Corporate Social Responsibility: A Comparative study between MCL and NALCO

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**Abstract:** India has one of the oldest traditions of CSR. Corporate Social Responsibility is the mechanism through which the corporate organizations have executed their philanthropic visions for social welfare. It is a powerful tool to increase the sustainability and profitability of the firm and achieving lasting values for stakeholder as well as shareholder. The purpose of the study is to highlight and compare various CSR activities carried out by National Aluminum Company Ltd (Nalco) and Mahanadi Coal Fields Ltd (MCL) between financial year 2011-12 and 2015-16. The study is based on secondary data collected from annual and sustainability reports of both the companies, related journals and websites. A comparative analysis is done on various CSR activities practiced by MCL and Nalco on dimensions of education, drinking water, health care, social community welfare, sports and culture and environment. In the conclusion, CSR activities practiced by others public sector companies have been suggested in order to provide better quality of life for community residing in the environs of their plant and facilities.

**Keywords:** Corporate Social Responsibility (CSR), Central Public Sector Units/Enterprises (CPSU/Es),

Date of Submission: 28-08-2017 Date of acceptance: 20-09-2017

I. Introduction

Today, CSR in India is merely not confined to charity and donations, but it has expanded its scope to a larger extended. CSR Programs in India range from removing extreme hunger and poverty, promotion of education, promoting gender equality and empowering women, reducing child mortality and improving maternal health, combating human immunodeficiency virus, acquired immune deficiency syndrome, malaria and other diseases, ensuring environmental sustainability, employment enhancing vocational skills, social business projects, contribution to the Prime Minister’s National Relief Fund or any other fund set up by the Central Government or the State Governments for socio-economic development and relief.

Based on the guidelines prescribed by the Department of Public Enterprises (DPE) the government has made it mandatory for all profit-making central public sector companies to spend 2% of profit made in preceding year on CSR activities. Ministry of Corporate Affairs has indicated the potential investment in CSR is expected to the tune of Rs. 15,000 to 18,000 crores annually with an expected participation of approximately 8,000 to 9,000 companies (ASHE, 2013). A survey conducted by Deloitte revealed that only 27% of top 91 companies surveyed spent greater than or equal to 2% of their net profit. However, it may be noted that a majority of the organizations qualifying the 2% doctrine are PSUs with Ambuja Cement, Tata Steel and Ranbaxy being the only private organizations. With the recent mandate, a greater spending will be expected by the private players in future. According to the reports, 7,334 companies spent a total of Rs 8,803 crore towards CSR work in the financial year 2014-15 and in 2015-16. A total of 5,097 companies incurred a CSR expenditure of Rs 9,822.30 crore with private sector entities accounting for the major chunk (Business Standards, 2017). CRISIL Foundation’s analysis shows overall spending increased by a significant 22%, with the bulk of the funds going to education, skill development, healthcare and sanitation initiatives (Livemint, 2017). Education & Skill Development, Health and rural development are greater areas of focus amongst the corporate and a lot of noteworthy efforts are being taken up by the organizations in the space (NGOBOX, 2017). The survey included 250 companies from different sectors which are BSE listed. The analysis highlighted that Banking and finance sector is contributing more towards various welfare activities followed by fertilizer and chemical industries. Poverty Alleviation, Healthcare and Water, sanitization and hygiene were the primary focus for the companies in 2014-15 which was around 33% of the total expenditure. The next priority area of CSR activity was to provide education and develop skills which were 31% of the total expenses. Promotion of Rural sports is the new area which is gradually becoming popular in CSR projects in India (NGOBOX, 2015).
II. Review Of Literature

