

## **CORPORATE SOCIAL RESPONSIBILITY IN PUBLIC SECTOR UNDERTAKINGS IN INDIA: A CASE STUDY OF IOCL**

**Roshni**

Research Scholar

K.R. (PG) college, Mathura, Dr. Bhimrao Ambedkar University, Agra, Uttar Pradesh, India

Email: vermaroshni011@gmail.com

**Parveen Kumar**

Assistant Professor

Gyan Mahavidyalaya, Aligarh, Raja Mahendra Pratap Singh State University, Aligarh, Uttar Pradesh, India

Email: parveenku04@gmail.com

### **Abstract**

Indian Oil Corporation Limited, as a major public sector undertaking and a leading energy provider in India, plays a pivotal role in implementing CSR activities. Guided by the vision of sustainable and ethical operations, IOCL aligns its CSR practices with the provisions of the Companies Act, 2013. The company's contributions span environmental sustainability, community welfare, and technological innovation for social betterment. This study aims to examine the evolution and practice of Corporate Social Responsibility (CSR) in India, with a focused analysis of Indian Oil Corporation Limited (IOCL) over a six-year period from 2018 to 2023. The objectives are twofold: to understand the broader framework of CSR in the Indian context and to critically assess IOCL's CSR strategies, financial allocations, and utilization trends over the specified period. The research is based entirely on secondary data sourced from IOCL's annual reports and CSR disclosures. The study concludes that IOCL demonstrates a clear commitment to CSR in both vision and financial allocations, irregularities in fund deployment indicate room for improvement in planning and execution. These findings underscore the need for enhanced monitoring mechanisms to ensure timely and impactful use of CSR funds. As CSR continues to evolve into a cornerstone of corporate governance, efficient implementation is crucial to fulfilling both legislative mandates and social responsibilities.

**Keywords:** CSR, Social Performance, Financial Performance, Sustainability, Allocation

## Introduction

Corporate Social Responsibility (CSR) is the continuing commitment by business to behave ethically and contributing to nation's economic development while improving the quality of life of the personnel and their families and also of the local communities and society at large. Globally, the business scenario has been undergoing an unprecedented transformation leading to evolution of innovative strategies. Organisations are increasingly realizing that their operations have a large effect not only on stakeholders like employees, shareholders, suppliers, customers but also on members of public sphere, communities and environment. It is considered to be the moral responsibility for an organisation to take care of the environments and people whose lives are being impinged by its operations.

Every business enterprise should bear responsibility and accountability for the social and environmental impact it has in its surroundings. This is how the concept of Corporate Social Responsibility (CSR) has emerged, paving a way for businesses to return to the society from the profits it earns. Such initiatives on the part of a enterprise to improve livelihood of people and preserving environment at surroundings of its operations also go a long way in gaining approval from local communities. Engagement of local communities is crucial for long-term sustainability for any organisation. This also guarantees augmentation of triple bottom line of People-Planet-Profit, portraying the inclusive growth for an organisation. CSR is an approach assisting all organisations to become good corporate citizens by conserving the environment and improving lives of all stakeholders.

## Review of Literature

Study focused on assessing the *social impact* of CSR spending by major PSUs, highlighting the importance of evaluating actual outcomes rather than mere financial compliance. Using a **four-quadrant approach**, the study categorized PSUs based on levels of CSR spending and social impact, providing insights into the effectiveness of resource utilization. This research marks a shift from expenditure-focused evaluation to a more meaningful, outcome-based assessment of CSR in India's public sector (Anupam De, 2024). The study examines the level of CSR initiatives by Indian companies, particularly in the oil and gas sector, and their impact on financial and stock market performance. Using secondary data from CMIE's PROWESS database, it evaluates CSR performance based on company ratings, budget allocation, and focus areas like healthcare, education, environment, rural

