responsible for three parameters: Profit, People and Planet, that is economic, social and environmental responsibility.

The objective of CSR and sustainability policy of NHPC revolves around preparing and implementing policies that focuses on sustainable development and therefore several initiatives are taken that focuses on economic, social and environmental parameters.

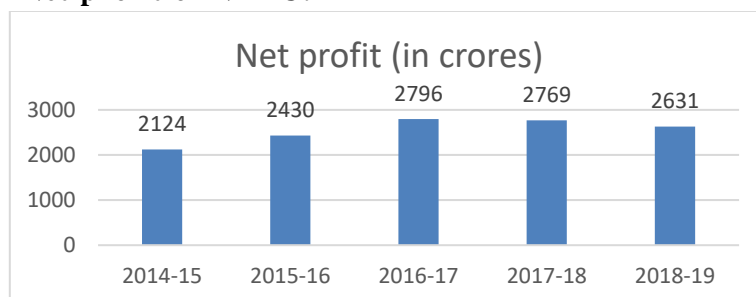


Economic aspect: the economic part of CSR not only focuses on earning profit, but also on utilization of that profit. The economic aspect of CSR is related with the direct and indirect economic benefits of company provides to the local community and other stakeholders (Uddin, Hassan & Tarique, 2008). The economic dimension is based on three main aspects.

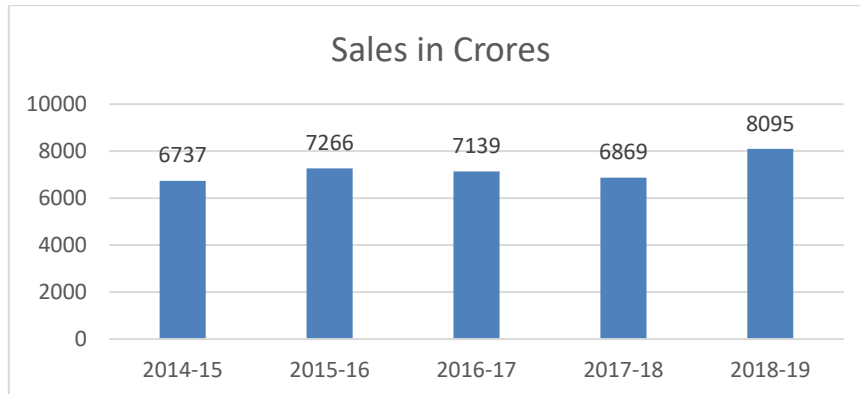
NHPC has shown a tremendous economic performance over the years and had effectively utilized the profit earning in fulfilling its responsibilities towards the internal and external stakeholders. The economic efficiency is judged through its overall profitability, sales and net worth over the years (*NHPC 43rd Annual Report 2018-19, 2019*).

Overview of NHPC financial highlights for financial year 2014-15 to 2018-19:

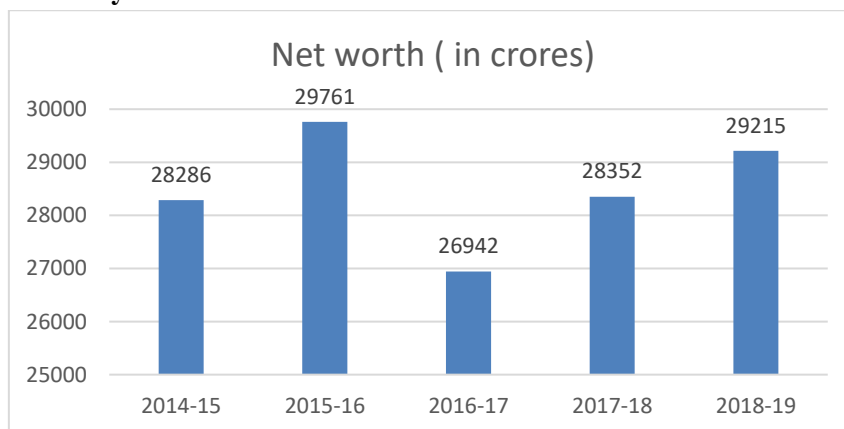
Net profit of NHPC:



Net sales of NHPC



Net worth over the years



Social and Environmental aspect

People and Planet:

People are lifeblood of a company. Companies will indulge in serve the society and maintain good relationship between society and an organisation. There is strong interdependence between business and society (Porter and Kramer, 2006). The economic aspect of business should work together social development. Companies shall focus on attaining social progress and dedicate its profits for the betterment of the society. Gołaszewska-Kaczan (2009).

NHPC has adopted use of green technologies, processes and standards in order to achieve its social and environmental sustainability goals. It has made relevant contributions towards inclusive growth and equitable development through capacity building, empowerment of underprivileged sections.