Corporate Social Responsibility (CSR) is defined as a discretionary allocation of corporate resources toward improving social welfare that serves as a means of enhancing relationships with key stakeholders (Barnett, 2007). As a concept, CSR is seen as “the subset of corporate responsibilities that deals with a company’s voluntary/discretionary relationships with its societal and community stakeholders” (Waddock, 2004). CSR refers to a company’s commitment to operate in an economically and environmentally sustainable manner, while acknowledging the interests of a variety of stakeholders and maximizing economic, social and environmental value (Lee, 1997). Wankhade (2014) focused on comparative analysis of Corporate Social Responsibility (CSR) spending as a percentage of Profit after tax (PAT) and the transparency score of the Public and Private sector companies. The study revealed that the CSR spending is less than 2% of the PAT of the Indian companies. The study revealed that the corporate social responsibility spending is less than 2% of profit after tax of the Indian companies & also there is no significant difference in the corporate social responsibility spending & transparency score of the Public sector companies & Private sector companies. Chaudhary et al. (2011) studied “Practices of Corporate Social Responsibility in Banking Sector in India: An assessment” and concluded that all banking and financial institutions under study undertakes both fund based and non-fund based activities as a part of CSR activity. Twelve banking and financial institutions were selected under stratified random sampling method from the vast network of banking and financial institutions of the country. Data were collected from the secondary sources most particularly from concerned Banks Annual Report, websites, newsletters and other secondary sources. The study revealed that all the financial and banking institutions of the country are directly engaged in social banking and developing banking approach. Priya & Ajay (2013) made comparative study of CSR of Hindustan Petroleum Corporation Limited and Indian Oil Corporation Limited. The study aimed at providing valuable information on CSR practices and performance by IOCL and HPCL. Moharana (2013) in his study focus on analyzing the CSR practices of five nationalized banks i.e., Allahabad Bank, Andhra Bank, Bank of Baroda, State Bank of India, and Uco Bank. The study revealed that the selected banks are directly engaged in CSR activities mostly in the area of Rural Development, Education, Community Welfare, Women and Children. The analysis shows that, these banks are making efforts for the implementation of CSR, but are restricted within certain fields. The study conclude that there is a need for better CSR activities by the banks, which is possible by adding more and more social development issues link with corporate sector. The CSR activities need to be in tune with effective strategic policies so that the aim of sustainable environmental, social and economic progress may be achieved (Jaysawal and Saha, 2015).

Objectives of the Study:
Since the aim of research paper is to make a comparative analysis of the CSR activities of MCL and NALCO the data are mainly collected from secondary sources like journals, Annual reports, CSR reports and website of the companies. The objectives of the study are:
1. To highlight various CSR activities carried out by MCL and Nalco from year 2011-12 to 2015-16.
2. To compare various CSR activities by Nalco and MCL in Odisha between these years.

Corporate Social Responsibility at NALCO
National Aluminum Company Limited (NALCO) is a Navratna CPSE under Ministry of Mines. It has given immense emphasis on its Corporate Social Responsibility activities with an aim to provide better quality
of life for community residing in the environs of its plant and facilities. It has comprehensively addressed the problems of rehabilitation of displaced families with adequate compensation, housing and employment. Nalco Foundation is focused on development of villages located within 15 kilometers radius of NALCO’s Mines & Plants in Damanjodi and Angul. As per new guidelines on CSR for CPSEs, issued in March 2010 by the Department of Public Enterprises, Government of India the CSR budget of the company now stands doubled at 2% of the net profit. Out of its allocated funds for CSR activities 40% is for Damanjodi sector (where the Mines & Refinery are located) similarly 40% for Angul sector (where the Smelter & Power Plant are located) and 20% is for rest of areas.

