



# CSR PRACTICES IN INDIA: A CASE STUDY ON TATA CONSULTANCY SERVICES LIMITED (TCS)

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## ABSTRACT

Corporate Social Responsibility (CSR), which is described as a company's ability to respond to the judicial, moral, social and environmental demand of its stakeholders, has received more attention in recent times. CSR focuses on the advantages of all stakeholders as opposed to just the shareholders. CSR initiatives are becoming more and more crucial for commercial entities to establish credibility and transparency in the communities where they operate. According to section 135 of the 2013 Companies Act, corporates that meet specified threshold for net profit, turnover and net worth are expected to spend 2% of their average net profit over the previous 3 years on CSR programs. The software giant and IT service provider in India and a BSE and NSE listed firm, Tata Consultancy Services (TCS), has been investing heavily in CSR over the past few years. This study illustrates how TCS in India is implementing & adapting CSR practices and their commitment towards transforming and upliftment of the society. The analysis is mostly based on secondary data regarding actual CSR expenditure and budget of TCS from the FY 2017-18 to FY 2021-22. The study concentrates on aspects like CSR activities, CSR spending patterns and the effect of CSR on the share prices of TCS.

**KEYWORDS:** Corporate Social Responsibility, CSR activities and spending, Tata Consultancy Services (TCS), Share price.

## INTRODUCTION

The concept of corporate social responsibility (CSR) is emerging in modern times as a key aspect of business mindset, reflecting the influence of business on society in the framework of sustainable development. Company social responsibility (CSR) is the voluntary application of corporate assets to improve societal welfare. The growing stance on corporate social responsibility emphasizes accountability to all stakeholders, including creditors, suppliers, personnel, the authorities, and the society, as opposed to just maximizing shareholder profit. In addition to corporate regulatory agreements, CSR also refers to the process of achieving commercial success by using unbiased, philanthropic approaches to environmental and social challenges in a way that benefits society. Businesses are run to have a beneficial holistic impact on the communities, cultures, societies, and environments where they operate. The cornerstone of CSR is the idea that businesses should be ethical enough to combat poverty and other matters of social concern, in addition to public policy. As a result, corporations should handle the problems and difficulties that the governments to some extent handle.

In the last decade, the value of CSR has grown dramatically. CSR grew throughout time to encompass both commercial and humanitarian concerns. Additionally, it expanded to include both monetary and societal interests. Due to demand from many stakeholders, businesses have increased their financial transparency and turned to public reporting. Their programs and initiatives are now being included in their financial statements.

Understanding various company and society related challenges and taking action in accordance with their strategic planning are made possible through CSR. On the other hand, there is a widely held belief that environmentalism and the different societal interest groups are important. Large corporations that act as worldwide suppliers and have gradually come to understand the advantages of offering CSR programmes in their various locales as globalization picks up speed. CSR initiatives are increasingly being carried out globally. The fundamental goal is to set up sustainable enterprises, which depend on vibrant markets, economies and groups. Accountability, credibility, financial infrastructure, growing public demands of corporation, and progressive consciousness are the main forces behind CSR.

## EVOLUTION OF CSR IN INDIA

Since its inception in the Indian context, CSR has developed into the categories listed-

**Phase I (up to 1914):** CSR motivated by philanthropy and charitable work. This is the earliest type of CSR, and it was heavily influenced by culture, religious practice, family tradition and the industrial growth process.

**Phase II (1914-1960):** Gandhi's philosophy of trusteeship for the integration and augmentation of social progress had a major influence during this period, which was driven by battle for independence. Gandhi's reform initiatives included campaigns for the abolishment of untouchability, women's equality and liberty & rural development.

**Phase III (1960-1980):** The third phase of Indian CSR was influenced by the mixed economy model and subsequent laws establishing labour and environmental requirements. Another

feature of this phase is a transition from corporate self-regulations to stringent governmental and legislative regulation of company activities.

