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CORPORATE SOCIAL RESPONSIBILITY OF BAJAJ AUTO LIMITED THROUGH VALUE ADDED REPORTING

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ABSTRACT:

This paper tries to present the Value Added Reporting which is new means of presenting the financial statement that helps managerial body to show off their social performance. Though Value Added Reporting is not mandatory now a days, many companies in India have stated to prepare Value Added statement as a part of Annual Report. Value Added Reporting helps firm to show their value addition and its usefulness for workers, Governing body, capital providers and reinvestment by the firm itself. In compare to traditional measure, VAR is more societal approach. In this regard this paper attempt to explain Corporate Social Responsibility by Bajaj Auto Limited through Value Added Reporting, from 2012-13 to 2016-17.



KEYWORDS: Accounting System, Value Added Statement, Application of Value Added, Corporate Social Responsibility (CSR).

Section - I INTRODUCTION

Accounting is the process of recording classifying, analyzing and interpreting the business transaction which contains financial information of business. Hence "Accounting is a language of business." In order to run any unit efficiently & to secure the best position of a enterprise, these records should be checked periodically to know the entire situation. This position should ultimately communicate to the stakeholder of the firm. Such communication

is made via corporate reporting process. The importance of such reports has gain a tremendous change over the recent years. The pioneer users of these reports are equity shareholders, debenture holders, bankers, and finance providers, Income tax department, government and many other interested parties. The essence of survival of any enterprise is that they must generate the wealth, in this regard "Value added is a root tool to evaluate financial results of the business. It judges the producer or businesses during a specific period of time. A business may run without

gain, but it is difficult to survive without value addition. Value added is better tool of financial performance than traditional tool which is based on conventional financial reporting system(i.e. based on income statement and balance sheet) and can be particularly useful for stakeholder holder oriented approach, which in further allows extra useful conversation with workers, government,

capital provider and the real owner. If investment is fail to create any addition, it only means that top body is not utilizing the raised fund efficiently. Hence Value added has the direct relation with business performance.

Section II

Company Profile Baja Auto Limited

The Bajaj Group is one of the top ten business houses in India. Its essence extend from car (bike and tricycle makers), home machines, lighting, iron and steel, protection, travel and account to a wide scope of businesses. The gathering's leader, Bajaj Auto, is the fourth biggest three and bikes maker on the planet, and the brand Bajaj is known in a few nations. Africa, the Middle East, South and Southeast Asia in Latin America. Established in 1926, the gathering has a renowned history at the stature of India's autonomy from the British. In nowadays of persistent commitment to a typical reason, the trustworthiness, devotion, resourcefulness and assurance to succeed that are normal for the gathering today are regularly ascribed to their introduction to the world. Jamnalal Bajaj, the gathering's author, was Mahatma Gandhi's nearby compatriot and supporter. For sure, he had been embraced by Gandhiji as his child. This cozy relationship and his profound responsibility to the freedom development didn't give a lot of time for his new dare to Jamnalal Bajaj. We observe Shri's 125th birthday celebration. On November 4, 2014, Jamnalal Bajaj. His child, at that point 27-year-old Kamalnayan Bajaj, assumed control over the business in 1942. He was additionally near Gandhiji and simply after freedom in 1947 had the option to give full consideration to business. Notwithstanding combining the gathering, Kamalnayan Bajaj likewise broadened into various assembling exercises. In 1965, the group's current chairman, Rahul Bajaj, took over the business. The flagship company Bajaj Auto's turnover increased from INR 72 million to INR under his leadership.

Section - II

RESEARCH METHODOLOGY Data Collection

The Researcher has collected five years Financial Results of Bajaj Auto Ltd. For years 2012-13 to 2016-17. the secondary data are collected from the Annual Report of the Bajaj Auto Ltd.

Tools of Analysis

The collected data are analyze in two ways

- (1) Value Added Statement
 - a. Generation of Value Added and b. Application of Value Added
- (2) Value Added Ratios
 - a. Gross Margin Ratio
 - b. Net Value Added to Government Contribution Ratio
 - c. Net Value Added to Employees Share Ratio
- (3) Statistical Tools:
 - a. Mean
 - b. Coefficient of correlation c. T - Test

OBJECTIVES OF THE STUDY

Following objectives are set to carry out the research. (1) To get the idea of Value Added Reporting

- (2) To analyze the social performance Bajaj Auto Limited through Value Added Reporting
- (3) To compare the last Five years Social performance of Bajaj Auto Limited.

