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## AN ANALYSIS OF CSR INITIATIVES TAKEN BY INDUSTRIAL MACHINERY INDUSTRY

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### ABSTRACT

Corporate Social Responsibility (CSR) embodies the noble idea that companies actively strive to enhance not just their bottom line, but also the broader fabric of society and the environment. This study delves into the landscape of Corporate Social Responsibility (CSR) initiatives undertaken by the industrial machinery industry. It examines the key areas of focus for these initiatives, such as environmental sustainability, ethical labor practices, and community engagement. The analysis explores how these machinery manufacturers are striving to reduce their environmental footprint through energy-efficient equipment, sustainable production methods, and responsible waste management. It will also shed light on how they are ensuring fair treatment of workers throughout their supply chains and upholding ethical sourcing practices. Furthermore, the study will investigate how the industry is engaging with local communities, potentially through educational programs, infrastructure development, or support for social causes. By dissecting these CSR initiatives, the research aims to provide valuable insights into the social and environmental consciousness of the industrial machinery industry and its contributions to a more responsible and sustainable future.

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### INTRODUCTION

The require for businesses to be socially capable and responsible has obtained a modern force within the worldwide environment, went with by, among others, a more prominent request for obligatory and non-mandatory detailing of social duty activity. An expanding number of analysts and journalists over the final quarter of a century have perceived that the exercises of an association affect upon the outside environment and recommended that such an association ought to subsequently be responsible to a more extensive gathering of people that streamline its shareholders. Companies are now not the rebellious of shareholders alone but exist inside society and so therefore have obligations to that society, which there's in this manner a move towards the more noteworthy responsibility of companies to all members (stakeholders).

It's about recognizing that businesses have a role beyond mere profit-making, and that role involves contributing positively to the well-being of society as a whole.

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### REVIEW OF LITERATURE

#### **Amar pashupatimath and Dr. Shivashnakar.k,2020**

This research paper investigates CSR initiatives undertaken by manufacturing organizations in Belagavi, North Karnataka, and explores the challenges faced in their implementation, providing recommendations for improvement. The study employs the snowball sampling technique to select manufacturing companies in the Belagavi district, and information is gathered through interviews with senior management.

#### **Samantha Wen-Shuo Lee,2019**

This paper investigates the correlation between a firm's Corporate Social Responsibility (CSR) and its Corporate Financial Performance (CFP). Unlike previous studies, this research focuses solely on firms listed in both the Fortune 500 for the year 2018 and the Dow Jones Sustainability Index (DJSI) from 2005 to 2018, ensuring a precise measurement of CSR. CFP is primarily assessed by comparing the firm's stock performance to the S&P 500 index, reflecting investor and market sentiment.

#### **Chengete Chakamera,2020**

This study examined the corporate social responsibility (CSR) practices of non-African founded multinational corporations (NAFMNCs) and African founded corporations with global operations (African internationalises), and assessed the influence of firm characteristics using fixed and random effects estimators. The analysis revealed a positive correlation between firm age and CSR, particularly pronounced among African internationalises (AIs). The distinction between AIs and NAFMNCs emerged as a significant factor shaping CSR performances.

The study highlights disparities in CSR performances between AIs and NAFMNCs across various dimensions, offering important implications for corporate strategy and policy formulation.

#### **Juan Herrera, Carlos de las Heras-Rosas (2020)**

The research titled "Corporate Social Responsibility and Human Resource Management: Towards Sustainable Business Organizations" investigates the relationship between CSR and Human Resource Management (HRM), focusing on factors related to economic, environmental, and social sustainability in business operations. Through longitudinal analysis, the study explores various aspects such as green management, competitive advantage, performance, and satisfaction, aiming to understand how CSR and HRM can be integrated effectively.

#### **Kebede Emyu,2020**

The research design involves a combination of quantitative and qualitative methods to assess the nature and impact of CSR practices in the brewery industry on brand image. A primary explanatory research design is utilized, and data is collected through questionnaires administered via convenient sampling. Additionally, interviews are conducted with managers of breweries to gain insights into their perceptions and practices regarding CSR.

Data collected from questionnaires are analyzed using SPSS 22 Software to establish relationships between dependent and independent variables. The study reveals a strong positive relationship between CSR practices and brand image. However, findings also highlight gaps in CSR involvement, communication, and integration with core business aspects.