CSR Projects of Nalco

Education: The activities include construction and renovation of class room, water supply systems, toilets and boundary walls in educational institutes. It has set up an Industrial Training Institute (ITI) at Damanjodi area to provide training facility to the rural student of the periphery villages. It also organized science exhibition and literacy competitions among the students of 20 peripheral High schools. In 2012-13, Nalco Foundation established remedial schools for drop-out children in 5 peripheral villages of Damanjodi. The renovation of Kanyashram, a residential school set up by ITIDA for 110 girls from 7 nearby villages of Nuagaon, have been completed by Nalco Foundation ensuring better living condition. NALCO is sponsoring formal education of children living in the periphery village of Damanjodi. For last two consecutive years 655 children were enlisted from 16 villages for residential education till Class X at Kalinga Institute of Social Sciences (KISS), Bhubaneswar (for tribal children only), Koraput Development Foundation (KDF) School, Jeypore and Bikash Vidyalaya, Koraput. Nalco has invested around Rs.1252.83 lakh and Rs. 2053.42 lakh for promoting education and sponsoring formal education for tribal children in financial year 2014-15 and 2015-16.

Drinking Water: Nalco provided drinking water through mobile water tanks to the villages during summer. Three hand pumps have been installed at Putraghati in Damanjodi. Similarly, it has also installed a dug-well at Chaugaon. In 2012-13, it distributed 2130 water filters in Damanjodi to promote the habit of drinking of safe water. In year 2014-15 it has spent Rs. 70.98 lakh for providing drinking water to periphery villages.

Health Care: Nalco Foundation has taken over the operation of the existing Mobile Health Unit (MUH) for the periphery villages of Damanjodi, from October 2011. Nalco Foundation has also started three MHUs, with the help of Wockhardt Foundation, Mumbai, for free primary health check-up of villagers at their door step. In 2011-12, 1109 camps were organized through MHUs treating 50,938 patients with free medicines. In 2012-13, 1,517 camps were organized treating 67,000 numbers of patients were treated at Damanjodi and Angul. In 2013-14, total 2,436 camps were organized through MHUs treating 1,09,166 patients from periphery villages of Damanjodi and Angul. It also provides Health check-up camps for children, mothers and expectant mothers in Angul area. It organized a free health check-up and medicine distribution camp at Bhiragarh village, in the outskirts of Bhubaneswar. It organizes Health camp for women which provides Hemoglobin test for women. Nalco has two company-run specialty hospitals at Damanjodi and Angul. NALCO has agreed to set up 100-seat medical college and 300-bedded hospital at the district headquarters of Koraput. As per the report, in year 2015-16 it has spent Rs. 58.03 lakh health outreach programme through mobile medical units in the near villages.

Income and Employment generation: Backyard poultry training programmes were held with the support of Odisha State Poultry Products Co-operative Marketing Federation Limited (OPOLFED) in Gopinathpur village of Angul in 2012-13. Similarly, Livelihood training was imparted on, backyard poultry, mushroom cultivation and vermin-compost in various villages at Damanjodi. Nalco Foundation facilitated for ten SHGs with ensuring bank linkages, seed money, loans and grants, besides access to various schemes. In 2012-13, Goat Rearing project has been completed in Bhitargarh and Kapsiptu villages of Damanjodi. Under this project each beneficiary has been provided with two numbers of goats and veterinary support. In 2013-14, it provided logistic support to Ministry of Textiles at its M&R Complex, Damanjodi for providing training to 238 persons in apparel stitching, out of which 95% are female candidates. It also organized farmers training program among the progressive farmers of the surrounding villages for better farming at its M&R Complex, Damanjodi. And in year 2014-15 it has allocated Rs. 92.00 lakh for skill development programmes at different locations.

Social community welfare: Nalco has also given equal importance for community development through construction of community halls, plantation and development of parks. Nalco is committed towards maintaining salubrious and beautiful environment by developing parks and gardens at Damanjodi, Angul, Bhubaneswar and Puri. It conducted Appliances Distribution Camp in 2012-13 for physically challenged people of different villages and distributes tricycles, hiring aids, blind sticks to them. In 2012-13, NALCO has distributed 2130 nos. of solar lanterns in different villages of Damanjodi for promoting solar energy in rural households. It organized awareness program about Malaria and distribution of Mosquito Nets. A significant amount has been spent in year 2015-16 for rural development activities in periphery villages and other areas.
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**Sports and Culture:** It has done significant work in development of sports and cultural activities. It spends around Rs. 27 lakhs towards tribal festival “Parab- 2013” in Koraput. In 2012-13, it distributed sports kit in 16 periphery villages.

