CSR AND ENVIRONMENTAL SUSTAINABILITY INITIATIVES: A CASE STUDY OF NMDC LTD

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Abstract
Corporate Social Responsibility is an act of engaging the practices of a company in a more economical, social and environmental sustainable manner, while simultaneously recognizing the interests of its entire stakeholders. Through CSR, the organizations can better serve the interests of society by taking responsibility for the impact of their activities on customers, employees, shareholders, communities and the environment in all aspects of their operations. It is observed that the thrust of CSR in public sector is on inclusive growth not only because of their effect on the environment degradation but also due to the socio-economic needs of the neglected and marginalized sections of the society. The present paper highlights some of the important new CSR guidelines for corporate, especially CPSES according to the Companies Act of 2013. The paper shall also present recent literature review in brief on the selected topic. The purpose of this paper is to bring into sight the various CSR initiatives undertaken by NMDC Ltd and also helps to analyze their contribution towards the development of the country. The main objective of this paper is to present the areas which are covered and uncovered with regards to this issue. The paper is purely secondary in nature. In the end, the researcher concludes the paper based on the findings drawn and gives suggestions accordingly.

Keywords: CSR, Sustainable Development, Guidelines, Public Sector.

Introduction
Corporate social responsibility (CSR) is gaining more and more importance day by day. The meaning of CSR is twofold. On one hand, it denotes the responsibility of an organization towards the environment and society in which it operates. It involves providing innovative solutions to societal and environmental challenges. On the other hand, it exhibits the ethical behavior that an organization exhibits towards its internal and external stakeholders (customers as well as employees). CSR involves various voluntary efforts in which companies engage themselves in order to give something back to the society.

It can be noted that with the introduction of the Companies Bill in the Parliament and with its new provisions on Corporate Social Responsibility (CSR) there is a radical change in the thinking and working of companies towards CSR. This paradigm shift has been possible due to the initiatives undertaken by the government, financial institutions, NGOs and other stakeholders. With the new game change, the companies definitely need to reconsider their CSR strategy. The intention of government and purpose of bill is for the betterment of the society at large.

Since CSR and Sustainability are dynamic subjects, DPE is constantly exploring new dimensions of these subjects and devising new implementation strategies to make CSR and Sustainability portent tool for achieving national development agenda along with sustainable development goals.

Concept of CSR
There is no a universal definition of CSR, organizations have framed different definitions and there is several perceptions of the term according to the context locally and among the countries. One of the most contemporary definitions is from the World Bank Group, stating, “Corporate social responsibility is the commitment of businesses to contribute to sustainable economic development by working with employees, their families, the local community and society at large, to improve their lives in ways that are good for business and for development.” World Business Council for Sustainable Development defines Corporate Social Responsibility (CSR) as “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 European Commission defines CSR as ‘the responsibility of enterprises for their impacts on society’.

Good Corporate Social Responsibility (CSR) is a fundamental business principle for corporate. It reflects our efforts to achieve sustainable outcomes by committing to good business practices and standards and our belief that branding and reputation are enhanced by good CSR practices. Value creation for all stakeholders, with an eye on the communities where we operate, is now an integral part of our business strategy.

Thus, the concept of CSR has undergone radical change and therefore, CSR practice is being influenced by two major concepts. One is the stakeholder model wherein it is recognized that good business practice entails engaging all its stakeholders in the company’s business. So good business is not only seen as maximizing shareholder but stakeholder value. The other interesting concept is the triple bottom line. It is agreed that companies will no longer be judged on the conventional single i.e. financial bottom line but also on their performance in the social and environmental bottom line.

**Highlights of Companies Act of 2013 related to CSR and Sustainability guidelines**

1. The net worth, turnover and net profits are to be computed in terms of Sec 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. 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.

2. Under Sec 135 (5)(1), there is provision in the revised guidelines that the unutilized budget for CSR activities planned for a year will not lapse and will, instead, be carried forward to the next year and CPSEs will have to disclose the reasons for not fully utilizing the budget allocated for CSR and Sustainability activities planned for each year.