**Liu Wu, Zhen Shao, Changhui Yang, Tao Ding 1 and Wan Zhang,2020** This paper examines the influence of corporate social responsibility (CSR) and financial distress on corporate financial performance (CFP) within the manufacturing industry of Chinese listed companies. Using a dataset comprising 1445 manufacturing observations spanning from 2013 to 2018, obtained through matching the China Stock Market & Accounting Research Database (CSMAR) with the Ranking CSR Ratings (RKS) database, the study employs regression models to analyze the relationships.

#### **Lorena Para-González, Carlos Mascaraque-Ramírez, Clara Cubillas-Para,2020**

This research investigates the correlation between adherence to the five principles of Corporate Social Responsibility (CSR) and the performance of the shipbuilding industry. While prior studies have indicated a positive relationship between these variables, such research has been predominantly limited to specific sectors, leaving a gap in comprehensive analysis across industries, including shipbuilding. This study conducts a longitudinal analysis of shipbuilding sector performance over the past five years across five continents, focusing on key shipyards.

#### **Sudershan Kuntluru (2019)**

In his study tries to analyse the impact of mandate CSR spending on firm's performance using indicators like ROA and ROE. The was conducted using data collected from 1460 firms over three years period from 2015 to 2018. the outcome of the study showed a negative impact of CSR spending on firm's performance.

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## **RESEARCH METHODOLOGY**

### **Objective of the study**

- To examine CSR spending as per the amendment companies act of 2013.
- To analyse weather the companies conform to CSR mandate.
- To analyse CSR initiative wise spending year on year.
- To identify constipated area of CSR

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## **PROBLEM STATEMENT**

Since the Amendment to the Companies Act of 2013, it has been obligatory for companies to allocate 2% of their average profits towards CSR activities. To scrutinize compliance with this mandate, a study has been conducted to assess whether this mandated 2% expenditure has been adhered to or not. Furthermore, the study aims to analyze the sector-specific expenditure of each listed company within the industrial machinery industry.

**DATA COLLECTION METHOD**

The data selected for the study has been sourced from the annual reports of the chosen companies, as these reports are published on a yearly basis. It is mandatory for companies to include a CSR annexure in their annual reports, providing detailed information about their CSR activities and expenditures.

**TECHNIQUES**

Descriptive such as mean, standard deviation, minimum, maximum as been used for the sake of analysis to test the hypothesis all this is used.

**DATA ANALYSIS AND INTERPRETATION**

SHOWING CSR EXPENSES OF MAHINDRA CIE(In million)

YEAR	Average net profit of the industry for last three financial years:	Prescribed Amount	Amount Spent	Unspent	Spent %
2010-11	No contribution	NA	NA	NA	NA
2011-12	No contribution	NA	NA	NA	NA
2012-13	No contribution	NA	NA	NA	NA
2013-14	No contribution	NA	NA	NA	NA
2014-15	247.07	4.94	3.56	1.38	72%
2015-16	452.54	10.43	9.05	1.38	87%
2016-17	492.06	16.2	9.84	6.36	61%
2017-18	760.69	28.04	15.21	12.83	54%
2018-19	885.67	34.28	17.71	16.57	52%
2019-20	1572.34	49.6	31.45	18.15	63%
2020-21	2196.22	116.13	43.92	72.21	38%
Mean	943.80	37.09	18.68	18.41	61%
STDEV	698.97	38.02	14.22	24.68	16%
CV	74.06	102.52	76.12	134.04	25.61%
Min	247.07	4.94	3.56	1.38	38%
Max	2196.22	116.13	43.92	72.21	87%
SUM	6606.59	259.62	130.74	128.88	4.26708%

**Interpretation:**

The CSR expenditure by Mahindra CIE Company began in the fiscal year 2014-15, with no voluntary spending observed in the preceding years from 2010 to 2014. In 2014-15, despite reporting a profit of 247.07 million, only 4.94 million was allocated for CSR, of which 72% was utilized. Over the period spanning 2010 to 2021, the company's average expenditure amounted to just 61% of the total allocated funds, totaling 130.74 million out of 259.62 million. This left an average unspent amount of 128.88 million. On an annual basis, the average spending was 18.68 million from an allocated annual sum of 37.09 million. The highest allocation occurred in 2020-21, reaching 116.13 million, with 43.92 million expended and 72.21 million remaining unspent. Conversely, the lowest allocation was in 2014-15, at 247.07 million, of which only 4.94 million was utilized, resulting in 3.56 million remaining unspent for the year.