**Environment:** 1,85,828 numbers of saplings were planted in and around the production units of the company during 2013-14. NALCO is set up a grid connected PV system rooftop solar project of 160 kilowatts peak (kWp) for its Corporate Office building at Bhubaneswar. It has spent Rs. 83.00 lakh and Rs. 105.74 lakh towards environmental sustainability and renewable energy sources respectively in year 2014-15 and 2015-16.

**Corporate Social Responsibility at MCL**

Mahanadi Coalfields Limited (MCL) is the second largest coal producing and the highest profit making company in Coal India Limited. MCL has taken up various Corporate Social Responsibility activities for the landless and project affected persons staying in the radius of 15 K.M. As per guidelines issued by DPE Ministry of Heavy Industries & Public Enterprises, Govt. of India Coal India Limited (CIL) has framed a policy for CSR applicable to CIL and its subsidiaries. On implementation of CSR policy by CIL, 5/- one or 5% of retained earnings whichever is higher is being allocated for CSR activities to be carried out in the following year.

**CSR projects of MCL:**

- **Education:** MCL provides quality education not only to its employees’ wards but also to the general public. It extended education grants to 20 privately managed schools which are in and around the mining areas. It promotes Professional Education by setting up educational institutions offering courses in Engineering, Nursing, Medicine and Management subjects etc. It also provide fees for a period of one year or more to the poor and meritorious, preferably girl students of the school in the operational area of the Company to enable them to get uninterrupted education. MCL is providing bicycles to needy girl students who are attending school in remote and distant areas. In 2011-12, it provided monetary support for construction of GNMT nursing school cum Hostel at Central Hospital in IB valley. In 2013-14 MCL provided financial assistance for construction of additional 2nd floor at Ladies Hostel in VSSUT, Burla and 150 seated ladies hostel in Sambalpur University. It has spent Rs. 270.18 lakhs and Rs.27.02 lakhs towards promotion education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled people in year 2014-15 and 2015-16 respectively.

- **Drinking Water:** MCL has taken various measures to provide drinking water through installation and repair of tube wells, digging and renovation of wells, construction of water tanks etc. In 2012-13, MCL provided piped drinking water to Kandhal, Kamarei, Jarada, Badatribada, Badagunduri village and its adjacent villages under Talcher Block in the district of Angul. It has also provided drinking water in summers of 2012 and 2013 through mobile tankers to 291 villages and 18 municipals. In 2013-14 it provided piped drinking water supply to Nuapada, Gwalapara and Lantibahal village. It also improved Water supply System of Brajraj Nagar Town, Jharsuguda. A large chunk of money has been spent for supplying of drinking water in peripheral villages s around during 2014-15 and 2015-16 is Rs. 779.65 lakhs and Rs. 864.91 lakh respectively.

- **Health Care:** MCL is committed to provide better health care facilities to its people. It provides primary and secondary healthcarecare services through 14 dispensaries, 5 area hospitals and 2 Central Hospitals, namely Nehru Shatabadi Central Hospital, Talcher (115 bedded) and Central Hospital, IB Valley (150 bedded). MCL conducts regular health check-ups through Mobile Health Vans with medical staff, doctors & free medicines on weekly basis in all peripheral villages of each area. 114 and 154 number of health camps was conducted for the villagers in 2012 and 2013 respectively. Besides, free medical check-ups were extended in Talcher area during the break out of Dengue to all patients. In 2013-14, MCL has agreed to set up a hospital and a Medical college in the name of Mahanadi Institute Medical Science and Research with an annual intake of 50 students at Angul with project cost of Rs.670.00 crores. It carried out 260 nos. Health Camps for the villagers in the same year. It provided One Pulse Ox meter (BPL) and one bed side ECG Machine three channel with reporting (BPL make) for Sub Divisional Hospital, Talcher. In year 2014-15 and 2015-16 MCL has spent Rs. 65.67 lakh and Rs. 1,390.71 lakhs respectively towards providing better health in surrounding villages through health camps and mobile health centres.

