Corporate Social Responsibility Practices by Minerals and Metals Trading Corporation (MMTC) Ltd

Author’s Details:

(1) Dr. Mohd Taqi-Post Doctoral Fellow (UGC), Department of Commerce, Aligarh Muslim University, Aligarh, India
(2) Dr. Mohd Ajmal-Post Doctoral Fellow (ICSSR), Department of Commerce, Aligarh Muslim University, Aligarh, India

Abstract:
Corporate social responsibility (CSR) is the responsibility recognized by the companies for acting in a socially responsible manner integrated into a business model. CSR is the commitment of the business organization for the equitable growth and sustainable development of the society. It is a management concept whereby companies integrate social and environmental concerns in their business operations and interactions with their stakeholders. CSR is generally understood as being the way through which a company achieves a balance of economic, environmental and social imperatives. In India, Public Sector Enterprises (PSE’s) play a significant role in the economic and social growth and development. They are regularly concerned about the economic and social development, employment generation, poverty eradication as well as community welfare at large. CSR practices become mandatory by every company after the implementation of Indian Companies Act, 2013 (Chapter, VI, Sec. 135). There are numbers of Indian Public Sector companies regularly works towards the economic growth of the country as well as social development. MMTC Ltd. is one of the largest public sector trading company of India which deals in trading of minerals, metals, iron ore, agro products, jems and jewellery items around the globe. The company also concern about the CSR practices as its core focus on major areas as prescribed by the Government of India. The present study is an attempt to discuss and evaluate the corporate social responsibility practices by Minerals and Metals Trading Corporation (MMTC) of India Ltd in the light of Government’s CSR policy. The study highlights the areas where the company has completed projects under CSR activities and its impact on the company’s performance during the last ten years. The study also focuses on funds allocation and their effective utilization under CSR practices by the company.

Keywords: corporate social responsibility, MMTC, public sector, society, funds allocated, funds utilized.

Introduction

The responsibility of the corporation towards the society became more significant with the growth of corporations during the industrial revolution. However, there were some early forms of CSR, that some corporations took responsibility toward their workers by providing welfare funds, education for the children of its employees and other various social actions. The present time is swarming with discussions about the role of Corporate Social Responsibility (CSR) and its vision to confluence the corporate and social space. CSR in Indian context becomes more significant after the introduction of Section 135 of the Companies Act, 2013. The practice of CSR is particularly not very new for the Indian companies as they have been practicing both morally and statutorily since a long time under the different Acts and guidelines issued the Government of India time to time (Indian Companies Act, 2013, Schedule VI, Section 135).

The companies are facing increased pressure for transparency and accountability, being placed on them by their employees, customers, shareholders, media and civil society. Business does not operate in isolation, and there is today, an increased realization that not only can companies affect society at large, but they are also in a unique position to influence society and make a positive impact.

Public sector enterprises play a significant role in the development of the nation socially, technologically and economically. Indian public sector enterprises are continuously concerned towards the business practices ethically and morally since their inception. There are numbers of public sector companies engaged in different areas of business at national as well as international level. MMTC is one of the largest international trading companies in India. It plays a crucial role in channelizing the trade of minerals, metals, urea, iron ore, gems, and
jewellery domestically and globally. The primary aim of the corporation is to improve its position by achieving sustainable and viable growth rate through excellence in all its activities generating optimum profit through the total satisfaction of shareholders, customers, suppliers, employees and society (MMTC, n.d.).

The present research is an effort to discuss and evaluate the CSR policies and practices by MMTC Ltd. The study also looks into the thrust areas covered under the CSR practices made by MMTC Ltd along with budgetary allocation and its utilization. It is an attempt to collate the initiatives under the mandatory rules of CSR and try to gauge if the efforts are heading in the right direction. It gives a glimpse into the CSR policies of MMTC and tries to draw significant inferences out of these findings.

