



National Thermal Power Corporation and CSR Orientation

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Abstract: The present paper analyses the concept of national thermal power corporation and CSR orientation. NTPC is observed doing business by adding value to the community through CSR. He also says that CSR has been on public sector enterprises' menu since the beginning. But the new Companies Act is bringing this activity from the backroom to the boardroom, making it mandatory and an accountable exercise. NTPC's CSR activities are inspired by a holistic worldview and business outlook that has been wired into the corporation's DNA since inception. It is deeply seeded as the culture of the corporation that business should add value to the community and society on a sustainable basis through dedicated policies, institutional setup and engagement process to promote inclusive growth. CSR activities have been guided and supervised by a board-level committee with an independent director right from 2004. An accountability tool for measuring the implementation is important to ensure effectiveness.

Key words: NTPC , accountability, power sector, CSR

Introduction

National Thermal Power Corporation (NTPC), India's power giant, was established in November 1975 to play a major role in the Indian power sector. with an installed capacity of 19,435 MW, the corporation visualised with an ambitious corporate plan to achieve a capacity of 30,000 MW by the year 2007 and 40,000 MW by 2015. Operating 13 coal based and 7 gas based stations, NTPC with its share of about 19 per cent of India's total installed capacity, generated 26 per cent of the energy in India. A consistent high level performer in operation, NTPC provides the benchmark for the Indian power sector.

While more than quadrupling the turnover in the past few years to

Rs.20,344 cores in 2000-2001. The profit has reached Rs.3733.80 crores. NTPC improved its ranking in sales to 295 in 2000 from 299 in 1999 (as per Asia Week's survey off top 1000 companies of Asia pacific region including Japan). Also NTPC has been ranked as 31st largest with respect to net profit in 1999 against 40th rank in 1998. In the Indian corporate sector, NTPC ranked first in terms of profit and 7th in terms of sales volume as per survey of 'Asia week'. In a study conducted by Data Monitor, UK, NTPC has been ranked as the sixth largest thermal power utility in terms of generation of electricity and the second most efficient in capacity utilization among the thermal utilities across the globe during the year 1998.



As part of the corporate growth strategy, the coal based NTPC is diversifying into hydel and non-conventional energy development. A joint venture company has been formed with ABB-ALSTOM to undertake Renovation and Modernisation of aging power plants both in India and abroad. NTPC is presently in the process of tying up LNG supplies for the expansion of its gas-based stations.

The National Thermal Power Corporation (NTPC), India's largest power company is wedded to accelerate power development in India. Today, it has emerged as an 'Integrated Power Major', with a significant presence in the entire value chain of power generation business.

With a current generating capacity of 30,144 MW, NTPC has embarked on plans to become a 75,000 MW company by 2017. NTPC is emerging as a diversified power major with presence in the entire value chain of the power generation business. Apart from power generation, which is the mainstay of the company, NTPC has already ventured into consultancy, power trading, ash utilization and coal mining.

The total installed capacity of the company is 30, 144 MW (including JVs) with 15 coal based and 7 gas based stations, located across the country. In addition under JVs, 3 stations are coal based & another station uses naphtha/LNG as fuel. By 2017, the power generation portfolio is expected to have a diversified fuel mix with coal based capacity of around 53000 MW, 10000 MW through gas, 9000 MW through Hydro generation, about 2000 MW from nuclear

sources and around 1000 MW from Renewable Energy Sources (RES). NTPC has adopted a multi-pronged growth strategy which includes capacity addition through green field projects, expansion of existing stations, joint ventures, subsidiaries and takeover of stations.

NTPC has been operating its plants at high efficiency levels. Although the company has 18.79 per cent of the total national capacity it contributes 28.60per cent of the total power generation due to its focus on high efficiency.

In October 2004, NTPC launched its Initial Public Offering (IPO) consisting of 5.25 per cent as fresh issue and 5.25 per cent as offer for sale by Government of India. NTPC thus became a listed company in November 2004 with the government holding 89.5% of the equity share capital. The rest is held by Institutional Investors and the Public. The issue was a resounding success. NTPC is among the largest five companies in India in terms of market capitalization.

