



Sustainable development with corporate social responsibility – A study with special reference to the coal India limited

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Abstract: Corporate Social Responsibility (CSR), a term widely used for defining the responsibilities of corporate world towards the society & environment. As a case study of CSR in this paper we have presented various activities taken up by CIL and its subsidiary companies for the sustainable development of the society and also presented the data on CSR contribution of during last five years.

Keywords: Corporate Social Responsibility; Sustainable development; Implementation

Introduction

India's discourse on sustainable development has been marked by acute poverty as well as high inequality in distribution of goods and services. At the UN Conference on Human Environment in 1972, the former Prime Minister Indira Gandhi stressed that poverty is inextricably linked to environmental issues in developing countries and one cannot be solved without solving the other. In 2013, the same concern is voiced by India's Prime Minister, Dr. Manmohan Singh as "India aims to attain growth and poverty alleviation in a sustainable manner factoring in the needs of people, especially the poor". India's poor are affected by hunger, malnutrition, illiteracy and poor access to common land and water. Conventional economic development like large scale industrialization leads to loss of land as well as traditional occupation putting particular stress on women and children. For example, heavy industrial usage of water leads to ground water depletion

causing scarcity of drinking water. The women, then, travel miles to get their drinking water and they would carry their children along with them for security, help and/or company. Thus lack of sustainable water usage policy in industrial belts creates pressure among vulnerable groups like women and children who miss out on their education. Without literacy and education, the future generation is cut off from many development programmes and opportunities. It is important to understand this inter relation of these factors e.g. industry, water, education and gender to link sustainable development with CSR. Indian companies spend on education, health and infrastructure as part of their CSR. This presents a huge opportunity, financial and otherwise, to link CSR to sustainable development in India.

2. Corporate Social Responsibility

Corporate Social Responsibility



(CSR), a term widely used for defining the responsibilities of corporate world towards the society & environment. Although the term is not new in this Corporate world but its scope & meaning has undergone major changes from treating it as a mere charity in comparison with the responsibilities/duties of the Corporate towards the outer world.

By Mallen Baker: First published 8 Jun 2004, Different organizations have framed different definitions - although there is considerable common ground between them. In his own definition is that CSR is about how companies manage the business processes to produce an overall positive impact on society. Companies need to answer to two aspects of their operations. 1. The quality of their management - both in terms of people and processes (the inner circle). 2. The nature of, and quantity of their impact on society in the various areas.

The World Business Council for Sustainable Development in its publication Making Good Business Sense by Lord Holme and Richard Watts, used the following definition. Corporate Social Responsibility is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families

as well as of the local community and society at large.

The main purpose of the CSR is to identify and improve a company's impact on society and the environment, while driving stronger business results such as brand enhancement, market differentiation, and employee satisfaction.

2.1 Companies ACT 2013 – CSR for sustainable development

The Ministry of Corporate Affairs has notified Section 135 and Schedule VII of the Companies Act 2013 as well as the provisions of the Companies (Corporate Social Responsibility Policy) Rules, 2014 to come into effect from April 1, 2014. With effect from April 1, 2014, every company, private limited or public limited, which either has a net worth of Rs 500 crore or a turnover of Rs 1,000 crore or net profit of Rs 5 crore, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility activities.

The financial component/budgetary spend on CSR and Sustainability will be based on the profitability of the company and shall be determined by the Profit After Tax (PAT) on the company in the previous year.

Profit after tax of CPSES in the Previous year		Range of the Budgetary allocation for CSR and Sustainability activities (as % of PAT in Previous year)	
1.	Less than Rs. 100 crore	3%	- 5%
2.	Rs. 100 crore to Rs. 500 crore	2%	- 3%
3.	Rs. 500 crore and above	1%	- 2%



The CSR activities should not be undertaken in the normal course of business and must be with respect to any of the activities mentioned in Schedule VII of the 2013 Act. Contribution to any political party is not considered to be a CSR activity and only activities in India would be considered for computing CSR expenditure. The net worth, turnover and net profits are to be computed in terms of Section 198 of the 2013 Act as per the profit and loss statement prepared by the company in terms of Section 381 (1) (a) and Section 198 of the 2013 Act. While these provisions have not yet been notified, it has been clarified that if net profits are computed under the Companies Act, 1956 they needn't be recomputed under the 2013 Act. Profits from any overseas branch of the company, including those branches that are operated as a separate company would not be included in the computation of net profits of a company. Besides, dividends received from other companies in India which need to comply with the CSR obligations would not be included in the computation of net profits of a company. The CSR Rules appear to widen the ambit for compliance obligations to include the holding and subsidiary companies as well as foreign companies whose branches or project offices in India fulfil the specified criteria. There is a need for clarity with respect to the compliance obligations of a company as well as its holding and subsidiary companies.

The activities that can be undertaken by a company to fulfil its CSR obligations include eradicating hunger, poverty and malnutrition, promoting preventive healthcare, promoting education and promoting gender equality, setting up

homes for women, orphans and the senior citizens, measures for reducing inequalities faced by socially and economically backward groups, ensuring environmental sustainability and ecological balance, animal welfare, protection of national heritage and art and culture, measures for the benefit of armed forces veterans, war widows and their dependents, training to promote rural, nationally recognized, Paralympic or Olympic sports, contribution to the prime minister's national relief fund or any other fund set up by the Central Government for socio economic development and relief and welfare of SC, ST, OBCs, minorities and women, contributions or funds provided to technology incubators located within academic institutions approved by the Central Government and rural development projects.