The study is divided into four parts. First section deals with the introductory background of the research topic. The concept of CSR and its current status in India is being described in the second part. The third section gives the CSR policies and practices of MMTC Ltd. The fourth section is related to the CSR budgetary allocation and ongoing projects under CSR policy and their critical evaluation.

Corporate Social Responsibility (CSR): The Concept

The concept of Corporate Social Responsibility (CSR) goes beyond charity and requires the company to act beyond its legal obligations and to integrate social, environmental and ethical concerns into the company’s business. Its key components include corporate governance, business ethics, workplace and labour relations, affirmative action, supply chain, customers, environment and community. Today, business has emerged as one of the most powerful institutions. Globalization makes the world smaller, and business is expanding their operations and crossing geographical boundaries. As the business has grown day to day, the companies also concern towards the technologically, environmentally and socially. There are different views given by scholars, societies, and organisations for CSR which are given below to clarify the concept of CSR in details:

“CSR is the continuing commitment by business ethically and contribute to economic development while empowering the quality of life of the workforce and their families as well as of the local community and society at large.”

‘World Business Council for Sustainable Development’

A widely accepted approach to CSR viz the triple bottom line approach emphasizes “a company’s commitment to operating in an economically, socially and environmentally sustainable manner. The emerging concept of CSR advocates moving away from a ‘shareholder alone’ focus to a ‘multi-stakeholder’ focus. This would include investors, employees, business partners, customers, regulators, supply chain, local communities, the environment and society at large” (IISD, 2011).

According to Carroll (1991), “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 the contribution of money time and talent”.

Legal Responsibilities refer to the businesses that should not only operate for the profit motive, but they are also expected to abide by the laws and regulations promulgated by state, local and federal governments. Ethical responsibilities encompass those norms, standards, and expectation that employees, consumers, shareholders and the community regard as fair. Philanthropic responsibilities focus on improving the quality of life of employees, communities, and society. It is fulfilling the charitable expectation of the society, while Economic responsibilities concern the responsibility of business of produce goods and services needed by society, and selling them to make an acceptable profit (Carroll, 1991).

Corporate Social Responsibility: The Indian Perspective

India has the world’s richest tradition of CSR as its concept dates back to ancient history. The CSR activities engagement concentrates mainly on a few old families owned companies and corporate giants such as Tata,
Birla, and Godrej, etc. which have led the way in making corporate social responsibility an intrinsic part of their business plans. These corporate giants have been deeply involved with social development initiatives in the communities surrounding their facilities.

India is currently amongst the fastest growing countries in the world. The globalization and liberalization of the Indian economy have helped in stepping up growth rates. Integration of the Indian economy with the global economy has also resulted in Indian businesses opening up to international competition and thereby increasing their operations. CSR has come a long way in the last couple of decades from being on the periphery of business strategy in the 1980’s to present an essential value generating a strategy for all forward looking businesses. It is one of the newest management strategies where companies try to create a positive impact on society and the environment while doing business. The Indian Companies Act 2013 has already made provisions for mandatory CSR spending by companies, as a specific percentage of net profit. As per Schedule VI, Section 135 of the Act, every company having net worth of Rs 500 crore or more or turnover of Rs 1,000 crore or more or a net profit of Rs 5 crore or more during any financial year will have to spend, in every financial year regularly, at least 2 per cent of the average net profits of the company made during the three immediately preceding years (Taqi, et al, 2017).

Moreover, the companies identified for mandatory CSR spending to constitute a CSR Committee of the Board include three or more directors along with at least one independent director. This CSR Committee formulates the CSR policy and recommends to the Board for undertaking activities by the company. It also earmarks the amount of expenditure to be incurred on CSR activities and also monitors the CSR policy of the company and its implementation regularly [Indian Companies Act, 2013 (Sec. 135)].