At NTPC people before Plant Load Factor is the mantra that guides all HR related policies. NTPC has been awarded No.1, Best Workplace in India among large organizations for the year 2008, by the Great Places to Work Institute, India Chapter in collaboration with The Economic Times.

The concept of Corporate Social Responsibility is deeply ingrained in NTPC's culture. Through its expansive CSR initiatives NTPC strives to develop mutual trust with the communities that surround its power stations. Right from



social to developmental work of the community and welfare based dependence to creating greater self reliance; the constant endeavour is to institutionalize social responsibility on various levels.

Presently, NTPC generates power from Coal and Gas. With an installed capacity of 30,144 MW, NTPC is the largest power generating major in the country. It has also diversified into hydro power, coal mining, power equipment manufacturing, oil & gas exploration, power trading & distribution. With an increasing presence in the power value chain, NTPC is well on its way to becoming an "Integrated Power Major." NTPC was the first among power utilities in India to start Environment Impact Assessment (EIA) studies and reinforced it with Periodic Environmental Audits and Reviews.

Power Generation Scenario of NTPC

The power generation scenario of NTPC through the coal and gas power stations makes it clear that in the year 2005-06 the total power generated by the NTPC power stations was 170.88 Billion Units(BU), which increased to 220.54 BU during the year 2010-11 and stood at 250.31 BU during 2016-17 registering a compound annual growth rate of 3.23 per cent over the years under reference. The annual growth rate in power generation was 10.4 per cent in 2006-07 and it was 0.78 per cent in 2010-11 and stood at 3.44 per cent in 2016-17. Thus during the period 2006-07 to 2016-17 the average annual growth rate in power generation by the NTPC is registered at 3.57 per cent where as the average power generated is recorded at 200.18 BU. Out

of the total power generated the power load factor(PLF) per cent of Coal ranged between 78.59 per cent (2016-17) and 92.24 per cent (2007-08) and the over the years under review the average PLF % of Coal of the NTPC power generation plants is 85.54 per cent. Thus, the analysis drives home the observation that the total power generated by the NTPC plants has been on the increasing spree over the years between 2006-07 to 2016-17 at an annual compound growth rate of 3.23 per cent registering an annual average of 200.18 BU in power generation over the years under reference.

CSR POLICY AND SUSTAINABILITY ORIENTATION OF NTPC

The Preamble of the corporation proclaims that as responsible corporate citizen since inception, NTPC envisions, "to be the world's largest and best power producer, powering India's Growth". It is guided by the Mission- "Develop and provide reliable power, related products & services at competitive prices, integrating multiple energy sources with innovative and eco-friendly technologies and contribute to society". Committed to inclusive growth and sustainable development with special focus on the communities in the neighborhood of its operations, NTPC has set-out the following Corporate Objectives on CSR & Sustainability.

Corporate Objectives on CSR & Sustainability.

- "To contribute to sustainable power development by discharging corporate social responsibilities"



• "To lead the sector in the areas of resettlement & rehabilitation and environment protection including effective ash-utilization, peripheral development and energy conservation practices"

NTPC endeavors to improve the quality of life in neighborhood community through various community development initiatives under its Initial Community Development (ICD) policy, Rehabilitation & Resettlement (R&R) policy and Policy for Corporate Social Responsibility (CSR) & Sustainability.

NTPC's involvement in community development projects/CSR covers diverse fields such as basic infrastructure development, education, community health and sanitation, capacity building and gender empowerment. In order to ensure inclusive and sustainable growth, NTPC takes up most of the CSR activities primarily in the neighbourhood villages of its operations. In addition, NTPC also takes up projects of national importance. NTPC commits itself to contribute to the society, discharging its corporate social responsibilities through initiatives that have positive impact on society at large, especially the community in the neighbourhood of its operations by improving the quality of life of the people, promoting inclusive growth and environmental sustainability. NTPC's corporate objectives on CSR and Sustainability are to lead the sector in environment protection including effective ash utilisation, peripheral development and energy conservation practices. It aims to contribute to sustainable power development by discharging CSR to lead the sector in the

area of resettlement, rehabilitation and peripheral development.