3. **Coal India Limited as a case study**

Coal India Limited (CIL) as an organized state owned coal mining corporate came into being in November 1975 with the government taking over private coal mines. With a modest production of 79 Million Tonnes (MTs) at the year of its inception CIL today is the single largest coal producer in the world. Operating through 81 mining areas CIL is an apex body with 7 wholly owned coal producing subsidiaries and 1 mine planning and Consultancy Company spread over 8 provincial states of India. CIL also fully owns a mining company in Mozambique christened as 'Coal India Africana Limitada'. CIL also manages 200 other establishments like workshops, hospitals etc. Further, it also owns 26 technical & management training institutes and 102 Vocational Training Institutes Centres Indian Institute of



Coal Management (IICM) as a state-of-the-art Management Training 'Centre of Excellence' - the largest Corporate Training Institute in India - operates under CIL and conducts multi disciplinary management development programmes.

3.1 Corporate Structure and Subsidiary

Companies: Coal India is a holding company with seven wholly owned coal producing subsidiary companies and one mine planning & consultancy company. It encompasses the whole gamut of identification of coal reserves, detailed exploration followed by design and implementation and optimizing operations for coal extraction in its mines. The producing companies are:

Eastern Coalfields Limited (ECL), Sanctoria, West Bengal
Bharat Coking Coal Limited (BCCL), Dhanbad, Jharkhand
Central Coalfields Limited (CCL), Ranchi, Jharkhand
South Eastern Coalfields Limited (SECL), Bilaspur, Chattisgarh
Western Coalfields Limited (WCL), Nagpur, Maharashtra
Northern Coalfields Limited (NCL), Singrauli, Madhya Pradesh
Mahanadi Coalfields Limited (MCL), Sambalpur, Orissa
Coal India Africana Limitada, Mozambique
The consultancy company is Central Mine Planning and Design Institute Limited (CMPDIL), Ranchi, Jharkhand.

3.2 Sustainable Development Policy Statement of Coal India Limited

CIL shall promote and pursue sustainable mining integrating Environmental Socio-cultural and economic factors which comprise the basic fabric of Sustenance in our society. It shall also incorporate views and opinions of stakeholders ensuring compatibility and implementation.

3.3 Employee Welfare & CSR

Pursues a structured CSR policy around coal mining areas to improve quality of life with community consensus and inclusive participation

Mobile Dispensaries and wellness clinics introduced on a large scale.

Tele-medicine facilities introduced in central hospitals.

Provides medical services to employees, their families and local populace through 86 fully equipped hospitals having 5835 beds.

Employs 1524 specialist Doctors.

Runs 423 dispensaries and has 640 Ambulances.

Provides potable water to about 2.3 million populace in remote corners

Supports 536 schools under different categories - Project Schools (55); Privately managed Schools with grant packages (284); Private Committee Managed Educational Institutes (72) and other schools where occasional grants are given (125).

Introduced 'Coal India Scholarships' for 100 Below Poverty Line students plus 25 wards of land losers in government



engineering and medical colleges. Scholarship covers education, hostel and mess charges Meets the entire cost of wards of workmen securing admission in government engineering and medical colleges Committed to generate employment opportunities for people in mining areas by providing vocational training.

The company Pursues 'Mining with a human face' through socially sustainable inclusive model of growth by making Project Affected People stakeholders in the decision making process for their livelihood. Medical facilities extended to nearby communities in fully equipped company hospitals.

Mobile dispensaries and Tele-medicine facilities meant for employees also extended to nearby village populace.

3.4 Care for Environment

One of the inherent tendencies of coal mining is degradation of the land and environment. CIL constantly addresses the impact of mining activities across environmental and social issues. Eco-friendly mining systems have been put in place in all of its mining areas. To make environmental mitigation measures more transparent, CIL introduced state-of-the-art Satellite Surveillance to monitor land reclamation and restoration for all opencast projects.

Coal India has made afforestation over an area of around 32,000 Hectares while the total forest area degraded due to mining operation is around 12,800 Hectares, which means, for every hectare of forest land degraded, CIL has made plantation in 2.5 Hectares of land.

Committed to minimize the adverse impact of coal mining on environment through well structured Environment Management Plans and sustainable development activities. As a part of 'Clean & Green' programme, massive plantation has been taken up by CIL wherever land is available. CIL has till date planted over 73 million trees.

A positive result of this effort towards improvement of environment through massive plantation undertaken in Singrauli Coalfields since 1985, is such that the analysis for the period 1985-1995 and 1996-2002 carried out by Conservator of Forest indicates that the annual average maximum temperature in Singrauli has decreased by 0.4°C while the annual average rainy days increased by 11.2 days and average annual rainfall has increased by 105.6 mm.

4. Conclusion

Corporate Social Responsibility is quite good to bring greater benefits to the society, country and also enhance the corporate reputation. The role of CSR Committee is so important in discharging these activities. In this paper as a case study we have presented the data on CSR contribution of CIL and its subsidiary companies during last five years and also presented the various activities taken up by them for the sustainable development of the society.



Table 1 The amount of money spent on CSR work by CIL in Cr INR.

Company	2010-11	2011-12	2012-13	2013-14	2014-15
Eastern Coalfields Limited (ECL)	5	17	24	29	38
Bharat Coking Coal Limited (BCCL)	14	15	24	30	30
Central Coalfields Limited (CCL)	26	54	48	26	48
Western Coalfields Limited (WCL)	23	56	41	29	8
South Eastern Coalfields Limited (SECL)	54	146	182	64	129
Mahanadi Coalfields Limited (MCL)	52	82	73	102	112
Northern Coalfields Limited (NCL)	36	93	96	45	80
Central Mine Planning and Design Institute (CMPDIL) CIL & North Eastern Coalfields (NEC)	53	90	107	142	24
Total	262	553	596	474	471

Numbers are in Crores INR (1 Crore = 10 Million)

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