SHOWING CSR EXPENSES OF VGUARD(In lakhs)

YEAR	Average net profit of the industry for last three financial years:	Prescribed Amount	Amount Spent	Unspent	Spent %
2010-11	No contribution	NA	NA	NA	NA
2011-12	No contribution	NA	NA	NA	NA
2012-13	No contribution	NA	NA	NA	NA
2013-14	No contribution	NA	NA	NA	NA
2014-15	8187.67	163.75	163.75	NA	100%
2015-16	9276.14	185.52	185.75	NA	100%
2016-17	11937	238.74	238.91	NA	100%
2017-18	15833.31	316.67	317.95	NA	100%
2018-19	18168	363.36	365.44	NA	101%
2019-20	19812	396.23	400.57	NA	101%
Mean	13869.02	277.38	278.73	NA	100%
STDEV	4790.90	95.82	97.32	NA	0%
CV	34.54	34.54	34.91	NA	41%
Min	8187.67	163.75	163.75	NA	100%
Max	19812	396.23	400.57	NA	101%
SUM	83214.12	1664.27	1672.37	NA	602%

**Interpretation:**

The CSR expenditure is commenced by the company from the 2014-15. No amount is being spent in 2010 to 2014 voluntarily. The company start to spent on CSR from 2014-15 in that year profit reported is 8187.67 lakhs, The prescribed amount is 163.75 lakhs out of which 100% is spent. For the referred period 2010-2020 VGUARD Company has made average spending of 100% out of total fund allocated is 1664.27 lakhs which amount to 1672.37 lakhs. The average total amount of unspent is Nil. The average spending is 278.73 lakhs per year out of 277.38 lakhs. Maximum amount of allocation is done in the year 2019-20 of 396.23 lakhs, out of which 400.57 lakhs was spend and the amount unspent was Nil in the same year. Minimum amount of allocation is done in the year 2014-15 of 163.75 lakhs, out of which 163.75lakhs was spend and the amount unspent was Nil in the same year.

**SHOWING CSR EXPENSES OF NESCO(In lakhs)**

YEAR	Average net profit of the industry for last three financial year:	Prescribed Amount	Amount Spent	Unspent	Spent%
2010-11	No contribution	NA	NA	NA	NA
2011-12	No contribution	NA	NA	NA	NA
2012-13	No contribution	NA	NA	NA	NA
2013-14	No contribution	NA	NA	NA	NA
2014-15	10913.17	218.26	218.29	NA	100%
2015-16	13011.51	260.23	260.34	NA	100%
2016-17	15676.68	313.53	320.42	NA	102%
2017-18	20474.18	409.48	411.47	NA	100%
2018-19	22984.89	459.7	462.18	NA	101%
2019-20	24216.91	484.34	501.09	NA	103%
Mean	17879.56	357.59	362.30	NA	101%
STDEV	5477.95	109.56	113.62	NA	1%
CV	30.64	30.64	31.36	NA	1%

<b>Min</b>	<b>10913.17</b>	<b>218.26</b>	<b>218.29</b>	<b>NA</b>	<b>100%</b>
<b>Max</b>	<b>24216.91</b>	<b>484.34</b>	<b>501.09</b>	<b>NA</b>	<b>103%</b>
<b>SUM</b>	<b>107277.34</b>	<b>2145.54</b>	<b>2173.79</b>	<b>NA</b>	<b>607%</b>

**Interpretation:**

The CSR expenditure is commenced by the company from the 2014-15. No amount is being spent in 2010 to 2014 voluntarily. The company start to spent on CSR from 2014-15 in that year profit reported is 10913.17 lakhs, The prescribed amount is 218.26 lakhs out of which 100% is spent. For the referred period 2010-2020 NESCO Company has made average spending of 101% out of total fund allocated is 2145.54 lakhs which amount to 2173.79 lakhs. The average total amount of unspent is Nil. The average spending is 362.30 lakhs per year out of 357.59 lakhs. Maximum amount of allocation is done in the year 2019-20 of 484.34 lakhs, out of which 501.09 lakhs was spend and the amount unspent was Nil in the same year. Minimum amount of allocation is done in the year 2014-15 of 218.26 lakhs, out of which 218.29 lakhs was spend and the amount unspent was Nil in the same year.