development, and community welfare (A.K. Kaul, 2022). The study highlights that Corporate Social Responsibility (CSR) is increasingly being used by Oil & Gas CPSEs to support skill development, addressing youth unemployment and aligning with the Skill India Mission. It finds that companies prefer investing in education, vocational training, and women empowerment as part of their CSR, viewing it as a sustainable and mutually beneficial strategy (Behera, B. & Gaur, 2021). The study explores whether multinational companies (MNCs) in conflict zones can use Corporate Social Responsibility (CSR) to benefit both their businesses and the local communities. It focuses on the CSR efforts of Guwahati Refinery, a unit of Indian Oil Corporation Limited (IOCL), in North East India—a region marked by conflict. IOCL was chosen due to its long-standing industrial presence in the area. The findings indicate that well-planned CSR investments, guided by community needs, can contribute significantly to both business success and local development in such regions (Kalita, K., & Bhattacharjee, B. J., 2019). The concept of CSR has been widely used and applied by both researchers and corporate managers starting from the seminal four-part definition developed by Carroll (1979, 2016). Companies in developed countries are mostly influenced by shareholders, regulators, investors and environmental activists in terms of sustainability disclosure (Jamali and Karam, 2016). From the aspect of human rights, firms in developing countries tend to have negative attitudes toward establishing corporate codes of conduct as a management instrument to promote basic rights, especially when legal standards are not sufficient (Hahn, 2011). Green innovation is one of these new paradigms, which recognizes that innovative ideas can lessen the influence of a company's activities on the environment (Chen, 2008).

## **Objectives of the Study**

- To examine the corporate social responsibility in India.
- To analyse the corporate social responsibility practices in Indian Oil Corporation Limited over a period of six years.

## **Research Methodology**

- **Scope of the study:** The current study solely examined the current state with corporate social responsibility and focused on one firm, Indian Oil Corporation Limited in India and analysing IOCL's corporate social responsibility practices.
- **Sample of company:** Indian Oil Corporation limit considered as the sample for the study. The sample was selected using the convenience sampling method.

- **Source of Data:** The present study mainly relies on secondary data, which was collected from Indian oil corporation limited annual reports CSR reports.
- **Period of the study:** The data consist of Indian Oil Corporation limited six consecutive years 2018 to 2023 annual financial Statements.
- **Tools used for analysis:** the study used the tables for data analysing.

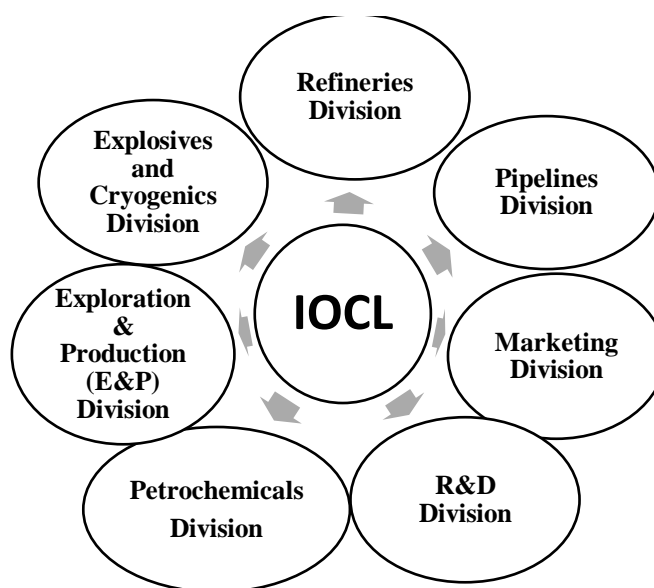
## **Background of Indian Oil Corporation Limited**

The theme of “*Pahle India Phir Oil*” is truly depicted through Indian Oil Corporate Social Responsibility (CSR). Indian Oil Corporation Limited (IOCL or IOC), trading as Indian Oil, is an Indian multinational oil and gas company under the ownership of the Government of India and administrative control of the Ministry of Petroleum and Natural Gas. It is a public sector undertaking which is registered in Mumbai but headquartered in New Delhi. It is the largest government-owned oil producer] in the country both in terms of capacity and revenue. It has consolidated refining capacity of 80.55MMTPA.

In May 2018, IOCL became India's most profitable government corporation for the second consecutive year, with a record profit of Rs. 21,346 crores in 2017–18. In February 2020, the company signed a deal with the Russian oil company Rosneft to buy 140,000 barrels per day of crude in year 2020. By 1 April 2020, Indian Oil was in absolute readiness to launch BS-VI (Bharat Stage VI) fuels in all its retail outlets in Telangana and adopt world-class emission norms. In January 2021, sales were registered at an all-time high of 410,000 barrels of oil per day till 26 January 2021. Delek, Qatar Energy, and Saudi Aramco are its largest business partners, with Abu Dhabi National Oil Company and National Iranian Oil Company signing deals to deliver high production output by the end of 2020. In March 2022, Apollo Hospitals replaced Indian Oil Corporation in Nifty 50 benchmark index.