Areas of Key Focus

Education: Education is a unique investment into the country's bright future, the returns for which are manifold. And so scholarships are provided to students, including schemes like the Utkarsh Scholarship Scheme for students. This is the building block for achieving NTPC's national objectives and breaking the poverty cycle which denies millions a better life. 34 Schools in NTPC townships provide quality education primarily to rural community children, benefiting about 20,000 students of neighbourhood areas. NTPC Sipat has so far sponsored scholarships to about 200 Biaga tribal students for admission into engineering and medical colleges through Commissioner, Tribal Welfare, Chhattisgarh. Holistic educational support is given to 30 students every year from each class VI to XII of special tribe Pahadi Korwa, Chhattisgarh by NTPC Korba. Financial support is given for engineering college in Korba and Kaladungi Polytechnic, Kaladungi, Nainital. Support is committed for setting up NTPC-All Girl Super 30 at Varanasi, UP through Centre for Social Responsibility and Leadership for providing free residential coaching and mentoring for admission in IITs, NITs and prestigious Engineering Institute. There are mobile science labs being operated in schools around Darlipalli, Pakri Barwadih Coal Mining project and Kahalgaon Station. These mobile science labs provide innovative hands-on science education at the doorstep of the schools.

Health: NTPC hospitals provide primary



and secondary healthcare services to the neighbourhood communities. Mobile Health Clinics are operational at seven NTPC locations covering about 80 villages, providing healthcare facility at doorsteps to more than 50,000 people. NTPC supported development of King George Hospital, Visakhapatnam. The company has committed support for construction and equipment for 3rd Floor and diagnostic labs at National Cancer Institute Nagpur, Maharashtra, and also for electro chemotherapy device and electrodes for use at AIIMS, New Delhi. NTPC also organises medical camps, general and specialised - eye, respiratory diseases/cancer detection every year. The company takes up fogging, spraying, anti-larva spray for preventive health measures. Health-related infrastructure support is extended to PHCs, CHCs and District Hospitals. NTPC has also supported Ramkrishna Math, Antpur, Hooghly, and West Bengal for construction of building and vehicles for medical service centre. NTPC Directly Observed Treatment cum Designated Microscopy Centre (DOTs cum DMC) with mobile ambulance operational through NTPC Foundation at 11 NTPC hospitals under Revised National Tuberculosis Control Programme (RNCTP), has benefitted about 5,000 cases so far.

Swachh Bharat and Sanitation: Under Swachh Bharat Swachh Vidyalaya Abhiyan, NTPC has made available about 29,000 toilets in 16,000 schools spread over 650 blocks in 83 districts of 17 states. NTPC also constructed more than 150 community/individual toilets and drains in the neighbourhood villages of its projects. Swachh Bharat Mission is about much more than building toilets. It also included revival of Municipal Solid

Waste Processing Plant, Varanasi, where the pilot project for mechanised cleaning of 14 wards took off quite well. The company also organised intensive awareness and cleanliness campaign through various activities in its projects/stations/ offices to bring mass-awareness among employees, associates and family members. Nukkad natak, debates, slogan competitions, essay competitions, painting competitions, walks etc., are regularly organised to spread awareness about cleanliness amongst all stake holders. Special thrust has been given to 'sanitation'. With an objective to encourage sanitation and hygiene to the people around NTPC operations, and to end open defecation through construction of individual, cluster and community toilets, NTPC is enabling a clean, safe, healthy, livable and sustainable environment. Zila Parishad Office Baran, Rajasthan, has appreciated CSR efforts of NTPC for construction of Individual toilets in Ratariya village, creating awareness related to use & importance of toilets and enable to declare an Open Defecation Free village (ODF).

Drinking Water: NTPC provides piped drinking water system/hand pumps/RO plants in about 80 neighbourhood villages of station. It also supports installation of energy efficient pump system in the fields of farmers residing near NTPC stations in UP. About 300 hand pumps, bore wells and tubewells were installed in various locations in the states where NTPC has its operations. RO plants at 28 locations were set up at Dadri, Simhadri, Ramagundam and Tanda. NTPC also supplies water through water tankers during extreme summers.