**Phase IV (1980 and afterwards):** Corporate Social Responsibility at the intersection of Philanthropic and

Business Strategies. Indian businesses and stakeholders started to give up on traditional philanthropy work and to a certain extent, integrated CSR into a cohesive and sustainable business plan, partially embracing the stakeholder engagement approach.



(Source: Overview of Corporate Social Responsibility, S. Ravi)

## LITERATURE REVIEW

According to **Leena James (2013)**, Organizations need to be aware of the CSR issue. One of the early adopters of CSR initiatives is TCS. TCS adheres to the business philosophy of creating robust, long-lasting enterprises. TCS's sustainability efforts are centered on the neighbourhood and surroundings. The study's findings demonstrated that the company's ongoing reduction in its use of natural resource. Children's education, job creation, and women's empowerment via education are some of the TCS's social efforts. The progress curve displayed that the beneficiaries' number increasing over time.

**Priyanka Varma (2014)** in her studies determined out that Indian businesses did not effectively adopt and document CSR, as a charitable activity. After CSR is made obligatory the CSR initiatives have become transparent through legitimate websites, financial statements, corporate sustainability report etc. Government believes that the necessary CSR will assist our nation to combat poverty, illiteracy, unemployment, and starvation. The study concluded that for overall development, India, a developing nation, needs financial help from corporations. A obligatory CSR is therefore required.

**N. Jaysawal & S. Saha (2015)** concluded that CSR has established itself as a significant milestone in the field of harmonious corporate and social coexistence. In order to achieve the final goal, the law provision has made CSR mandatory for all sectors and regulated its growth. As important opinion leaders, customers, and the general public have great expectations, the case for exhibiting corporate responsibility is becoming more compelling. As a result, it is a fiction in and of itself to claim that CSR is nothing more than eyewash.

**Sudeepta Pradhan (2016)** analyzed that because of the implementation of new rules regarding CSR, the Indian businesses changed their stance from passive philanthropy. Corporate popularity is stepped forward because of discharging of CSR initiatives. An organization which announces its social programs can growth its popularity and the study proved that there is no significant correlation between a company's financial performance and its commitment to social responsibility.

According to **S.K.S. Yadav (2016)**, Corporate Social Responsibility encourages businesses to incorporate social, environmental, and financial concerns into their principles, cultures, decision-making processes, and operational plans in an accountable and transparent way in order to generate wealth and enhance societal well-being. As a result of the study's findings, environmental elements can be controlled, goods can be delivered on time and adequately, and social safeguards are most importantly promoted.

**A.A. Aade & H.A. Chhabra (2019)** stated that TCS plans to concentrate on both, i.e., social and environmental factors, as they both play crucial roles. Sustainability in business will be largely determined by governance. Somewhere at end of the day, creating a huge firm is simple, but creating one of the most reputable corporations in the world and maintaining it for many years is really difficult. The only organizations that can gain the respect of their stakeholders and see more steady growth are those that were established on a solid corporate governance foundation.

**Benson Kunjukunju (2020)** analyzed that despite corporate expenditure on CSR having multiplied from 2014-15, it is still insufficient given the scale of Indian corporations. Approximately, 80% of all CSR expenditures in India come from the top 100 corporations. Observing that the businesses



that fall within the amendment's definition of "Corporate" have not allocated even 2 percent of their net profit to CSR is depressing. Despite the CSR law being in effect for 5 years, approximately 26% of top corporations continue to fall short of the required investment.

## CORPORATE SOCIAL RESPONSIBILITY POLICY OF TCS

TCS is a global Indian corporation that offers business solutions, BPO services, and IT services. With a solid track record in the past, it is positioned for rapid expansion both in India and internationally in the future. The idea of the Tata Group aims to create powerful, sustainable businesses that show a commitment to the environment that is deeply ingrained in society. As a member of Tata Group, TCS is dedicated to serve the local community and its surroundings. It stands for creating dependable, environmentally conscious companies that are based in the community. It's always acknowledged the responsible behaviour towards the larger community in which they operate.