HYPOTHESIS OF THE STUDY

The following hypotheses are set for this study:

I. Null Hypothesis (H0)

(1) There is no significant difference between Revenue from Operation and Gross Value Added. (2) There is no significant difference between Revenue from Operation and Net Value Added.

II. Alternative Hypothesis (H1)

(1) There is significant difference between Revenue from Operation and Gross Value Added. (2) There is significant difference between Revenue from Operation and Net Value Added.

Limitation of the Study

- (1) This research contains the study of only Bajaj Auto Ltd.
 (2) Analysis are made based on the five years data from 2012-13 to 2016-17.

REVIEW OF LITERATURE:

The researcher has studied following works:

(a) Dr.M. Rao, published book entitled "Value Added Reporting-in Theory, Practice and Research". In his research he studied VAS, RATIO Application of VA, of Steel Authority of India, and finally made the constructive suggestion for the SAIL

(b) Ravi M. KISHORE is author of "Advance Management Accounting" published by Taxmann Publishing Company, New Delhi (2005). This book includes the Conceptual framework of generation of Value Addition and its application and has given the specimen of value added statement.

(c) Dr. Sanjay J. Bhayani made a research on "Practical Financial Statement Analysis" which include the study of eighteen companies manufacturing enterprise covering the year from 1991-1997. He also evaluated the financial capital structure and VAR. Finally he had made the various suggestion to to enhance the financial position of the firm.

(d) Dr. Pradeep Singh, has written an article entitled "The Management Accountant, August,2008." On the value added reporting with the title "Social Performance through Value Added Reporting"--An Empirical study of Lupin Lab. Ltd. By the value added reporting from 1995-96 to 2004-05. On the basis of the study he reached at the conclusion that the company has serve society up to the mark and had also kept the required fund for the future development.

Section - IV
Analysis & Interpretation Value Added Reporting

BAJAJ AUTO LTD VALUE ADDED STATEMENT					
GENERATION OF VALUE ADDED	2016-17	2015-16	2014-15	2013-14	2012-13
GROSS REVENUE FROM OPERATION	22694.87	23546.24	22015.43	20735.68	20662.36
ADD: OTHER OPERATING REVENUE	393.16	434.81	508.12	432.01	508.54
ADD: OTHER INCOME	1222.23	824.26	583.95	681.81	797.13
TOTAL REVENUE(A)	24310.26	24805.31	23107.5	21849.5	21968.03
LESS: COST OF BOUGHT IN MATERIAL AND SERVICES(B)	16319.03	16966.78	16561.56	15251.24	15710.77
GROSS VALUE ADDED (A-B)	7991.23	7838.53	6545.94	6598.26	6257.26
LESS: DEPRECIATION	307.29	307.16	267.46	181.32	165.01
NET VALUE ADDED	7683.94	7531.37	6278.48	6416.94	6092.25

APPLICATION OF VALUE ADDED	2015-16	2015-16	2014-15	2013-14	2012-13
(A) PAYMENT TO EMPLOYEES	999.83	921.33	901.3	733.18	651.29
(B) PAYMENT TO GOVERNMENT	3386.24	3323.56	2489.36	2635.91	2535.54
(C) PAYMENT TO CAPITAL PROVIDERS					
FINANCE COST	1.4	0.48	6.49	0.82	1.19
DIVIDEND TO SHARE HOLDER	2893.68	1591.52	1446.84	1446.84	1302.15
TOTAL	2895.08	1592	1453.33	1447.66	1303.34
(D) RETAINED IN THE BUSINESS	402.79	1694.48	1434.49	1600.19	1602.08
NET VALUE ADDED (A+B+C+D)	7683.94	7531.37	6278.48	6416.94	6092.25

(ALL FIGURES ARE ₹ IN CRORE)

Value Added Statement have major two divisions.

- (1) Generation of Value Added and
- (2) Application of Value Added.

Testing of Hypothesis of the Study

The following hypotheses are framed for this study:

Null Hypothesis (H₀)

I. Null Hypothesis (H₀)

- (1) There is no significant difference between Revenue from Operation and Gross Value Added. (2) There is no significant difference between Revenue from Operation and Net Value Added.

II. Alternative Hypothesis (H₁)

- (1) There is significant difference between Revenue from Operation and Gross Value Added. (2) There is significant difference between Revenue from Operation and Net Value Added.

Testing hypothesis 1

A coefficient of correlation is calculated between two variables Revenue from operation (X) and Gross value added (Y) it is $r_1(x, y) = 0.87$ that shows strong degree correlation between Revenue from operation and Gross Value Added.