Rural Infrastructure Development: NTPC feels that real



progress and advancement of these communities will happen when they have access to and benefit from construction of community halls/ buildings/ centre, anganwadis, local markets, panchayat ghars, cremation grounds, bus shelters, restoration and deepening of ponds, lakes and bathing ghatsetc. NTPC has integrated domestic energy systems (Solar PV lighting with energy efficient cook stove) which has been provided to 1000 rural households in Barethi, Chhatarpur District, MP and Talcher Kaniha in Angul district, Odisha. More than 3,000 solar street lights were installed in villages during last two years to promote conventional energy whereas more than 100 high mast lights in last 3 years have been set up for improved lighting in rural areas.

Environment Policy and Management System

NTPC is the first public utility in the country to bring out a comprehensive document in November 1995 entitled "NTPC Environment Policy and Environment Management System". The Environment Policy envisages the following principles:

To adopt pro-active approach in Environmental Protection.

To operate and maintain the various pollution control devices and equipment at optimum efficiency.

- a) To adopt latest technologies, as far as feasible and to achieve continual environmental improvement through retrofit, recirculation/reuse, integrated treatment schemes etc.
- b) To conserve resources by efficient utilisation and to minimise waste to the extent feasible.
- c) To devise environmentally sound policies for maximizing ash utilisation.
- d) To inculcate the culture of environmental care among all employees and further enhance the "green Image" of NTPC.

As a Corporate Policy, NTPC has taken various pro-active measures for strengthening its environmental management functions and for protection of the environment. Fifteen of its power stations have been accredited with ISO-14001 certification. Actions also have been initiated for achieving ISO-14001 for other stations.

Table- 1: CSR Spend of NTPC During the years 2011-12 to 2017-18 (Figures in Rs. Crores)

Sl.NO.	Year	Amount Spend	Annual change
1.	2017-18	220.75	- 3.12
2.	2016-17	227.85	-34.83
3.	2015-16	349.65	23.34
4.	2014-15	283.48	124.77
5.	2013-14	126.12	123.74
6.	2012-13	56.37	23.86
7.	2011-12	45.51	--

Note: Including CSR and sustainable development Activities

CARG: 2011-12 TO 2017-18 is 25.31 Per cent

Source: Annual Reports of NTPC-Different Issues



CSR Spend of NTPC

Table 1 presents the CSR spend of the NTPC In India during the years 2011-12 to 2017-18. It could be assessed from the table that over the period under review the cumulative total of the spend by the NTPC on CSR amounted to Rs.1309.73 crores. The amount spent on CSR by the corporation in the year 2011-12 which was Rs.45.51 crores went up to Rs.227.85 crores in 2016-17 and stood at Rs.220.75 crores in 2017-18. The annual increase in the amount of CSR spend by the NTPC over the years ranged between -34.83 per cent (2016-17) to 124.77 per cent (2014-15). Though the amount of CSR spend by the NTPC increased to Rs.349.65 crores in the year 2015-16, it declined to Rs.22.75 crores in the year 2017-18. But, over the entire period under reference, between 2011-12 to 2017-18, the amount spent on CSR by the NTPC registered a compound annual growth rate of 25.31 per cent.

In conclusion it can be stated that NTPC is India's largest energy conglomerate with roots planted way back in 1975 to accelerate power development in India. Since then it has established itself as the dominant power major with presence in the entire value chain of the power generation business. From fossil fuels it has forayed into generating electricity via hydro, nuclear and renewable energy sources. This foray will play a major role in lowering its carbon footprint by reducing green house gas emissions. To strengthen its core business, the corporation has diversified into the fields of consultancy, power trading, training of power professionals, rural electrification, ash utilisation and coal mining as well. NTPC became a

Maharatna company in May 2010, one of the only four companies to be awarded this status. NTPC was ranked 400th in the '2016, Forbes Global 2000' ranking of the World's biggest companies.