- **Income and Employment Generation:** MCL organizes various Training programs to Rural Youth for Self Employment (TRYSEM) on Welding, Fabrication, and other Electronic appliances. It is providing assistance to villagers having small patch of land to develop mushroom farming, medicinal plants, farming & other cash crops to make them economically dependent on their available land resources. It is organizing training programmes for women on tailoring Embroidery designs, Home Foods/Fast Foods, Pickles, Painting and Interior Decoration and other Vocational Courses. Further it creates opportunities for self employment is provided by constructing Shopping Complex in and around the projects. In 2013-14, it sponsored 8th batch of Sewing & Stitching Classes started at Meghdoot by Chetna Mahila Mandal. They have allocated Rs. 15.88 lakhs for organizing skill development workshops for women and rural youth.

DOI: 10.9790/487X-1909070107  www.iosrjournals.org 4 | Page
Social Community Welfare: It has taken various measures to develop infrastructural facilities for providing electricity through Solar Lights and through high mast ground mounted lighting to the nearby villages. In 2013-14, MCL provided 15 nos. of Solar street lights with battery & fittings to villages of Basundhara and Garjanbhal area. Similarly, 25 High Mast Ground Mounted Lighting towers were provided for lighting the villages adjacent to Lakhapur area/colleries. It contributes towards repairing, widening and strengthening of black topped roads and bypass roads. In 2012-13, it repaired and strengthen Sundergarh bypass road at Sundergarh and 2013-14 for widening and strengthening of Balinga-Taparia Road. In 2013-14, it has provided financial assistance for development of Human Temple at Sambalpur through District Authority. It has also contributed finance for construction of a New Bus Stand at Jharsuguda Town. MCL has developed 11 numbers of community centers in backward areas of Sundergarh districts. It has spent Rs. 3448.11 lakhs and Rs.370 lakh towards rural development in 2014-15 and 2015-16 respectively which includes constructed roads, the construction of community centres, the construction and renovation of ponds, and the construction of shopping complexes.

Sports and Culture: MCL has given equal importance toward improvement of sports and culture in locality. In 2013-14, MCL has spent huge amount of money for development of Sport Complex at Burla, Sambalpur and Stadium at Jharsuguda. It has done exceptional contribution towards promotion of sports activities in nearby villages by conducting tournaments like Football, Kabaddi and Khokho etc. MCL has been associated with the Hero Hockey India League as the co-owner for the Kalinga Lancers’ team. It is also granting financial aids to register clubs and institutions to promote sports. MCL is sponsorship of Cultural event to restore Indian Cultural Traditions and Values. It has spent around Rs. 734.39 lakh and Rs. 621.88 lakh towards upliftment of sports in the state.

Environment: During the reporting period, MCL carried out several plantation plans for biological reclamation of the mine-degraded land towards the goal of ecological restoration. In year 2012-13 it has planted 31,800 saplings of mixed indigenous species over back filled internal dumps and other vacant places. Plantations were also done in residential townships and office premises especially with fruit bearing, flowering and medicinal plants and trees. In 2014, MCL has set up its first Solar Power Plant of 2MW capacity at its headquarters complex Anand Vihar here in Odisha. Environment sustainability being the primary focus of the company, it has spent Rs. 36.16 lakh and Rs. 131.53 lakh in 2014-15 and 2015-16 respectively. The activities mainly include Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, forestry, conservation of natural resources and maintaining quality of soil, air and water.