The history of the Tata Group and the founder's philosophy and dedication to raise the standard of living in communities are the foundation of TCS' corporate social responsibility commitment. In order to address the need of the most underprivileged groups in the community, TCS believes that communities must overcome challenging issues. To that end, the company's CSR strategy makes the best use of the organization's knowledge and experience to develop specialized, localized and collaborative solutions.

In the case of TCS, CSR activity is a management concept wherein groups combine social and environmental issues of their enterprise operations and interactions with their stakeholders. CSR is commonly understood as being the manner via which a business enterprise achieves a stability of economic, environmental and social imperatives even as on the equal time addressing the expectancies of shareholders and stakeholders. Anything this is useful for the society may be known as CSR and such interest have to be proven with the aid of using business enterprise on their internet site and corporation ought to take approval from Board of Directors of the company.

## THRUST AREAS IN CSR

**Education and skill development:** TCS uses its position of prominence in the IT industry to operate creative programmes that tackle the community's problems with access to education and skill development. BPS Employability Training, a 100-hour program that has so far given a well-rounded education to over 66,000 children from marginalized communities, and IT Employability Training, which has taught nearly 2,400 students from rural engineering and science colleges technical and managerial skills as well as general aptitude, are two of its solutions in the skilling field. Similar computer-based adult learning programmes are provided by TCS, most notably in the pattern of our Adult Literacy Program. To date, this approach has assisted in the education of over 388,000 individuals by using ICT-based instruction in nine Indian and three foreign languages. Then there is BridgeIT, which uses digital technology to empower marginalized populations.

4,900 TCS support staff members have received computer and linguistic training through our Empower program since its beginning. In addition, our Teacher Empowerment Program, which aids teachers in developing their skills and experience, has benefited over 850 participants. TCS has also established a number of practical solutions to deal with systemic problems. A good example of one of these is the Digital Impact Square (DISQ) in Nashik, Maharashtra, to help young innovators develop digital technologies to difficult social challenges. The 60,000 sq ft Kohli Research Block at IIIT Hyderabad is fostering research, instruction, and innovation in the field of wide intelligent systems. Additionally, TCS assists Tata Strive in implementing thorough skill-building programmes for disadvantaged kids in Mumbai and Hyderabad.

**Health & Wellness:** We assist institutions conducting drilling research as well as provide knowledge on better health habits to all facets of society as part of our initiatives in the medical profession. In terms of the institution, this entails helping the Tata Translational Cancer Research Center at the Tata Medical Centre in Kolkata improve the destiny for cancer patients in India. For these patients, TCS wants to create individualized diagnoses, monitoring, and therapeutic approaches. Additionally, TCS has been offering IT support to the National Oncology Digital Nerve Center. Telemedicine, virtual follow-ups, and instant messaging support are important services. The Cancer Research Institute in Chennai is also given a free, completely integrated hospital administration system by TCS. As a vital part of the Swachh Bharat Abhiyan of the Indian government, TCS in the past installed sanitation services at public schools. As part of our ongoing support for the programme, a campaign for behaviour modification and awareness was put into place at a number of places. This entailed encouraging students to practise good hygiene through role-playing and workshops. TCS additionally provides free IT services, including the creation of straightforward and user-friendly systems, to charities including Operation Smile, Mumbai Mobile Crèches, the Center for Social Action, and the Impact India Foundation. In collaboration with TMC in Kolkata, the Tata Translational Cancer Research Centre (TTCRC) was established. TTCRC aspires to establish an interactive platform for practitioners, researchers and the industry to work together to provide a brighter life for cancer patients in India.

