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CORPORATE CITIZENSHIP IN ACTION: A STUDY OF RELIANCE INDUSTRIES LIMITED'S CSR PRACTICES

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ABSTRACT
Corporate Social Responsibility (CSR) has evolved from a peripheral philanthropic activity into a core element of business strategy. Traditionally, businesses were evaluated solely by their capacity to generate profits. However, in the modern era, organizations are increasingly accountable to a wide range of stakeholders—including employees, customers, governments, communities, and shareholders. This transformation is rooted in the recognition that business sustainability is inextricably linked to social responsibility. CSR, often described as corporate citizenship or corporate conscience, refers to the voluntary yet strategic commitment of corporations toward societal development through programs in healthcare, education, rural transformation, environmental protection, and cultural preservation. This study focuses on Reliance Industries Limited (RIL), one of India's largest and most profitable conglomerates. Using secondary data drawn from annual reports, research articles, and online sources, the study evaluates RIL's CSR activities between 2010 and 2023. Statistical correlation analysis is applied to examine the relationship between CSR spending and financial performance indicators such as net profit, net revenue, and total assets. Findings reveal that healthcare received the highest proportion of CSR funds (52%), followed by education (22%) and rural transformation (18%), while environmental initiatives accounted for less than 1%. The correlation analysis demonstrates a strong positive relationship between CSR spending and financial performance. The study concludes that CSR not only enhances corporate reputation but also contributes to business sustainability by creating long-term value for stakeholders.

KEYWORDS: *Corporate Social Responsibility, Reliance Industries Limited, Financial Performance, Stakeholders, Sustainable Development*

I. INTRODUCTION

The 21st century business environment has been characterized by heightened expectations regarding the social role of corporations. No longer confined to profit maximization, modern businesses are expected to operate as responsible social actors. This evolution reflects a broader societal understanding that corporations derive legitimacy and long-term viability from the communities and ecosystems in which they operate. Corporate Social Responsibility (CSR) captures this expectation. It refers to the voluntary obligation of firms to contribute positively to society, beyond statutory requirements. CSR encompasses diverse responsibilities such as safeguarding the environment, investing in education, providing healthcare, reducing inequality, and promoting community development. As Mallen Baker emphasizes, CSR is about "how companies manage the business processes to produce an overall positive impact on society." When strategically aligned, CSR becomes not merely a philanthropic gesture but a tool to foster goodwill, enhance reputation, and ensure sustainable growth.

In India, the importance of CSR has been reinforced through policy frameworks and legal mandates. The Companies Act, 2013, made India the first country in the world to legally mandate CSR spending for certain categories of firms. According to Section 135 of the Act, companies with a net worth of ₹500 crore or more, turnover of ₹1,000 crore or more, or net profit of ₹5 crore or more must spend at least 2% of their average net profits of the preceding three years on CSR activities. This legislative framework has institutionalized CSR, moving it from voluntary initiatives to an essential aspect of corporate accountability.

Globally, CSR has gained prominence as businesses increasingly recognize their interconnectedness with society. Scholars such as Bhuvaneshwari et al. (2015) argue that CSR represents a commitment to sustainable economic development, working with employees, families, communities, and society at large to improve the quality of life. Similarly, Khurana (2017) highlights that corporations, to maintain dominance in competitive markets, must extend their responsibility beyond profitability and embrace CSR as an intrinsic duty.

Reliance Industries Limited (RIL), one of India's largest conglomerates, provides a compelling case study in CSR implementation. With operations spanning petrochemicals, energy, textiles, retail, and telecommunications, RIL has not only achieved commercial success but has also positioned itself as a leader in CSR. Through structured initiatives in healthcare, education, rural transformation, environmental sustainability, and cultural preservation, RIL has attempted to balance profitability with accountability.

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This paper aims to examine the CSR initiatives of RIL, analyze the distribution of CSR spending across different sectors, and assess the relationship between CSR expenditure and the company's financial performance. By doing so, it contributes to the broader discourse on the role of CSR in corporate sustainability and stakeholder engagement.