Minerals and Metals Trading Corporation (MMTC) Ltd: An Overview

Minerals and Metals Trading Corporation (MMTC) was established in 1963. It is a leading international trading company of India and the first Public Sector Enterprise to be accorded the status of ‘Five Star Export House’ by the Government of India for long standing contribution to exports. MMTC continues as the canalized agency for export of Iron ore, Manganese ore & Chrome ore and import of urea, gold, and silver. Its vast international trade network including a subsidiary in Singapore covers almost all countries in Asia, Europe, Africa, America, etc. giving MMTC global market coverage. As the largest trading company of India and a major trading company of Asia, MMTC aims at improving its position further by achieving sustainable and viable growth rate through excellence in all its activities, generating optimum profits through the total satisfaction of shareholders, customers, suppliers, employees and society (MMTC, n.d.).

Contribution to society remains the prime thrust of the CSR policy of MMTC Limited. The policy has been carefully designed to create future value for the company’s stakeholders, particularly the communities in which it operates. MMTC channels its resources primarily into three core areas addressing infrastructural needs, environmental concerns, relief and restoration activities in times of natural calamities. MMTC has been actively contributing to the social and economic development of the communities in which it operates and undertakes CSR initiatives with the following objectives:

- To be a good Corporate Citizen.
- To make CSR a key business process for sustainable development;
- To initiate voluntary measures to address economic, social and environmental concerns of stakeholders;
- To exhibit sensitivity towards environmental responsibilities and conduct our activities accordingly;
- To develop meaningful and effective strategies for engaging with all stakeholders;
- To identify and develop socio-economic opportunities that lead to sustainable prosperity in the communities and countries in which we operate;
• To sensitize the human resource of MMTC towards social and environmental needs (CSR Report, MMTC, 2015-16 & 16-17)

Focus Areas and Initiatives under the CSR Policy of MMTC Ltd

MMTC undertakes activities to contribute to socio economic, environmental and cultural up-liftment and welfare in the areas preferably near MMTC operations and backward areas. The areas of intervention are as under:

• Infrastructure development especially for education, sanitation, and drinking water
• Promotion of education including employment/ livelihood enhancing vocational skills among children, women, elderly, and the differently abled.
• Primary health care, eradication of hunger and malnutrition.
• Promoting gender equality, empowerment of women.
• Contribution to the Prime Minister's National Relief Fund
• Promote afforestation especially in mining areas and conservation of natural resources
• Water, waste and energy management projects
• Availability of Healthcare facilities in remote areas
• Skill Development to ensure self employment or employability of candidate for livelihood generation;
• Clean water, basic toilets and good hygiene for the survival and development of all especially children and other initiatives under Swachh Bharat Abhiyan;
• Conservation of Environment and Natural Resources (MMTC CSR Report, 2016-17 & 17-18).

CSR Practices by MMTC Ltd

MMTC is one of the largest trading companies in India, under the Ministry of Commerce, Government of India. MMTC’s tagline, ‘Touching Lives, Adding Value’ aptly summarizes its Corporate Social Responsibility Policy. As a socially aware corporate citizen, MMTC’s responsibilities extend beyond its objective on financial performance towards social inclusive growth and performance. MMTC has been playing a committed role as a constructive partner in the communities where it operates, to make a positive impact on the environment, stakeholders and the society at large. The CSR initiatives of the company have always been in line with the UN Millennium Development and Sustainable Development Goals. MMTC adopted CSR as a policy initiative long ago in Sept. 2006 and allocated 1 percent of the retainable profit of previous year for undertaking CSR activities in 2010. All CSR projects undertaken hitherto were on the basis of Need Assessment/Baseline survey conducted by independent agencies, and they were implemented in association with specialized agencies in the respective areas of work. After completion, the projects underwent a ‘Social Audit’ by an independent agency for measuring the impact assessment of the activity undertaken. Since 2010, the CSR Policy of the Company was aligned with the CSR/Sustainability guidelines issued by Department of Public Enterprises (DPE), Government of India from time to time. However, with effect from April 1, 2014, MMTC has adopted Section 135 of the Companies Act 2013. Under the Companies Act 2013, all profitable companies with a sizeable business would have to spend every year at least 2 percent of three year average profit on CSR (MMTC, CSR Report, n.d.).