**Environmental Sustainability:** TCS is geared toward reducing the risks associated with climate change through responsible resource management and doing more with less. During the year, the TCS Energy Management programme experienced significant scaling up and further maturation. In India, the programme now includes approximately 135 sites. TCS was one of the first companies in the IT industry to get its environment management system certified to the international standard, ISO 14001 (EMS). Through water conservation, sewage treatment and recycling, and rainwater harvesting, we aim to reduce our water usage to the absolute minimum. All of our new campuses are constructed to utilize 50% more water efficiently, to completely treat and recycle sewage, and to collect rainwater. There is a significantly lower percentage of potentially hazardous wastes, such as used lubricants and lead-acid battery packs. TCS wants to reduce



the amount of trash that is disposed of in dumpsters to less than 5% by using source-based segregation, reuse, and recycling.

### OBJECTIVES OF THE STUDY

- ❖ To understand the trend of CSR spending of the company for the period of 5 years.
- ❖ To identify the primary areas of contributing towards CSR programs and activities during the financial year 2017-18 to 2021-22.
- ❖ To assess the impact of the CSR initiatives on the share price of the company.

### DATA ANALYSIS & INTERPRETATION

**Table 1: Net Profit after tax, CSR Budget and CSR Expenditure from Financial Year 2017-18 to 2021-22**

(Rs. in crores)

Financial Years	Net Profit after tax	CSR Budget	CSR Expenditure (spent)	CSR spent (%) of Average Profit of 3 years
2017-18	25826	497	400	1.61
2018-19	31472	542	434	1.60
2019-20	32340	600	602	2.01
2020-21	32430	663	674	2.03
2021-22	38337	716	727	2.03

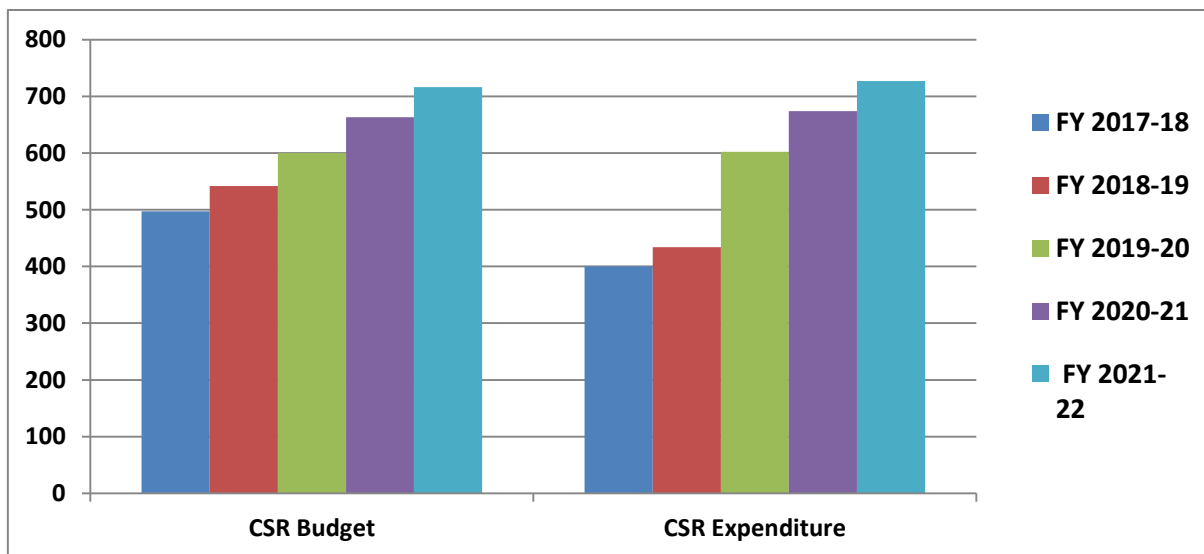
(Source: Annual Reports of TCS from FY 2017-18 to FY 2021-22)

Table 1 discloses the Net Profit after tax, CSR Budget and CSR Expenditure by Tata Consultancy Services Ltd. for 5 financial years, i.e. from the year 2017-18 to 2021-22. This table indicates that in FY 2017-18 & 2018-19 there is a huge difference in the CSR budget and the expenditure resulting increase in unspent money. However, from 2019-20 onwards the difference in the budget and the expenditure is quite