Future Goals

The Company has developed a long term plan to become 128000 MW company by the year 2032. NTPC Limited is on an expansion spree to meet the power requirements of the country – it has targeted to add 14,058 MW in 12th Plan (From 2013 to 2017) of which it had already added 4,170 MW in the year 2012-13, 1835 MW in the year 2013-14 1290 MW in the year 2014-15 and 1150 MW from April 2015 to 30 November 2015. As on 30 November 2015, the Company has 23004 MW under construction. NTPC is diversifying its capacity mix with lots of emphasis on renewable energy. As on 30.11.2015, NTPC has 110 MW Solar PV capacity under operation, 250 MW under construction and 1260 MW under tendering. The Company intends to add 10000 MW of Solar PV capacity in next 5 years. On 18.07.2015, NTPC declared commercial its first Hydro Power plant at Koldam in the State of Himachal Pradesh. By the year 2032, Company has a long term plan to reduce its fossil fuel capacity mix to 56 per cent.

NTPC also plans to go global. The public sector company has signed a memorandum of agreement with the Government of Sri Lanka and Ceylon Electricity Board for setting up a 500 MW (2x250) coal-based thermal power plant in the island nation. An MoU has also been signed with Kyushu Electric Power Co. Inc., Japan, for establishing



an alliance for exchange of information and experts from different areas of the business. The company is also in the process of finalising an MoU with Nigeria for setting up power plants against allocation of LNG on long-term basis for NTPC plants in India. NTPC also developing a joint-venture coal-based power plant 1,320 MW (2x660) with Bangladesh Power Development Board known as Bangladesh India Friendship Power Company in Rampal, Bangladesh which is facing tremendous opposition from the people of Bangladesh owing to the plant's dangerously close proximity to the Sundarbans.

NTPC has also been allotted coal blocks namely, Pakri Barwadih, Chatti Bariatu and Kerandari in Jharkhand, Talipalli, Chhattisgarh and Dulanga, Odisha. Except Pakri Barwadih all other blocks were cancelled by a decision of Supreme Court of India on 24 September 2014. However, the Company was again allotted cancelled block under Section 5 of Coal Mines (Special Provision Act 2015). Besides these blocks, Ministry of Coal has vide its press release dated 3 July 2013 has allotted 4 more blocks namely, Banai and Bhalmda in Chhattisgarh, Chandrabila and Kudanli Laburi in Odisha. Two more blocks namely Mandakini- II and Banhardih are expected to be allotted to NTPC soon. All these mines are having estimated Geological Reserves of 6.7 Billion Tonnes. NTPC has appointed Mining Cum Development Operator (MDO) for its Pakri Barwadih mine.

CONCLUSION: NTPC has a deeply ingrained belief of doing business by building corporate social relationship

through CSR. Besides being the country's largest power generation company, the government-owned NTPC is also known for its contribution to the social sector. It has been conferred various awards for its CSR initiatives. In an email interview, NTPC is observed doing business by adding value to the community through CSR. He also says that CSR has been on public sector enterprises' menu since the beginning. But the new Companies Act is bringing this activity from the backroom to the boardroom, making it mandatory and an accountable exercise. NTPC's CSR activities are inspired by a holistic worldview and business outlook that has been wired into the corporation's DNA since inception. It is deeply seeded as the culture of the corporation that business should add value to the community and society on a sustainable basis through dedicated policies, institutional setup and engagement process to promote inclusive growth. CSR activities have been guided and supervised by a board-level committee with an independent director right from 2004. An accountability tool for measuring the implementation is important to ensure effectiveness. There is regular monitoring of all activities and internal audits are carried out to ensure effective implementation. Transparent assessment and evaluation are taken up through credible external agencies for gauging impact of these initiatives. As a member of the UN Global Compact since 2001, the NTPC is committed to work towards a sustainable and inclusive economy, which delivers lasting benefits to people and communities. NTPC advances transparency and accountability through annual communication on progress (COP), a public disclosure to stakeholders, on progress made in implementing Global Compact's ten



principles. Thus the corporation has been making efforts to integrate CSR activities in our business operations. NTPC assumes CSR as the Corporate Social Relationship.

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