Statement of Problem

Corporate Social Responsibility becomes an area of high concern after the introduction of Schedule VI section 135 of Indian Companies Act 2013. The history of CSR in India goes back to a long time ago when there were business families, who were concerned about the welfare of employees, their families, donation, charity, and
other social welfare activities. The CSR practices now mandatory for every company operating in India. There is a number of studies conducted on CSR policies and practices. The prescribed limit of CSR funds has not been fully utilized by most of the companies. The companies are paying attention to different areas of Indian society which are not so developed, but they are not doing any work in remote and tribal areas where the CSR activities are more required for social and economic development. MMTC Ltd is a minerals and metals trading company, and it is highly concerned to the growth and development of remote and tribal areas by providing them basic facilities and trying to eradicate social backwardness of these areas.

**Review of Literature**

Dubey, P.K. (2017), studied CSR practices of Bharat Heavy Electricals Limited (BHEL). He explains CSR as conducting business in an ethical way and in the interests of the wider community. Further, he points out the thrust area of BHEL as Green India, Inclusive India, Healthy India, Clean India, Educate India and Responsible India. The study is based on the analysis and interpretation of data related to net profit, CSR funds allocated, CSR funds utilized and CSR funds remains unutilized by the company. The study revealed that BHEL had given its priority Educate India but unable to spend the amount allocated for CSR in different areas. Dubey, P.K. (2017) in his study compare the corporate social responsibility practices in the top ten Indian companies by taking two year data after the implementation of Indian Companies Act, 2013. The study concluded that NTPC is performing well among all the companies in two years.

Taqi et al., (2017), discussed and analyzed the corporate social responsibility practices in Maharashtra Public Sector Enterprises. The study was conducted by taking net profit, net worth, funds allocated, funds utilized, funds utilized as a percentage to net profit as variables for the research. The results indicated that the Maharashtra companies are working satisfactorily in CSR activities.

Rath (2016) studied the corporate social responsibility activities of public sector undertakings in India and their financial implications. The study points towards the minimum requirements as prescribed by the government of India. The study was done by taking four Maharatna and three Navratna companies and discusses their CSR practices in different areas of weaker section of the society along with their financial implications.

Kumar, B.P. (2012), in his study entitled ‘Emerging trends of Corporate Social Responsibility in India’ analyzed 30 companies of 11 sectors listed in the Bombay Stock Exchange with the help of their annual reports. Some of these sectors were Transport Equipment sector, Finance and Metal Mining sector, IT & Power, Capital goods, Telecom, Housing, FMCG, Oil & Gas. The paper considered the nature and areas of society in which the companies are investing. The study concluded that today companies are not working only to earn profit but also have realized the importance of being socially friendly.

Singh, S. (2010) in her study tried to examine the trend of Indian CSR policies in all its complexity and look forward in the potential impact and major concerns related to it. The study discussed various approaches, combined analysis of central documents and publications on CSR with analysis of articles related to CSR.

Tiwari, U. (2014) studied Corporate Social Responsibility (CSR) practices by NTPC, Singrauli (MP) India. The study concluded that the CSR activities of the NTPC are not properly. So the image of NTPC Vindhya Nagar is not satisfactory. Jitender Loura (2014) in his paper ‘Corporate Social Responsibility - A Case Study of Select PSU’s Role in Rural Development’ studied about the three PSUs AAI, SAIL and NTPC and concluded that education takes the top priority of the PSUs surveyed, followed by health and livelihood. CSR initiatives being implemented by the Indian PSUs for rural development have a positive impact on the overall development of society and their business.

Bhupender et al. (2012) in their research paper entitled ‘Issues and Challenges of Corporate Social Responsibility in India’ studied CSR status, challenges of CSR, and policies for CSR in India. The concept of CSR is now firmly rooted in the global business agenda. But in order to move from theory to concrete action,
many obstacles need to be overcome. Many positive outcomes can arise when businesses adopt a policy of social responsibility.