## **Operations**

Business divisions, there are seven major business divisions in the organisation:



Source: Author Composition

## Products and services

Indian Oil accounts for nearly half of India's petroleum products market share, 35% national refining capacity (together with its subsidiary Chennai Petroleum Corporation Ltd. or CPCL), and 71% downstream sector pipelines through capacity. The Indian Oil Group owns and operates 11 of India's 23 refineries with a combined refining capacity of 80.7 million tonnes per year. Indian Oil's cross-country pipeline network, for the transport of crude oil to refineries and finished products to high-demand centres, spans over 13,000 km. The company has a throughput capacity of 80.49 million tonnes per year for crude oil and petroleum products and 9.5 million cubic metres per day at standard conditions for gas. On 19 November 2017, IOCL, in collaboration with Ola, launched India's first electric charging station at one of its petrol-diesel stations in Nagpur. Indian governments' National Electric Mobility Mission Plan launched in 2013 aims at gradually ensuring a vehicle population of 6 to 8 million electric and hybrid vehicles in India by 2020.

Servo is the lubricants brand under which IOCL operates its lubricant business. Servo is the largest selling lubricant brand in both automotive and industrial segments.

It is said that deals with Royal Dutch Shell and Chevron Corporation have been signed for exclusive business plans for supply in Asia with the Indian Oil Company, which are worth 20 billion dollars per year.

## Indian Oil's Sustainability & CSR Policy

### Vision

Indian Oil's Sustainability & Corporate Social Responsibility (S&CSR) vision is to operate its activities in providing energy solutions to its customers in a manner that is efficient, safe & ethical, which optimizes the impact on environment and enhances quality of life of the community, while ensuring sustainable growth of business and the nation.

### Mission

In line with the above vision, Indian Oil's S&CSR mission is to:

- Meet stakeholders' aspirations for value creation and grow along with the society.
- Optimize resources and mitigate environmental impacts by incorporating environmental and social considerations in business decisions.
- Earn stakeholders' goodwill and build a reputation as a responsible corporate citizen.
- Conduct business with ethics and transparency & follow responsible business practices.
- Adopt & harness technological/social innovations for sustainability & achieving Sustainable Development Goals.

### Scope

Indian Oil's S&CSR Policy will be operative within the overall ambit of CSR Provisions of the Companies Act 2013, Companies (CSR Policy) Rules 2014, Schedule-VII to the Act DPE's guidelines on CSR & Sustainability and clarifications/amendments thereof from time to time.

## Data Analysis and Interpretation

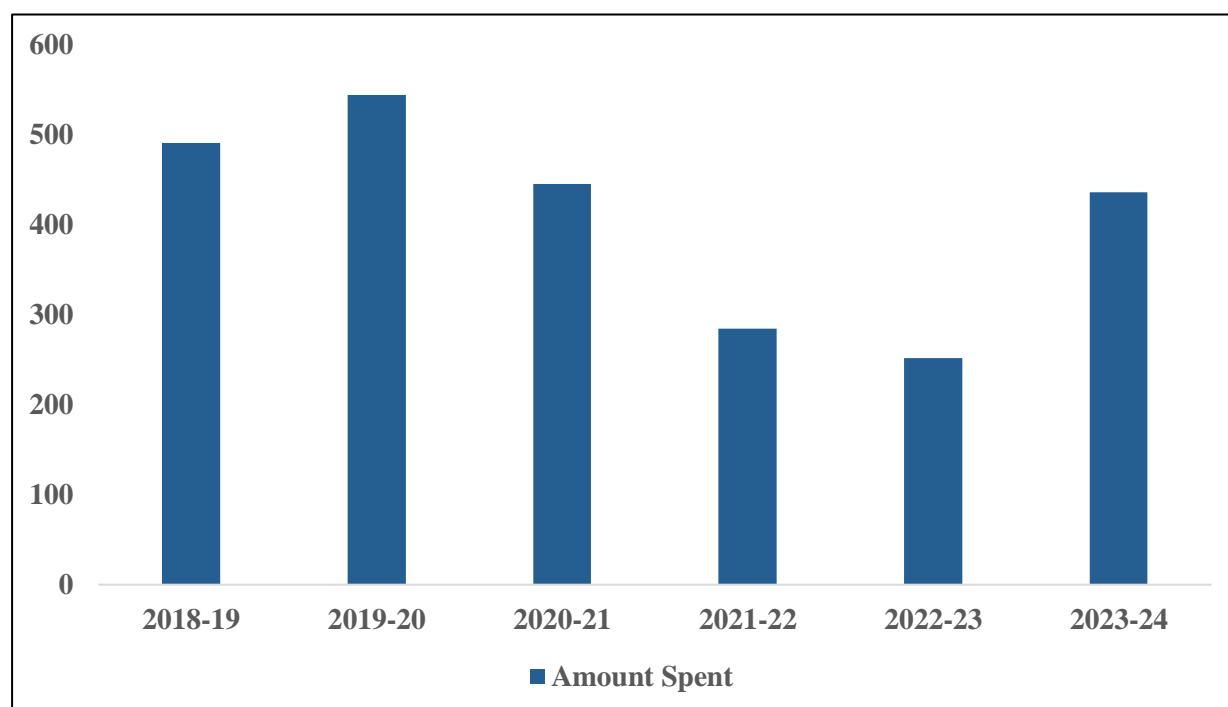
**Table-1: Average Net Profit and Amount Spent CSR by IOCL during  
(2018-19 to 2023-24) (Rs. In crore)**