II. OBJECTIVES OF THE STUDY

The present study is guided by the following objectives:

1. To examine the corporate social responsibility initiatives undertaken by Reliance Industries Limited between 2010 and 2023.
2. To analyze the relationship between CSR spending and the firm's financial performance in terms of net profit, net revenue, and total assets.

III. METHODOLOGY OF THE STUDY

This study is based exclusively on secondary data collected from Reliance Industries Limited's annual reports (2010–2023), the company's official website and CSR disclosures, academic literature, financial databases such as *Moneycontrol.com*, and relevant internet sources and magazines covering CSR in India. The research adopts a descriptive and analytical design, focusing on the relationship between CSR expenditure and financial performance indicators, namely net profit, net revenue, and total assets. CSR spending was considered as the independent variable, while the financial indicators served as dependent variables. To analyze the association, Pearson's correlation coefficient (r) was computed for data spanning seven financial years (2010–2023), enabling the study to determine the strength and direction of the relationship between CSR initiatives and financial outcomes of Reliance Industries Limited.

HYPOTHESES OF THE STUDY

- **H1**: There is a significant correlation between net revenue and CSR expenditure.
- **H0**: There is no significant correlation between net revenue and CSR expenditure.
- **H1**: There is a significant correlation between net profit and CSR expenditure.
- **H0**: There is no significant correlation between net profit and CSR expenditure.
- **H1**: There is a significant correlation between total assets and CSR expenditure.
- **H0**: There is no significant correlation between total assets and CSR expenditure.

The methodology thus combines descriptive analysis of CSR practices with statistical correlation to test the relationship between CSR and financial performance.

IV. ABOUT RELIANCE INDUSTRIES LIMITED

Founded by Dhirubhai Ambani in 1966, Reliance Industries Limited has grown into India's most valuable and profitable publicly traded company. Headquartered in Mumbai, the company operates in diverse sectors, including energy, petrochemicals, retail, telecommunications, natural gas, and textiles. As of 2023, RIL's financial strength positioned it as a leader in India's corporate sector.

Beyond financial dominance, RIL has consistently projected itself as a socially responsible entity. Through the Reliance Foundation, established in 2010, the company has institutionalized CSR initiatives. The foundation focuses on five core areas: rural transformation, health, education, environment, and arts, culture, and heritage. Each of these areas addresses critical developmental challenges in India, aligning corporate success with social progress.

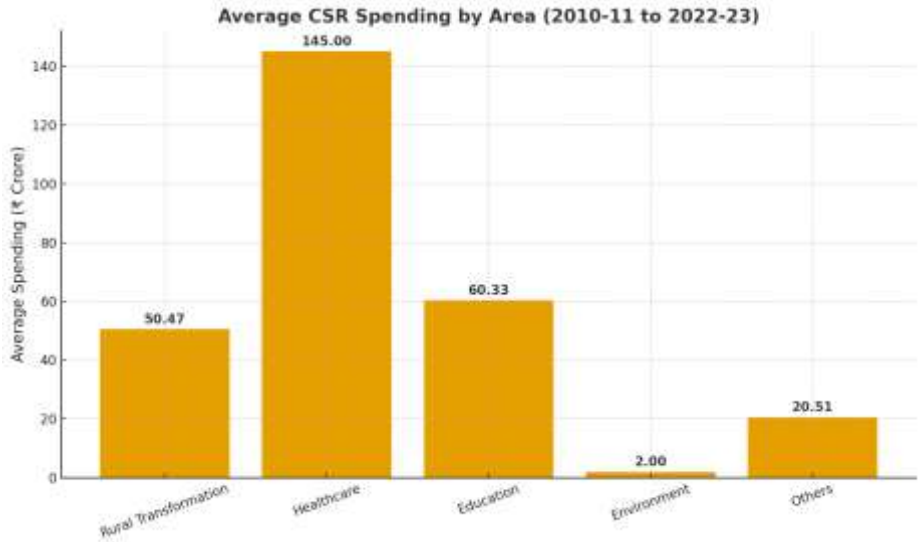
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V. CSR PRACTICES AT RELIANCE INDUSTRIES LIMITED