Comparative Analysis:

MCL and NALCO are strictly following the guidelines issued by DPE Ministry of Heavy Industries & Public Enterprises, Govt. of India. Both enterprises have allocated huge amount of financial assistance for the development of the community in their locality. NALCO is allocating 2% of its net profit made in the preceding year towards CSR expenditure. Whereas Rs. 5/- per tones or 5% of retained earnings whichever is higher is being allocated by MCL for CSR activities to be carried out in the following year. In that way it is not allocating exactly 2% of its profit after tax. In year 2011-12 it allocated 1.92% of PAT, similarly in year 2012-13 it allocated 1.22% of PAT and in year 2013-14 1.28% of PAT for CSR activity in the following year.

MCL and Nalco have considered development of education, healthcare, social community, drinking water facility, sports and culture and environment to provide better quality of life for community residing in the vicinity of the plant and facilities. From the figures-2 and figure-3 it is cleared that Nalco’s CSR expenditure is more than its allocation for last four consecutive years. In case of MCL it is a different scenario. MCL’s CSR expenditure for year 2010-11, 2011-12, 2012-13 is less than the amount allocated for CSR activities. But in 2013-14 and 2015-16 the CSR expenditure of MCL is more than its amount allocated for the same. The establishment of Medical College at Angul has increased its CSR expenditure in 2013-14 by 200%.

Figure 2: Allocation and Expenditure on CSR activities by MCL from 2011-12 to 2015-16.
Nalco has set up a standalone foundation as NALCO Foundation in order to carry out CSR activities. Similarly, MCL has set up a Corporate Social responsibility Committee to channelize their CSR activities.

So, if we go through the table we would find that both the companies are dedicating funds towards upliftment of the society. On the dimension of Education, MCL and Nalco are both undertaking huge activities in providing school education. But MCL has given more importance towards promotion of technical education and Girls education for the villages in the periphery.

On the dimension of providing drinking water, both are providing drinking water through hand pumps, bore wells and mobile tankers to the villagers in the locality. In addition to that MCL is providing piped drinking water to its peripheral villages.

On dimension of Community development, MCL and Nalco have taken steps to provide solar lights in villages. Nalco organized an equipment distribution camps and distributes tricycles, hiring aids, blind sticks for physically challenged people. MCL has developed roads and bridges, community centers and Anganwadi centers in the periphery.

On dimension of Livelihood, special initiative is taken to ensure women empowerment and skill development in remote areas.

On dimension of Health care, MCL and Nalco both have taken initiatives in providing medical care through Mobile Health Units and by organizing Health camps in villages. Both have also allocated funds toward developing Medical College in their locality.

On dimension of Sports and Culture, MCL and Nalco both of these companies are trying to promote the sports through distributing sports kits to schools of their locality. MCL has taken initiatives in developing
Stadiums in their localities in to facilitate better infrastructural facility. Nalco has given more importance to promote cultural activities by sponsoring local festivals. On dimension of Environment, MCL and Nalco both of these companies are trying to preserve environment on their best possible ways.

III. Conclusion

Corporate sustainability is an evolving process and not an end. MCL and Nalco have played a pivot role in resolving the social issues of the people of Odisha. In occurrence of time MCL and Nalco have broadened their CSR activities in order to provide better quality of life to tribal people of Odisha. At the same time both MCL and Nalco need to take on Digital Literacy programs practiced by ONGC, Aditya Birla and NTPC in order to provide computer education to disable and girl children. Similarly, they can include some other CSR activities practiced by CPSUs of India like Disability Rehabilitation Centre (DRC) programme of NTPC, village adoption programs of SAIL, Agriculture Development Program of Oil India in order to extend the scope of CSR activities. However, the challenge for the companies is to determine a strong and innovative CSR strategy which should deliver high performance in ethical, environmental and social areas and meet expectations of stakeholders, incorporating some new activities will help them to ensure social commitment and attend sustainability in long run.

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