## SHOWING CSR EXPENSES OF CUMMINS INDIA LTD(In million)

<b>YEAR</b>	<b>Average net profit of the industry for last three financial year:</b>	<b>Prescribed Amount</b>	<b>Amount Spent</b>	<b>Unspent</b>	<b>Spent%</b>
<b>2010-11</b>	<b>No contribution</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>
<b>2011-12</b>	<b>No contribution</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>
<b>2012-13</b>	<b>No contribution</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>
<b>2013-14</b>	<b>No contribution</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>
<b>2014-15</b>	<b>7948</b>	<b>159</b>	<b>81</b>	<b>78</b>	<b>50.94%</b>
<b>2015-16</b>	<b>8010</b>	<b>160</b>	<b>120</b>	<b>40</b>	<b>75%</b>
<b>2016-17</b>	<b>8080</b>	<b>161.6</b>	<b>120</b>	<b>41.6</b>	<b>74.26%</b>
<b>2017-18</b>	<b>8306.4</b>	<b>166.1</b>	<b>166.1</b>	<b>NA</b>	<b>100%</b>
<b>2018-19</b>	<b>8079.2</b>	<b>161.6</b>	<b>161.6</b>	<b>NA</b>	<b>100%</b>
<b>2019-20</b>	<b>8614.4</b>	<b>172.3</b>	<b>172.3</b>	<b>NA</b>	<b>100%</b>
<b>Mean</b>	<b>8173</b>	<b>163.43</b>	<b>136.83</b>	<b>53.2</b>	<b>83.37%</b>
<b>STDEV</b>	<b>247.90</b>	<b>4.98</b>	<b>35.81</b>	<b>21.49</b>	<b>20.17%</b>
<b>CV</b>	<b>3.033</b>	<b>3.05</b>	<b>26.17</b>	<b>40.40</b>	<b>24.19%</b>
<b>Min</b>	<b>7948</b>	<b>159</b>	<b>81</b>	<b>40</b>	<b>50.94%</b>
<b>Max</b>	<b>8614.4</b>	<b>172.3</b>	<b>172.3</b>	<b>78</b>	<b>100%</b>
<b>Sum</b>	<b>49038</b>	<b>980.6</b>	<b>821</b>	<b>159.6</b>	<b>500.20%</b>

**Interpretation:**

The CSR expenditure is commenced by the company from the 2014-15. No amount is being spent in 2010 to 2014 voluntarily. The company start to spent on CSR from 2014-15 in that year profit reported is 7948 million, The prescribed amount is 159 million out of which 50.94% is spent. For the referred period 2010-2020 CUMMINS INDIA LTD Company has made average spending of only 83.37% out of total fund allocated is 980.6 million which amount to 821 million. The average total amount of unspent is 159.6 million. The average spending is 136.83 million per year out of 163.43 million. Maximum amount of allocation is done in the year 2019-20 of 172.3 million, out of which 172.3 million was spend in the same year and the maximum amount unspent was 78 million in the year 2014-15. Minimum amount of allocation is done in the year 2014-15 of 159 million, out of which 81 million was spend in the same year and the minimum amount unspent was 40 million in the year 2015-16.

## SHOWING CSR EXPENSES OF KEI(In million)

YEAR	Average net profit of the industry for last three financial year:	Prescribed Amount	Amount Spent	Unspent	Spent%
2010-11	No contribution	NA	NA	NA	NA
2011-12	No contribution	NA	NA	NA	NA
2012-13	No contribution	NA	NA	NA	NA
2013-14	No contribution	NA	NA	NA	NA
2014-15	340.86	6.82	2.14	4.68	31.38%
2015-16	396.78	7.94	6.84	1.1	86.15%
2016-17	570.25	11.4	7.68	3.72	67.37%
2017-18	941.84	18.84	12.65	6.19	67.14%
2018-19	1449.95	29	14.79	14.21	51%
2019-20	2066.23	41.33	11.44	29.89	27.68%
Mean	960.99	19.22	9.26	9.97	55.12%
STDEV	680.67	13.61	4.60	10.72	22.76%
CV	70.83	70.83	49.71	107.60	41.30%
Min	340.86	6.82	2.14	1.1	27.68%
Max	2066.23	41.33	14.79	29.89	86.15%
Sum	5765.91	115.33	55.54	59.79	330.72%