### RESEARCH METHODOLOGY

The study is conducted on the basis of secondary data. Secondary data has been gathered from a variety of sources, including annual reports of the company, company's website and internet databases. The researchers have selected TCS for the study since it was ranked number 28 among India's top 100 companies contributing towards sustainability and CSR in the Responsible Business Ranking 2021 by Futurescape. Critical analysis of TCS's 5 year annual reports from 2017-18 to 2021-22 have been done, and all CSR contribution have been taken into account.

negligible which exhibits better performance in CSR activity of TCS. They are spending beyond its obligation. The CSR expenditure is approximately 2% each year except for the year 2017-18 and 2018-19. It is also clear from the above table that from 2019-20 the CSR expenditure every year is more than the budget of that year. It is a good sign for the betterment of society. Table 1 is represented graphically in Figure 1.



**Figure 1: CSR Budget & CSR Expenditure From financial year 2017-18 to 2021-22**

Fig 1 depicts that there is subsequent increase in both i.e. CSR budget & CSR expenditure from the financial year 2017-18 to 2021-22. However, a remarkable increase in the CSR expenditure has been noted in the year 2019-20. Henceforth, a static increasing trend has been experienced in CSR budget as well as in the CSR expenditure.

### Table 2: Increase/Decrease in CSR Budget & CSR Expenditure

From the previous graph it was evident that the budget and expenditure increased every year, but the rate of growth was not clear. Table 2 provides the percentage wise increase in



budget and expenditure. The budget and the expenditure growth rates are both at their maximum in the financial year 2018-19 to 2019-20 i.e. 10.70% and 38.71% respectively and their lowest growth rates are in the financial year 2020-21 to

2021-22 i.e. 7.99% and 7.86% respectively, indicating that there is parity between the two. Table 2 is depicted graphically in Figure 2.

Change in Financial Years	2017-18 to 2018-19	2018-19 to 2019-20	2019-20 to 2020-21	2020-21 to 2021-22
CSR Budget	9.05%	10.70%	10.50%	7.99%
CSR Expenditure	8.5%	38.71%	11.96%	7.86%

(Source: Own Compilation)