Several initiatives taken by NHPC in the following social sector*** CSR box

2018-19 Sectorwise/ Activity based CSR expenditure (amt in cr)

Year	Education and skill development	Health and sanitation	Rural development	Women empowerment	Environment sustainability	Capacity building	Swachh Bharat abhiyan
2014-15	11.42	2.81	9.80	0.58	3.54	0.62	23.08
2015-16	4.69	5.07	2.53	-	0.57	-	59.45
2016-17	50.36	15.3	5.51	0.18	0.60	1.31	2.53
2017-18	5.9	21.7	3.73	0.01	1.51	5.69	-
2018-19	2.43	8.80	5.01	0.21	0.55	0.58	-

("CSR Projects India, Companies and CSR, NGO partners, CSR funding India", 2020)

Education and skill development-

The Company has provided infrastructure facilities of digital class rooms/ library/ computer labs etc. it provide scholarships students studying in Govt. schools in the vicinity of Projects/Power Stations/Townships provided. Several contributions were made towards developmental activities. Various Skill Development and Vocational Training Programs have been initiated to improve standard of living in the surrounding areas. The Company initiated Employment Oriented Training for livelihood for Persons with Disabilities through National Handicapped Finance and Development Corporation (NHFDC) in several districts. providing candidates with tailor made assistive devices through ALIMCO and then training them in employment oriented skill sets as per their capabilities ("CSR Projects India, Companies and CSR, NGO partners, CSR funding India", 2020)

Healthcare, water and sanitation

The company arranged for several healthcare facilities such as arranging medical camps, free eye check ups, distribution of free medicines, distributed aids and assistive devices to differently abled persons through ALIMCO. It also worked towards vaccination programmes, upgradation of government hospitals, maternity centers, awareness programmes on malnutrition. It provided mobile medical units in Assam equipped with medical facilities, qualified doctors and medical attendants.. (ibid)

Swachh Bharat and Swachh Vidaylaya Abhiyan- The company has made several contribution towards **Swachh Bharat Abhiyan** by providing safe drinking water facilities, filtration in public areas, community centers, installation of garbage bins, adoption of public places for carrying out developmental activities, solid waste management of the locality, provided utility van for cleaning debris, construction of toilets in government schools (ibid)

Rural development-

Various infrastructural facilities like area electrification, construction of community centre, water supply lines, drains, roads/ paths, foot bridges, cremation sheds, rain shelters, passenger sheds, etc were created. Several training and educational and training were carried out for the the agriculture/ horticulture/fisheries activities. Also facilitation for adequate supply of drinking water community development and electrification of Hamlets were provided by the company(ibid)

Environment sustainability

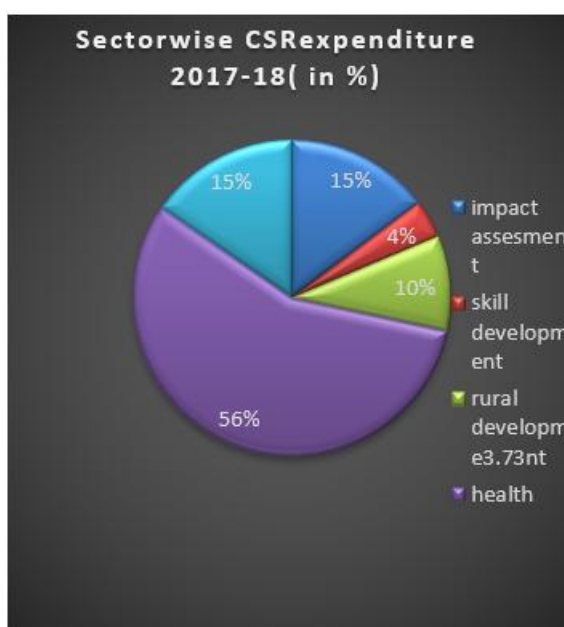
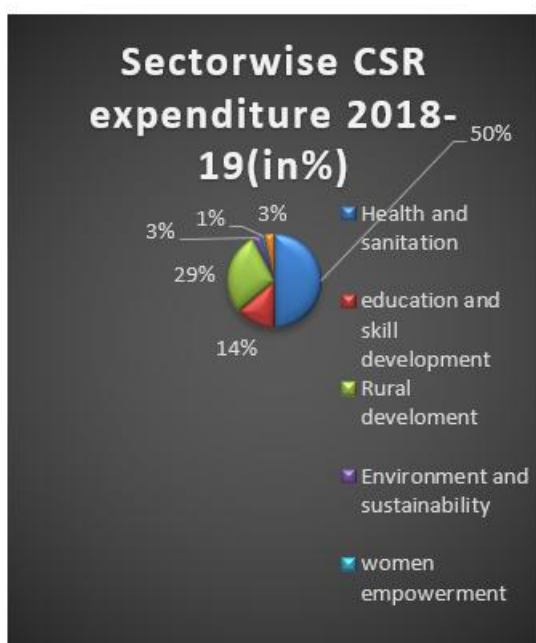
Over the years the company has undertaken development of biodiversity park and herbal parks , installed food processing units for preservation of local fruits, indulge in restoration of canals for irrigation purpose , rainwater harvesting systems ,installation of solar street light poles and also distributed solar lanterns, solar cookers. It recently provided LED Lights along with Plantation under “Pollution Abating Plants Abhiyan (PAPA)”(ibid)