Table1: Corporate Social Responsibility Practices in Reliance Industries Limited

Area	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Rural transformation	28.35	21.69	73.1	165.72	126.33	103	138
Healthcare	46.99	91.03	140.72	416.69	608.25	315	267
Education	91.01	75.06	66.71	80.76	21.8	222	227
Environment	0.76	2.15	1.2	0.52	0.42	10	11
Others	34.23	61.34	69.27	48.03	3.78	19	31
Total	201.34	251.27	351	711.52	760.58	659	674
Area	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	Total
Rural transformation	195	133	58	110	101	105	656.19
Healthcare	148	113	35	256	475	281	1885.68
Education	373	527	254	452	202	282	784.34
Environment	5	49	42	55	8	20	26.05
Others	50	27	520	49	27	56	266.65
Total	771	849	909	922	813	744	3618.91

Source: www.ril.com



Between 2010–11 and 2022–23, Reliance Industries Limited allocated a total of ₹3618.91 crore towards CSR activities, averaging around ₹278 crore per year. Among the focus areas, healthcare dominated the spending pattern with a cumulative ₹1885.68 crore, averaging ₹145 crore annually, which highlights its position as the company's foremost priority. Education stood as the second-largest category with ₹784.34 crore in total and an annual average of ₹60.33 crore, reflecting sustained investment particularly after 2015. Rural transformation received moderate but steady support, amounting to ₹656.19 crore in total with an average of ₹50.47 crore per year, showing consistent attention towards rural livelihoods and development. In contrast, environment-related initiatives remained the least funded, with just ₹26.05 crore overall and a very low average of ₹2 crore annually, indicating minimal focus on ecological concerns. The "others" category was irregular, totaling ₹266.65 crore with an average of ₹20.51 crore per year, driven mainly by a sudden spike in 2019–20. Overall, Reliance's CSR strategy has been skewed towards healthcare and education, together accounting for nearly three-fourths of total spending, while rural initiatives maintain steady importance, but environmental investments remain marginal.

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VI. FINANCIAL PERFORMANCE AND CSR SPENDING

Table2: Company's financial performance and CSR spending

Year	Net revenue	Total assets	Net profit	CSR spending
2010-11	2,58,651.00	2,84,719.00	20,286.00	201.34
2011-12	329,904.00	295,140.00	20,040.00	251.27
2012-13	360,297.00	318,511.00	21,003.00	351.00
2013-14	390,117.00	367,583.00	21,984.00	711.72
2014-15	329,076.00	397,785.00	22,719.00	760.58
2015-16	233,158.00	617,525.00	27,417.00	659.00
2016-17	241,791.00	457,720.00	31,425.00	674.00
2017-18	290,137.00	546,746.00	33,612.00	771.00
2018-19	371,616.00	775,745.00	35,163.00	849.00
2019-20	336,953.00	971,699.00	30,903.00	909.00
2020-21	245,667.00	873,673.00	44,205.00	922.00
2021-22	423,703.00	878,674.00	39,084.00	813.00
2022-23	528,315.00	890,565.00	31,944.00	744.00

Source: Reliance Industries Limited annual report 2015-16 & 2016-17

Financial Performance (2010–2023)

Between 2010 and 2023, RIL reported steady growth in total assets and net profit, alongside moderate fluctuations in net revenue. CSR expenditure rose from ₹201 crore in 2010–11 to ₹744 crore in 2022–23, reflecting both compliance with regulatory mandates and voluntary commitment.