Carrol A, (1999) explained four characteristics of CSR: Economic, Legal, Ethical and Discretionary. Lantos (2001) argues that companies can involve themselves in social activities if they generate profit from its good work. Oketch (2005), defined CSR as a function that transcends but includes making profits, creating jobs and producing goods and services. Anupam Sharma, Ravi Kiran, (2013) in the age of the globalized world, the concept of CSR can’t be ignored by the corporate firms. By keeping in mind, the changing market scenario business firms have to change their work culture as per the market demand.

Research Gap

The available literature indicated that there are numbers of studies have been conducted on CSR policies and practices by companies nationally and internationally. Further, a number of studies have done on CSR policies and practices by Indian public and private companies, but available literature shows that there is no study available on CSR practices by any Indian public sector trading company especially minerals and metals sector. Hence, it is the major reason to discuss and analyze the CSR policies and practices by one of the major international trading company of India, i.e., Minerals and Metals Trading Corporation (MMTC) of India.

Objectives of the Study

- To discuss the concept of Corporate Social Responsibility in India.
- To study the CSR practices undertaken by MMTC Ltd.
- To check the CSR activities of MMTC followed as per the schedule VII of Indian Companies Act, 2013.
- To measure the impact of CSR practices on performance of MMTC Ltd.

Hypotheses of the Study

$H_{01}$: there is no significant relationship between net worth and funds utilized by MMTC Ltd

$H_{02}$: there is no significant impact of funds utilized on net profit by MMTC Ltd.

Research Methodology

A sample of the Study: The present study is conducted by taking the CSR policies and practices of Minerals and Metals Trading Corporation (MMTC) of India Ltd as a sample.

Nature and Sources of Data: The data used for the research is secondary in nature taken from the published annual reports and CSR reports of MMTC. Other relevant information has been extracted from the Journals, Newspapers, Magazines as well as internet sources.

Tenure of the Study: The present study was done by taking ten years data ranging from 2007-08 to 2016-17.

Variables Description: Net worth, net profit, CSR funds allocated, CSR funds utilized and percentage of funds utilized to net profit have considered as variables for the research purpose.

Tools used in the Study: In order to analyze data, correlation and regression analysis have been applied. Tabular and graphical presentation of variables has also been providing for a better understanding of CSR practices of MMTC.

Budget Allocation of CSR Projects by MMTC

MMTC highly involves CSR practices for the betterment of the society and the environment. The Board of Directors ensures that MMTC spends, in every financial year, at least two percent of the average net profits of the company made during the three immediately preceding financial years. CSR Budget of the company calculates in accordance with the provisions of section 198 of the Companies Act, 2013. If MMTC fails to
spend the earmarked amount, the Board specifies the reasons for not spending the said amount in its report and CSR Budget will not lapse. Unutilized funds transfer to a CSR Reserve which shall be utilized within 2 years maximum from the year in which such funds had to be carried forward (CSR Policy, MMTC, n.d.). The areas covered under the CSR policy of MMTC are as follows:

Table – 1 Areas Covered / CSR Plan

<table>
<thead>
<tr>
<th>S. No.</th>
<th>CSR Projects</th>
<th>Areas / Sector of Intervention</th>
<th>Geographical Areas</th>
<th>Amt to be allocated</th>
<th>Duration of the Project</th>
<th>Expected Outcome / Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Creation of sanitation and drinking water facilities in Govt. high schools, Odisha (under Swachh Bharat Mission)</td>
<td>Promoting preventive health care, improvement of hygiene and sanitation and safe drinking water facilities; promoting education</td>
<td>Joda / Barbil district in Odisha</td>
<td>30 lakhs</td>
<td>1 Years</td>
<td>Promotion of literacy, especially of the girl child; secure better attendance in schools</td>
</tr>
<tr>
<td>2.</td>
<td>Installation of hand-pumps in 5 Primary/ Secondary schools</td>
<td>Promoting preventive health care and making available safe drinking water</td>
<td>Phoolpur, Phaphamau, Soran in Allahabad, Uttar Pradesh</td>
<td>2 Lakhs</td>
<td>1 Year</td>
<td>Availability of safe drinking water in rural schools</td>
</tr>
<tr>
<td>3.</td>
<td>Installation of 3 handpumps</td>
<td>Promoting preventive health care and making available safe drinking water</td>
<td>District Ghosi in Uttar Pradesh</td>
<td>1 Lakhs</td>
<td>1 Year</td>
<td>Availability of safe drinking water in backward rural areas</td>
</tr>
</tbody>
</table>