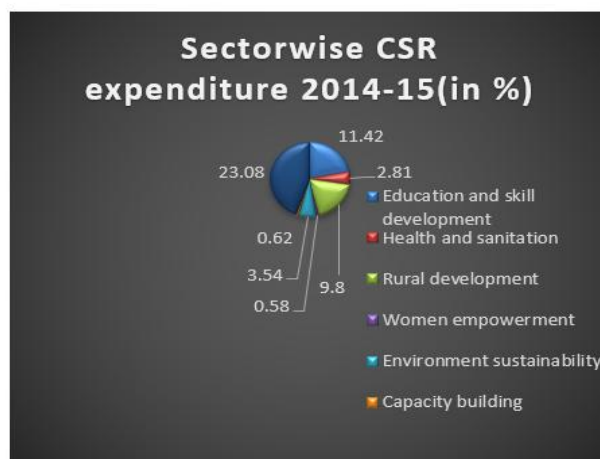
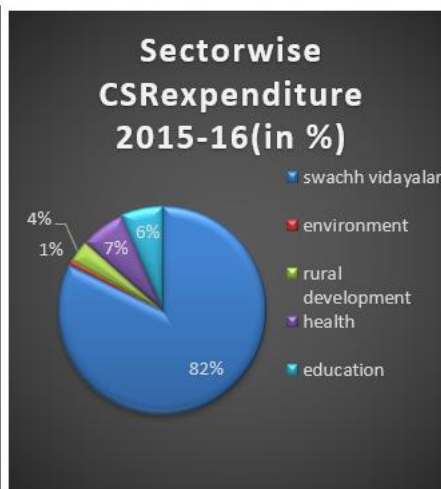
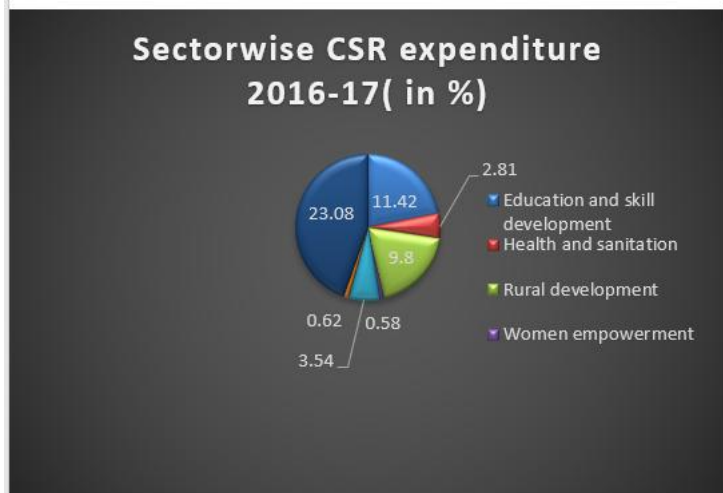
Gender Equality and Women Empowerment, Senior Citizens Care

Numerous contributions has been made by the company for empowering the women and creation of facilities for senior citizens. The Company focused on imparting skill development training to women, established sanitary napkin unit for women empowerment & livelihood enhancement(ibid)

Others (capacity building)

Contributions have been made towards training to promote rural sports, protection of art and culture, Several Impact Assessment and Evaluation Studies are conducted to evaluate effectiveness of CSR programs. It contributed towards training programmes to promote rural and traditional sports and also provides infrastructural support. The company partnered with the “Statue of Unity” Project related to the construction of a National Museum for Sardar Patel and the Indian Freedom Movement .





Objective 3: Linking Profit maximization with CSR and Sustainable initiatives

NHPC’s CSR & Sustainability Policy will form the basis for conducting it’s business. It aims to integrate CSR and sustainable initiatives with the objectives of profit maximization (NHPC 43rd Annual Report 2018-19, 2019).*** csr report 2018*** done. CSR can increase both long term profitability and sustainability as well as enhance the reputation.

consider the impact the business has on its stakeholders, therefore local communities, employees, NGOs, customers and suppliers. The more the profits the organization will learn the more they will spend in socially responsible activities and for the benefit everyone in the community (Uddin, Hassan & Tarique, 2008). As per caroll, 1991, If the business described the motives of CSR then company will meet the need of the society. An organization CSR can be compliance driven, profitability and holistic.