3. Besides, the unspent amount of the budget allocated for CSR and Sustainability activities for a year will have to be spent within the next two financial years, failing which, it would be transferred to a Sustainability Fund to be created separately for CSR and Sustainability activities.

4. Sec. 135 provides the provision for formation CSR committee in the company. Every company having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during any financial year shall constitute a Corporate Social Responsibility Committee of the Board consisting of three or more directors, out of which at least one director shall be an independent director. The committee shall be responsible for formulation of CSR policies, budget, its implementation.

5. The Boards of the CPSEs are responsible for the implementation of the CSR activity which forms a part of the annual Memorandum of Understanding signed between CPSEs and the Government.

6. The report of the Board of Directors attached to the financial statements of the Company would also need to include an annual report on the CSR activities of the company in the format prescribed in the CSR Rules setting out inter alia a brief outline of the CSR policy, the composition of the CSR Committee, the average net profit for the last three financial years and the prescribed CSR expenditure. If the company has been unable to spend the minimum required on its CSR initiatives, the reasons for not doing so are to be specified in the Board Report.

7. Where a company has a website, the CSR policy of the company would need to be disclosed on such website.

8. Only the Maharatna companies which have larger resources for CSR & Sustainability activities will have to submit details of one additional project for evaluation.

9. The draft guidelines continue to exempt sick and loss-making PSUs from allocation of budget for undertaking CSR activities.

10. The revised guidelines allow the employees of CPSEs to avail the infrastructure facilities created by their company from its CSR and Sustainability budget, provided the facilities are originally created essentially...
for the external stakeholders, and the use of these facilities by the company’s employees (internal stakeholders) is only incidental and confined to less than 25% of the total number of beneficiaries. 

11. By including PM National Relief Fund into the Schedule, policy-makers have allowed companies to merely write cheques and claim deductions instead of carrying CSR activities on the ground. Therefore, the new CSR provisions are to be aligned with the existing income-tax laws. 

12. One major addition in the Section 135 is provision of up to 5% of the CSR budget for training and capacity building of employees and implementing partners for CSR. 

13. At least two percent of the average net profits of the Company made during the three immediately preceding financial years shall be spent for every financial year commencing from 1st April 2014. 

Schedule VII 
Activities which may be included by companies in their Corporate Social Responsibility Policies 
Activities relating to:—

1. Eradicating extreme hunger and poverty; 
2. Promotion of education; 
3. Promoting gender equality and empowering women; 
4. Reducing child mortality and improving maternal health; 
5. Combating human immunodeficiency virus, acquired immune deficiency syndrome, malaria and other diseases; 
6. Ensuring environmental sustainability; 
7. Employment enhancing vocational skills; 
8. Social business projects; 
9. Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government or 
10. the State Governments for socio-economic development and relief and funds for the welfare of the Scheduled 
11. Castes, the Scheduled Tribes, other backward classes, minorities and women; and 
12. Such other matters as may be prescribed. 

Review of Literature 
Venu Srinivasan (2007) highlighted that Corporate Social Responsibility is more than philanthropy and must not mean “giving and receiving”. An effective CSR initiative must engage the less privileged on a partnership basis. “CSR means sustainable development of the community by being partners in their progress. The government has been evolving a large number of welfare schemes for the people but experience shows that in most cases the benefits do not reach the most deserving. Industries have expertise in man management, financial management and business planning. They can easily provide the missing ingredients of leadership and organization and establish the „last mile connectivity” to reach the benefits to the deserving people. Therefore the focus of CSR could be „unlocking” the last mile connectivity. Industry must be a catalyst for social development. They must provide the leadership, know-how, training, etc. 

Shah, Bhaskar (2010), has taken a case study of public sector undertaking i.e. Bharat Petroleum Corporation Ltd in his research work. The research has discussed that there is a broad relationship between the organization and society. Organization has its existence only with the society. Organization used the resources/inputs of the society like material and human etc. In reverse, the organization provides services to the society. From the case study of the BPCL, it was found that company has taken a lot of initiatives in order to serve the society. 