Source: Annual Report of Minerals and Metals Trading Corporation (MMTC) Ltd

Table 1 shows the projects of MMTC under CSR practices covering different backward rural areas of the country. The company focuses on specific problems of the society and covers the major areas where the basic facilities are required in order to uplift the social backwardness in Odisha and Uttar Pradesh. The major areas under CSR projects are the creation of sanitation and drinking water facilities, installation of hand pumps in backward areas of different parts of the country. The company spends Rs. 30 Lakhs on sanitation and drinking water facilities, promotion of literacy in Odisha. It also spends Rs. 3 Lakhs for the availability of safe drinking water in backward rural areas Uttar Pradesh. The company provides preventive healthcare facilities and making the availability of safe drinking water, promoting education and improvement in hygiene and sanitation in backward areas of the country.

Areas Covered / Projects / Thrust Areas under CSR Policy by MMTC Ltd.

Table – 2 CSR Practices of MMTC Ltd

(Rs. in millions)

<table>
<thead>
<tr>
<th>Year</th>
<th>Net Worth</th>
<th>Net Profit</th>
<th>CSR Funds Allocated</th>
<th>CSR Funds Utilized</th>
<th>CSR Funds utilized as % of net profit</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007-08</td>
<td>10278</td>
<td>2005</td>
<td>6.7</td>
<td>6.7</td>
<td>0.334</td>
</tr>
<tr>
<td>2008-09</td>
<td>11174</td>
<td>1402</td>
<td>5</td>
<td>5</td>
<td>0.36</td>
</tr>
<tr>
<td>2009-10</td>
<td>12871</td>
<td>2163</td>
<td>3.6</td>
<td>2.4</td>
<td>0.11</td>
</tr>
<tr>
<td>2010-11</td>
<td>13797</td>
<td>1216</td>
<td>36.15</td>
<td>36.15</td>
<td>2.97</td>
</tr>
<tr>
<td>2011-12</td>
<td>14213</td>
<td>707</td>
<td>7.5</td>
<td>6.6</td>
<td>0.65</td>
</tr>
<tr>
<td>2012-13</td>
<td>13407</td>
<td>(706)</td>
<td>2.28</td>
<td>2.28</td>
<td>(0.323)</td>
</tr>
<tr>
<td>2013-14</td>
<td>13418</td>
<td>186</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>2014-15</td>
<td>13592</td>
<td>480</td>
<td>4.5</td>
<td>4.5</td>
<td>0.925</td>
</tr>
<tr>
<td>2015-16</td>
<td>13779</td>
<td>549</td>
<td>4.9</td>
<td>4.9</td>
<td>0.89</td>
</tr>
<tr>
<td>2016-17</td>
<td>14341</td>
<td>570</td>
<td>8.14</td>
<td>8.14</td>
<td>1.428</td>
</tr>
</tbody>
</table>
Table 2 shows the net worth, net profit, funds allocated, CSR funds utilized and CSR funds utilized as a percentage of net profit of MMTC from 2007-08 to 2016-17. The net worth of the company was Rs. 10278 crore in 2007-08 which inclined over the years till 2011-12, i.e., 14213 crores. Further, it shows a constant growth in the later part of the study and finally stood on Rs. 14341 crore in 2016-17. The shareholder’s fund of the company remains satisfactory during the study period. The profitability of the company is the area of concern where it is not performed satisfactorily in the later part of the study. The company earns only Rs. 2005 crore in 2007-08 which declined over the years and finally stood at Rs. 570 crore in 2016-17 which points towards the poor earning performance of the company.