**Interpretation:**

The company began its CSR expenditure in the fiscal year 2014-15, with no voluntary spending observed from 2010 to 2014. In 2014-15, with a reported profit of 340.86 million, the prescribed CSR amount was 6.82 million, of which 31.38% was utilized. Over the period from 2010 to 2020, KEI Company had an average spending rate of only 55.12% out of the total allocated fund of 115.33 million, totaling 55.54 million. The average total amount left unspent was 59.79 million. The average yearly spending amounted to 9.26 million from an allocated annual sum of 19.22 million. The maximum allocation occurred in 2019-20, totaling 41.33 million, out of which 29.89 million was left unspent in the same year, while the maximum amount spent was 41.33 million in the year 2018-19. The minimum allocation was in 2014-15, totaling 6.82 million, of which 2.14 million was spent in the same year, and the minimum amount left unspent was 1.1 million in the year 2015-16.

**MAJOR FINDINGS**

Over the period from 2014 to 2021, Mahindra CIE Company allocated a total fund of 259.62 million towards CSR activities, but only 61% of this amount, equating to 130.74 million, was spent on average. The yearly average spending amounted to 18.68 million out of an annual allocation of 37.09 million. The highest allocation occurred in 2020-21, reaching 116.13 million, of which 43.92 million was spent and 72.21 million remained unspent. Conversely, the lowest allocation was in 2014-15, totaling 247.07 million, with only 4.94 million spent and 242.13 million left unspent in the same year.

During the observed period from 2014 to 2021, Mahindra CIE allocated a total of 376.585 million towards CSR activities. The majority of this amount, specifically 226.319 million, was dedicated to promoting educational skills (CSR 2) from 2014 to 2021.

Additionally, expenditures of 25.803 million were directed towards healthcare initiatives, while 15.35 million were allocated for environmental sustainability projects over the 7-year period. Economically backward groups (CSR 4) received 31.81 million in funding over 4 years, while rural development projects were allocated 57.253 million over 5 years. In 2020-21, 20 million was allocated towards disaster management efforts. The minimum expenditure of 0.05 million was recorded in 2017-18 for the promotion and development of traditional art and handicrafts.

For the referred period 2014-2020 VGUARD Company has made average spending of 100% out of total fund allocated is 1664.27 lakhs which amount to 1672.37 lakhs. The average spending is 278.73 lakhs per year out of 277.38 lakhs. Maximum amount of allocation is done in the year 2019-20 of 396.23 lakhs, out of which 400.57 lakhs was spend in the same year. Minimum amount of allocation is done in the year 2014-15 of 163.75 lakhs, out of which 163.75lakhs was spend in the same year.

During the observed period from 2014 to 2020, VGUARD allocated a total of 163.602 million towards CSR activities. The majority of this amount, specifically 76.602 million, was dedicated to promoting educational skills (CSR 2) from 2014 to 2020. Additionally, expenditures of 49.06 million were directed towards healthcare initiatives, while 33.55 million were allocated for environmental sustainability projects over the 6-year period. The minimum expenditure of 4.39 million was recorded for training to stimulate rural sports over 4 years.

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## CONCLUSION

The analysis suggests that all companies engage in various CSR activities, albeit with differences in their key focus areas such as community education, leadership, environmental sustainability, policy adherence, human rights, stakeholder engagement, and transformative initiatives. Despite this, there are common themes that emerge across companies, including energy efficiency, water conservation, economic development, safety measures, social initiatives, employee training, environmental conservation, and community welfare. Interestingly, in India, there is a lack of standardized practices for CSR institutionalization, despite it being mandated by the government through the Companies Act. Additionally, the study highlights the objectives behind CSR engagement, including identifying motivating factors for companies and understanding the processes organizations employ to implement CSR practices

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