Correlation Analysis

- **CSR and Net Revenue**: The correlation coefficient (r = 0.0948) suggests a weak but positive relationship. This indicates that while CSR spending does not directly drive revenue growth, it contributes indirectly through enhanced corporate reputation and stakeholder trust.
- **CSR and Net Profit**: The correlation coefficient (r = 0.6004) indicates a strong positive relationship. This implies that CSR activities align with profitability, possibly due to improved employee morale, customer loyalty, and regulatory goodwill.
- **CSR and Total Assets**: The correlation coefficient (r = 0.7502) reveals a very strong positive relationship. This suggests that CSR spending grows proportionally with the expansion of company assets, underlining CSR as an embedded feature of business growth.



Interpretation

The correlation analysis between Reliance Industries' financial indicators and CSR spending from 2010–11 to 2022–23 reveals a **positive association** across most variables. Net revenue and total assets show strong upward growth over the years, and CSR spending has broadly followed this trend, particularly after 2013–14 when CSR became mandatory. Net revenue demonstrates a moderate positive correlation with CSR spending, as higher revenues generally provide the financial flexibility to allocate more

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funds toward social initiatives. Similarly, total assets show a positive relationship with CSR spending, reflecting that as the company's asset base expands, its capacity for long-term CSR commitments also strengthens.

When comparing CSR with net profit, the relationship is more direct and stronger. Profits surged notably in 2020–21 (₹44,205 crore), coinciding with the highest CSR spending of ₹922 crore, highlighting how profitability often drives CSR allocations. However, some exceptions exist—for instance, in 2019–20, CSR spending was high despite a dip in profit, showing Reliance's willingness to maintain CSR commitments even under financial pressure. Overall, the analysis suggests that CSR spending is positively correlated with all three financial indicators, but the **strongest link lies between net profit and CSR**, as profitability directly influences the company's ability and willingness to invest in social responsibility.

VII. MAJOR FINDINGS

1. **CSR and Financial Performance**: A significant positive correlation exists between CSR expenditure and key financial indicators, especially profit and assets.
2. **Healthcare Priority**: Healthcare dominates CSR spending , highlighting RIL's focus on public health challenges in India.
3. **Balanced Education and Rural Development**: Substantial investment in education and rural transformation (18%) reflects strategic efforts to strengthen human capital and rural economies.
4. **Environmental Neglect**: Despite environmental risks in its core operations, RIL's CSR allocation to environment is minimal, suggesting an area for improvement.
5. **Holistic CSR Approach**: RIL's CSR spans multiple sectors, reflecting a holistic approach to nation-building, though resource distribution is uneven.

VIII. DISCUSSION

The findings highlight that CSR is more than compliance for RIL—it is a strategic tool for corporate legitimacy and sustainability. By prioritizing healthcare, education, and rural transformation, RIL addresses pressing social needs while reinforcing its brand reputation. The positive relationship between CSR and profitability challenges the misconception that CSR is a cost burden; instead, it demonstrates how socially responsible practices can generate shared value.

However, the imbalance in sectoral allocation, particularly the underinvestment in environmental initiatives, raises concerns. Given the global emphasis on ESG standards, RIL must expand its environmental programs to align with global best practices. Moreover, while the correlation analysis indicates positive relationships, causality cannot be conclusively established. External factors such as market conditions, regulatory frameworks, and macroeconomic trends also influence financial performance.

IX. CONCLUSION

CSR has become an indispensable dimension of modern business strategy. Reliance Industries Limited, through its extensive initiatives in healthcare, education, rural transformation, and cultural preservation, demonstrates how a corporation can align profitability with social responsibility. The analysis of 2010–2023 data confirms that CSR spending correlates positively with financial performance, particularly net profit and total assets. For RIL, CSR is not merely philanthropy but a driver of sustainable growth. However, greater emphasis is required on environmental sustainability to ensure holistic responsibility. For policymakers and corporate leaders, the case of RIL illustrates that CSR is not only ethically desirable but also economically advantageous. As Indian corporations navigate the challenges of globalization and social expectations, CSR will continue to serve as an engine for corporate sustainability and stakeholder trust.

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