**Figure – 2 Net Worth of MMTC Ltd.**

Source: Annual Report of Minerals and Metals Trading Corporation (MMTC) Ltd

Figure 2 shows the net worth of MMTC Ltd from 2007-08 to 2016-17. The net worth is satisfactory, but it shows a fluctuating trend during the study period. In the initial years it was only Rs. 10278 crore and in the year 2011-12 it reached the maximum of Rs. 14213 crore after that in the later period it decreases and then shows an increasing trend.

**Figure – 3 Net Profit of MMTC Ltd.**

Source: Annual Report of Minerals and Metals Trading Corporation (MMTC) Ltd

Figure 3 shows the net profit of MMTC from 2007-08 to 2016-17 which shows the fluctuating trend during the entire study period. In 2007-08, it was Rs. 2005 crore only then in the year 2009-10 it was maximum Rs. 2163 crore after that it shows the downward trend, and in the year 2012-13, it has a net loss of Rs. 706 crore, after that in the later year its net profit shows an increasing trend.

**Results and Discussion**

This study is basically intended for discussion and evaluation of CSR practices by MMTC Ltd. The company focused on major areas as per CSR guidelines, the government of India. It’s CSR practices fulfill the basic requirements of the backward rural areas of the country. The company is regularly concern about providing safe drinking water, hygiene, sanitation; promote education and preventive healthcare facilities to the rural areas of Uttar Pradesh and Odisha. In order to measure the impact of CSR practices on performance of MMTC Ltd, different financial variables have taken for the analysis purpose which has been given in the following tables with the help of testing of hypothesis.
H₀₁: there is no significant relationship between net worth and funds utilized by MMTC Ltd

Table – 3 Descriptive Statistics

<table>
<thead>
<tr>
<th></th>
<th>Mean</th>
<th>Std. Deviation</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>FU</td>
<td>7.4670</td>
<td>10.33758</td>
<td>10</td>
</tr>
<tr>
<td>NP</td>
<td>998.4000</td>
<td>672.01276</td>
<td>10</td>
</tr>
</tbody>
</table>

Source: Annual Reports of MMTC Ltd. from 2007-08 to 2016-17

The above table shows the statistical description of funds utilized and a net profit of MMTC Ltd from 2007-08 to 2016-17. The company utilized Rs. 7.4 million on CSR activities as prescribed by the government averagely during the last ten years. The company earned Rs. 998.4 million averagely as net profit during the last ten years. It shows that the company has utilized very low amount on CSR practices as compared to its net profit.

Table – 4 Correlations

<table>
<thead>
<tr>
<th></th>
<th>FU</th>
<th>NP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Correlation</td>
<td>1.000</td>
<td>.150</td>
</tr>
<tr>
<td></td>
<td>.150</td>
<td>1.000</td>
</tr>
<tr>
<td>Sig. (1-tailed)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>.</td>
<td>.339</td>
</tr>
<tr>
<td></td>
<td>.339</td>
<td>.</td>
</tr>
<tr>
<td>N</td>
<td>10</td>
<td>10</td>
</tr>
</tbody>
</table>

Source: Annual Reports of MMTC Ltd. from 2007-08 to 2016-17

Table 4 presents the relationship of funds utilized and a net profit of MMTC Ltd. during the last ten years. It has been clearly evident that there is a low correlation between these two variables as the value is 0.150 which points towards that there is no significant relationship between funds utilized and a net profit of MMTC Ltd. Further, the significant value of correlation between these two variables is 0.339 which is more than 0.05. It points towards to that there is no significant association between funds utilized and a net profit of MMTC Ltd. Therefore, the null hypothesis has been accepted.