S.No.	Particular	F.Y. 2018-19	F.Y. 2019-20	F.Y. 2020-21	F.Y. 2021-22	F.Y. 2022-23	F.Y. 2023-24	TOTAL
1	Three Year Average Net Profit	24,529.81	27,168.78	17,100	16,157.05	17,553.43	21,444.78	1,23,953.85
2	Mandatory Allocation 2%	490.6	543.38	342	323.14	351.07	428.9	2479.09

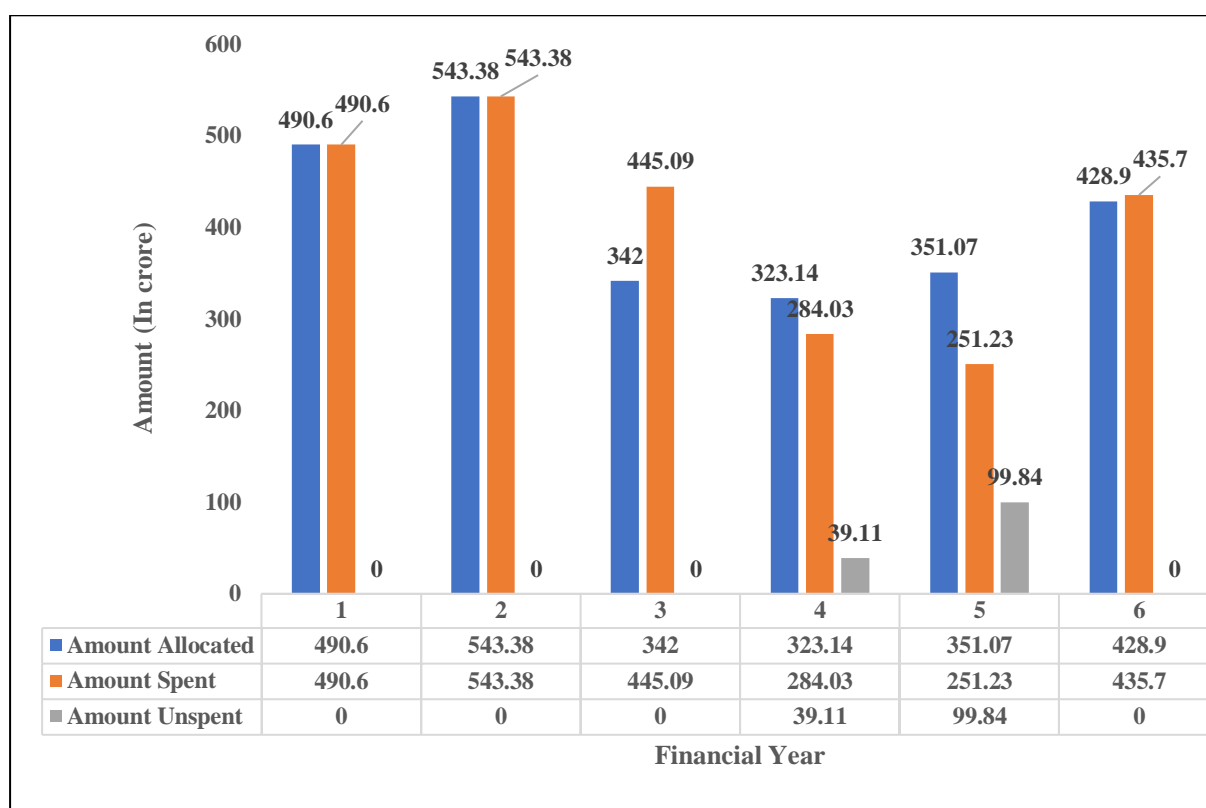
3	Amount Allocated	490.6	543.38	342	323.14	351.07	428.9	2479.09
4	Amount Spent	490.6	543.38	445.09	284.03	251.23	435.7	2450.03
5	Amount Unspent	Nil	Nil	Nil	39.11	99.84	Nil	138.95
6	Utilization Rate	10000%	10000%	13014%	8790%	7156%	10159%	9883%
7	Utilization	Equal	Equal	Excess	Less	Less	Excess	Less