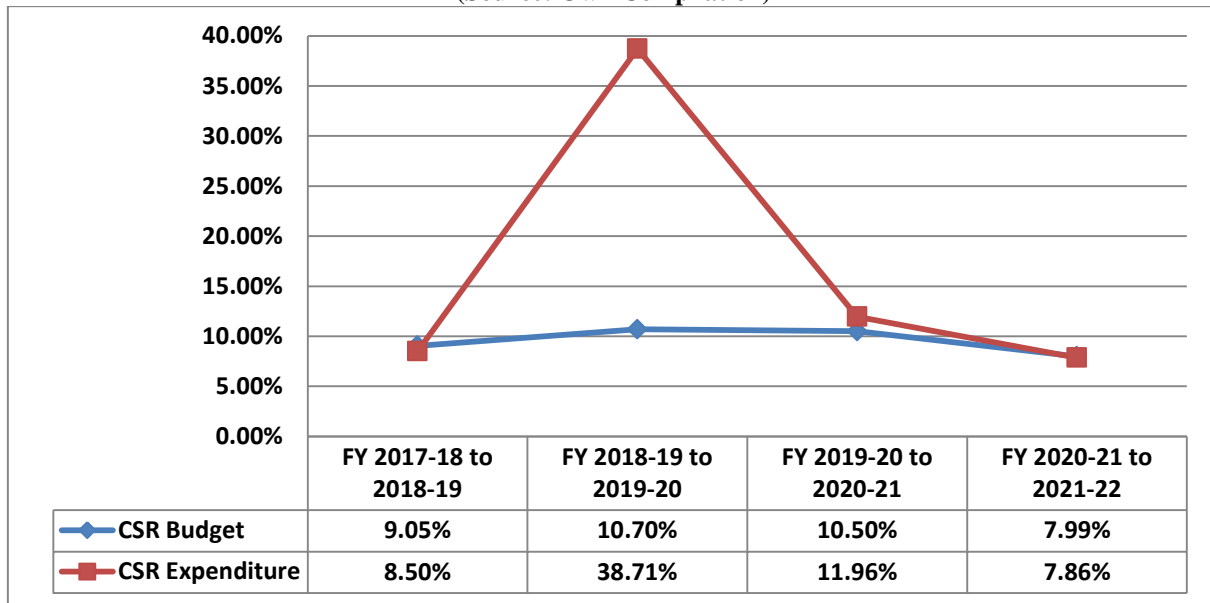


Figure 2: Increase/Decrease in CSR budget and expenditure from financial year 2017-19 to 2021-22

Table 3: Share Price on BSE & NSE from the financial year 2017-18 to 2021-22

Stock Exchange	Financial Year	Open	High	Low	Close
BSE	2017-18	1217.50	3195.10	2272.10	1451.45
	2018-19	1420.00	3604.80	1721.20	2031.30
	2019-20	2010.00	2279.00	1636.10	1823.50
	2020-21	1830.00	3308.20	1654.40	3177.60
	2021-22	3146.00	4019.10	3037.00	3738.80
NSE	2017-18	1219.20	3198.85	2273.15	1454.83
	2018-19	1422.50	3603.70	1721.60	2031.65
	2019-20	2010.00	2277.95	1636.35	1826.10
	2020-21	1825.90	3308.80	1654.20	3177.85
	2021-22	3190.00	4019.15	3035.65	3739.95

(Source: Annual Reports of TCS from FY 2017-18 to FY 2021-22)

From the financial year 2017-18 to 2021-22, the share prices of TCS on BSE & NSE are displayed on Table 3. There is a listing of the opening price at the beginning of the financial year, the closing price at the end of the financial year, the highest and the lowest price during the financial year. The

data shows a positive change in opening, highest, lowest and closing price of the corporation in both the Stock Exchanges i.e. BSE and NSE from financial year 2017-18 to 2021-22. So, the share price of TCS shows a positive consistent trend for BSE as well as NSE.



**Table 4: Sector wise distribution of CSR initiatives**

CSR Development Sector	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
Disaster Relief	-	7	2	273	7
Education, Skilling, Employment, Entrepreneurship	91	39	116	28	16
Health, Wellness and Water, Sanitation and Hygiene	136	292	175	22	24
Restoration of Heritage Site	-	1	-	1	-
Environmental Sustainability	1	3	6	-	-
Contribution to TCS Foundation	172	92	303	350	680
Total	400	434	602	674	727

(Source: Annual Reports of TCS from FY2017-18 to FY2021-22)

According to the above data, TCS is investing as CSR initiatives in various sectors such as education and skill development, employment generation, promotion of entrepreneurship, healthcare and sanitation, restoration to heritage sites, environmental preservation and waste management etc. However, the primary area of attention is the health & hygiene sector, in which the company is investing the most of the designated CSR budget.

## CONCLUSION

Enterprises in developing nation like India are interested in and dedicated to CSR. Although it is commendable that CSR practices have recently advanced, corporations still fall short or only act in their own best interests. MNCs must have sound CSR policies in place in order to uphold their reputation. TCS is one of the early adopters of CSR initiatives. TCS adheres to the notion of creating enduringly successful business. TCS's sustainability initiatives focus on the community and environment around it. The above analysis reveals that TCS has a positive static trend in increase of Net Profit, CSR budget and expenditure. TCS also shows similar positive trend in case of share prices listed in BSE or NSE. As a result we can say CSR spending pattern has a positive impact on share price of the company. Over the past 3 years, the company has gradually exceeded the mandatory 2% threshold, which has given the society an impression that TCS will be making much better social development and welfare investments than in the past. Thus, we can say that TCS is moving in the correct direction with its CSR efforts. The only thing is that they should concentrate on some more crucial areas. Their concentration is limited to health & sanitation, education & skill development, and environmental sustainability.

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