Based on the above objective a hypothesis is formulated:





HO: the amount spent on CSR and sustainable initiatives has no impact the profitability of the firm
 H 1: the amount spent on CSR and sustainable initiatives impact the profitability of the firm.
 The CSR total score and the scores of the four dimensions of CSR i.e. Operational, Economic, Environmental and Social were correlated and regressed against the 5 year average of ROI. The results are briefly being presented here:

Correlation analysis

	CSR expenditure (2009-10 to 2018-19)	Net Profit
CSR expenditure	1	0.302942
pearson correlation (r)		
Sig (2- tailed)		
N	10	10
Net Profit	0.302942	1
pearson correlation		
Sig (2- tailed)		
N	10	10

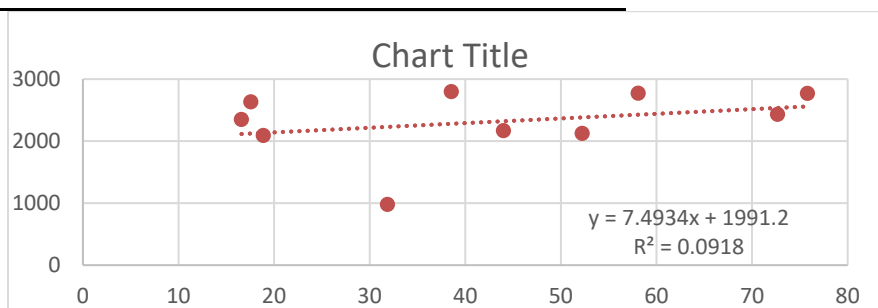
*r=beta=R in bivariate analysis. CSR is Independent Variable and Net profit is Dependent Variable

*standardized beta=0.302924

Regression Statistics

Multiple R	0.302942
R Square	0.091774
Adjusted R Square	-0.02175
Standard Error	548.9579
Observations	10

	Coefficients	Standard Error	t Stat	P-value
Intercept	1991.152	395.4347	5.03535	0.001007
actual csr	7.493386	8.334341	0.899098	0.394857



As per the results of the Pearson’s Correlation Test performed on the sample the following interpretations can be arrived at:



The Pearson correlation between CSR expenditures and Net profit of NHPC for the period of ten years (2009-10 to 2018-19) is 0.302942. This shows that there is a positive correlation but not so significant relation.

Regression analysis:

Fig 1 shows a linear regression line between actual CSR expenditure of NHPC and Net profit of 10 years period from 2009-10 to 2018-19. The line has a positive slope (b) and positive intercept (a). The values are dispersed around the regression line. Coefficient of regression was found to be of a very small value and indicated that the relationship between CSR and Net Profit is positive but very weak.

Conclusion :

Corporate Social Responsibility (CSR) has been an integral part of NHPC's business philosophy. NHPC prepares socially responsible business practices by maintaining effective management practices, transparency, integrity and ethical code of conduct, effective reporting and performance, working towards social welfare and effective operational methods to win the trust and confidence of all stakeholders.

NHPC has a CSR committee which prepares the policies and guidelines related to the CSR provision in accordance to Companies Act 2013. CSR activities undertaken by NHPC are in conformity with the activities specified in Schedule VII of the Companies Act, 2013.

Number of CSR initiatives have been implemented by NHPC for the community development in the areas around its Projects/ Power Stations/ Units in the social sectors like Education, Health, Sanitation, Rural Development, Skill Development, Environmental sustainability, Women Empowerment, Promotion of sports, arts & culture etc.

Above all, NHPC has engaged itself in empowering rural population through its CSR initiatives, which led to significant socio-economic development in the vicinity of various NHPC Power Stations/ Projects/ Units.

** guidelines related to CG

*** sectorwise CSR initiatives

*** overall performance, growth, operational performance

**** result conclusion

The result of the correlation and regression analysis between actual CSR expenditure and Net Profit of NHPC for the period of 10 years is not negative but also is statistically significant. Hence, the hypothesis is not proved.

Limitation: The study is limited as it related to the detailed case study analysis of NHPC and its CSR expenditure impact on profitability.

A road ahead: a larger study with more companies can be undertaken. The future studies could concentrate on understanding the effect and interrelationship between different constituents of CSR and their relationship with not only financial performance indicators but also non-financial performance indicators.

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