The company spends money on CSR policy as prescribed by the Government of India. In order to measure the impact of CSR funds utilization in different backward areas of the company, the following hypothesis has been tested with the help of regression model:

The sample of one firm of a trading sector of India was taken; Simple Linear Regression (SLR) as a statistical technique was used for this research study. The identified technique was used to examine the impact of the studied independent variable on the dependent variable, i.e., the profitability of the firm. For the examination and analysis of the data Statistical Package for the Social Sciences (SPSS) was used. Following are the interpretation of results:

H₀₂: there is no significant impact of funds utilized on net profit by MMTC Ltd.

Table – 5 Model Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. The error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.150ᵃ</td>
<td>.023</td>
<td>-.100</td>
<td>10.84018</td>
</tr>
</tbody>
</table>

ᵃ Predictors: (Constant), NP

Source: Annual Reports of MMTC Ltd. from 2007-08 to 2016-17

The model summary table explains the amount of variability in the dependent variable explained by the independent variable. The value of r-square is 0.023 that means approximately 2.3 percent of the variability of the dependent variable ‘Profitability’ is explained by the independent variable ‘funds utilized’ and remaining of the variance is unexplained.

Table – 6 Coefficientsᵃ
<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
<td>5.159</td>
<td>6.369</td>
<td>.810</td>
<td>.441</td>
</tr>
<tr>
<td>NP</td>
<td>.002</td>
<td>.005</td>
<td>.150</td>
<td>.430</td>
</tr>
</tbody>
</table>

Source: Annual Reports of MMTC Ltd. from 2007-08 to 2016-17  

**a. Dependent Variable: FU**  

Above table is concerned with the parameters of the regression model. Coefficients’ table shows the significance of individual independent variable in explaining the dependent variable. The un-standardized coefficient (B) value shows the magnitude and relationship between the dependent variable ‘net profit’ and independent variable ‘funds utilized.’ If that value is positive, that means there is a positive relationship existed between predictor and dependent variable. If that value is negative, which is in our case, this means there is a negative relationship exist between predictor and dependent variable. It is observed that the value of the beta coefficient is .150 which signifies that for every unit change in funds utilized, there is a 0.150 unit’s change in profit after tax. On the other hand, the intercept is 0.002 which shows that if the value of total revenue is zero, then the value of profit after tax would be affected by 0.002 units which are very low. It points towards that there are other factors affects the net profit of MMTC. The significant value is 0.679 which is more than the critical value, i.e., 0.05. It leads to the acceptance of the null hypothesis and concluded that there is no significant impact of funds utilized on the net profit of MMTC Ltd from 2007-08 to 2016-17.

**Concluding Remarks**

The present study is a concern with the CSR practices undertaken by one of the largest public sector trading company of India, i.e., MMTC Ltd. The study reveals that the company is continuing concern in CSR practices in different areas of the country. There are numbers of projects have completed or going on under CSR policy which shows the CSR commitment of the company. Further, the company is working projects in remote, tribal and weaker section of the society in order to uplift the social backwardness of the society. The results of the study reveal that there is no significant impact of CSR funds utilization on the profitability of the company during the last ten years. The company is not performing well in earning a profit, but the activities of the company in CSR projects are focusing on a weaker section of the society. There are some of the major areas of CSR policy where the company concern about the social upliftment. CSR activities of MMTC Ltd are categorized in four major areas as Health, Education, Community development and Environment. It is found that all the companies giving importance to implement many activities in the area of environment and the least preference is given to the areas concerning community development. It is suggested that companies can implement more activities in the area of community development where they can help in improving the locality in which they operate.

**Suggestions of the Study**

- From the above analysis, it is suggested that if the amount of funds allocated to CSR activities of MMTC Ltd is found to remain unutilized, the amounts should be carried forward for the next years to make productive utilization in CSR activities only.
- MMTC Ltd needs to choose best projects to implement CSR activities and priorities should be given to support the backward districts and simple spending for the sake of utilization of funds allocated for CSR activities should not be done.
- Some kind of financial incentives should be given to MMTC Ltd so that they can feel motivated and undertake more and more CSR activities.
- MMTC Ltd should be given some kind of recognition such as an award to accelerate the level of their CSR activities.
References


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