Source: Annual Report of IOCL (2018-19 To 2023-24)

Fig 1: CSR Amount Spent by IOCL (in crores)



Source: Author Composition

**Fig 2: CSR Allocated and Spent Along with Amount Unspent During (2018-19-2023-24)**

Source: Author Compostion

## Findings

The data reflects a six-year overview of financial allocations and expenditures linked to the mandatory 2% Corporate Social Responsibility (CSR) rule under Section 135 of the Companies Act. The **three-year average net profit** shows fluctuations, peaking at Rs. 27,168.78 crore in FY 2019–20 and dipping to Rs. 16,157.05 crore in FY 2021–22, before recovering to Rs. 21,444.78 crore in FY 2023–24. Consequently, the **mandatory 2% CSR allocation**, calculated on these profits, also varied accordingly—from Rs. 490.6 crore in FY 2018–19 to Rs. 428.9 crore in FY 2023–24. Notably, the amount **allocated** each year matches exactly with the mandatory requirement, indicating compliance in allocation.

However, deviations emerge in **actual spending** trends. In the initial two years (FY 2018–19 and 2019–20), the **amount spent** perfectly aligns with the amount allocated, reflecting full compliance. In FY 2020–21, the expenditure exceeded the allocated amount (Rs. 445.09 crore spent vs Rs. 342 crore allocated), indicating overutilization. In contrast, FY 2021–22 and FY 2022–23 saw **underutilization**, with actual spending falling short by Rs. 39.11 crore



and Rs. 99.84 crore respectively, leaving **unspent balances** for the first time in the observed period. By FY 2023–24, the trend reversed with a slight **overspending** of Rs. 6.8 crore over the allocation, suggesting corrective action.

The **utilization rate**, though unusually expressed as percentages in thousands (likely due to formatting error or scaling), still helps infer trends. Years with exact or excess utilization show high values, while underutilized years (FY 2021–22 and 2022–23) reflect relatively lower utilization. The overall **cumulative unspent amount** across six years totals Rs. 138.95 crore, indicating some lapses in full fund deployment, though not consistently.

In summary, the organization has consistently met its mandatory CSR allocation but has demonstrated **variability in fund utilization**, with **excess spending** in some years and **shortfalls in others**. This inconsistency signals a need for better planning and monitoring mechanisms to ensure stable and impactful CSR implementation across fiscal cycles.

## **Conclusion**

Every business enterprise should bear responsibility and accountability for the social and environmental impact it has in its surroundings. This is how the concept of Corporate Social Responsibility (CSR) has emerged, paving a way for businesses to return to the society from the profits it earns. Such initiatives on the part of an enterprise to improve livelihood of people and preserving environment at surroundings of its operations also go a long way in gaining approval from local communities. The findings of the study reveal that IOCL has maintained consistent compliance in allocating the mandated 2% of its average net profits for CSR, the actual spending has varied across the years. In certain fiscal years, such as 2020–21 and 2023–24, IOCL exceeded its CSR spending requirements, reflecting proactive engagement in social initiatives. However, the underutilization in FY 2021–22 and 2022–23, with noticeable unspent amounts, signals challenges in timely and effective fund deployment. These variations highlight the dynamic nature of CSR execution and the influence of internal and external factors on CSR spending trends.

Overall, the study concludes that Indian Oil Corporation Limited has demonstrated a strong commitment to CSR both in vision and practice, as evident from its policy framework and allocation consistency. However, the fluctuating utilization rates point to the need for more robust planning, implementation, and monitoring systems to ensure that CSR resources are not

only allocated but also optimally utilized for maximum community impact. This becomes even more essential as CSR continues to evolve into a strategic component of corporate governance and sustainability in India.

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