Significance of correlation will also be tested through Student T- test as:-

$$T(\text{cal}) = 22.4$$

$$T(\text{tab}) = 2.36 \text{ at } 5\% \text{ level of significance.}$$

Calculated value of $T_c = 22.4$ which is more as compared to critical value of $T_t = 2.36$ at 5% level of significance. Hence, null hypothesis rejected that means there is significant correlation between Revenue from operation and Gross Value Added.

Testing of hypothesis 2

A coefficient of correlation is calculated between two variables Revenue from operation (X) and Net value added (Z) it is $r_{2(x,z)} = 0.84$ that shows strong degree correlation between Revenue from operation and Net value added.

Significance of correlation will also be tested through Student T- test as:-

$$T(\text{cal}) = 23.24$$

$$T(\text{tab}) = 2.36 \text{ at } 5\% \text{ level of significance.}$$

Calculated value of $T_c = 23.24$ which is more as compared to critical value of $T_t = 2.36$ at 5% level of significance.

Hence, null hypothesis rejected that means there is significant correlation between Revenue from operation and Net Value Added.

Value Added Ratio of Baja Auto Limited

The Gross Margin Ratio in Bajaj Auto Limited have been analyzed and calculated for the study period which has been represented in Table - 1 given below.

FORMULA

$$\text{Gross Margin} = \frac{\text{VALUE ADDED}}{\text{REVENUE FROM OPERATION}} \times 100$$

Here,

Value Added is considered as Net Value Added (NVA)

Table - 1 reveals that in Bajaj Auto Limited Gross Margin ratio shows increasing trend during the period of study. It was the lowest level at 25.54 % in 2012-13 and highest at 33.18 % in the year 2016-17.

Section - V
Table-1 Various Ratios

Years	Gross Margin Ratio	Employee Benefit To NVA	Government Share to Net
2016-17	33.18	13	44.07
2015-16	30.89	12.2	44.13
2014-15	27.7	14.3	39.65
2013-14	26.81	11.4	41.08
2012-13	25.54	10.7	41.62
AVERAGE	28.82	12.32	42.11

CONCLUSION

From the above analysis researcher have concluded that Gross Value Added show the increasing trend during the period of study.

In Bajaj Auto Limited.

The absolute figure of Revenue from operation marked continuously increased throughout the period of study from 2012-13 to 2016-17. It was the lowest figure at ₹20662.36 crore in 2012-13. It increased to ₹20735.68 crore in 2013-14. ₹22015.43 crore in the year 2014-15, it further increased ₹23546.24 crore in 2015-16 and finally it reached at ₹22694.87 crore in 2016-17.

Above figures are the evident proofs of company that growing fast. The main reason is behind that company introducing latest product of in market.

The percentage of other income towards Total Revenue was 3.62% in 2012-13, which shows fluctuating trend from year to year. It slightly decreased to 3.12 % in 2013-14. It was 2.53% in 2014-15, it increased to 3.32% in 2015-16 and finally it increased to 5.03% in year 2016-17.

The absolute amount of other income registered fluctuating trend during the period of study. It was ₹797.13 crore in 2012-13. It was ₹681.81 crore 2013-14. It decreased up to ₹583.95 crore in 2014-15. It increased up to ₹824.26 crore in 2015-16. And finally it reached highest level at to ₹1222.23 crore in 2016-17.

The Cost of Bough-in-Material and the Services toward Total Revenue shown in terms of percentage registered fluctuating trend during the study period. It was 71.52% in 2012-13. It was 69.80% in 2013-14. It reached up to 71.67% in 2014-15. It further reached to 68.40% in 2015-16 and it finally reached and decreased to 67.13% in 2016-17.

The absolute amount of cost of material bought in showed generally increased trend during the period of study. It was ₹15710.8 crore in 2012-13. It was ₹15251.2 crore in 2013-14. It increased to ₹16561.6 crore in 2014-15. It reached level at ₹16966.8 crore in 2015-16. And finally it reached ₹16319 crore in 2016-17.

SUGGESTIONS:

- (1) Bajaj Auto Ltd should control the cost to maximize its NVA.
- (2) Bajaj Auto Ltd should reduce administrative cost selling and marketing cost to increase the Net Value Added.
- (3) Bajaj Auto Ltd should transfer more for fund future development by reducing the unnecessary expenses.
- (4) Bajaj Auto Ltd required to put emphasis on employee's benefit to boost up their morale through attractive schemes.

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