An article published in The Economic Times named as “CSR: A cloak for crooks” on 21 Oct, 2012 explored that there are so many companies which have engaged in Corporate Social Responsibility yet they are suffering from financial crisis, fraud and other unsocial causes. In this article, an example has been taken about the company
Satyam Computer Services. The company has won several awards in the area of CSR which includes rural communities’ commitment and services like healthcare, education and water.

Bhattacharyya & Chaturvedi (2012), article entitled “CSR looks to emerge as an independent stream with measurable output”. He further stated that the proposed bill of CSR will affect the company’s policies in many ways. According to his views, the company’s activities will change a lot. He further said that the companies who have not engaged in CSR activities till now will start investing on society. Finally he stated that the company who has already engaged in these areas will get a strong foundation or bond with the society.

Bibhu Parshed (2012), article presented that companies today invests in a lot of areas like child labour, ground water, food, education, employment etc. but nobody is aware about the essential need of world’s poor. The article suggested that profit earning is a natural fact of companies but CSR is beyond the natural and statutory obligation of the companies. At last, it was concluded that sustainable development is the development of society as well as the company in a balanced way.

Bansal, Parida, Kumar (2012), paper entitled “Emerging trends of Corporate Social Responsibility in India” in KAIM Journal of Management and Research analyzed 30 companies of 11 sectors listed in the Bombay Stock Exchange with the help of their annual reports. Some of these sectors were Transport Equipment sector, Finance and Metal Mining sector, IT & Power, Capital goods, Telecom, Housing, FMCG, Oil & Gas and Cipla. The paper considered the nature and areas of society in which the companies are investing. By considering all those areas it was concluded in the paper that today companies are not working only to earn profit but also have realized the importance of being social friendly. So, on the basis of the paper it can be said that social responsibility has now started taking a turn in the new direction.

Objectives of the study
1. To study about the profile of NMDC and its contribution towards the development of the nation.
2. To bring into picture the CSR initiatives taken up by the selected company even before the new CSR guidelines.
3. To make suggestions as per the findings drawn so that the company can widen its area of CSR activities.

Research Methodology
Exhaustive literature survey regarding the topic and related concepts has been done. Secondary data inclusive of quantitative and qualitative data as well was collected from various sources including books, research papers, newspapers, magazines, and websites is used for the purpose of study.

A Case Study of NMDC Ltd
About the Company
NMDC Ltd was incorporated in the year 1958 as a Government of India fully owned public enterprise. The company is under the administrative control of the Ministry of Steel, Government of India. Since its formation, it is involved in the exploration of wide range of minerals including iron ore, copper, rock phosphate, lime stone, dolomite, gypsum, etc. NMDC has made valuable and substantial contribution to the National efforts in the mineral sector during the last five decades and has been accorded the status of schedule-A Public Sector Company. In recognition to the Company's growing status and consistent excellent performance, the Company has been categorized by the Department of Public Enterprises as "NAVRATNA"

NMDC Limited Contributing to Development of the Nation
✔ It is recognized as the single largest producer of Iron Ore in India-NMDC produces around 30 million tonnes of iron ore annually which is around 20% of India’s iron ore production.
It is the only Mechanized Diamond Mine in Asia-NMDC also operates the only mechanized diamond mine in Asia with a capacity to produce one lakh carats per annum from its Panna Diamond Mine, Madhya Pradesh.

The present market capitalization of NMDC shares is about Rs.1, 00,000 is one of the highest in public sector enterprises category.

The EBITDA margin as on 31March 2011 is 80% which is once again the highest in any sector.

NMDC is also known in mining industry for its scientific methods of mine planning and mining, which makes it as one of the lowest cost producer of iron ore in the world.

The output per man shift is 27.73 tonnes (iron ore) and value addition per employee (2010-11) is Rs.1.59 crore which is the best in the industry.

It is also recognized as a Consistent Dividend Paying Company, NMDC for the past 20 years has been paying consistently dividend to its shareholders. NMDC has paid approximately Rs.3, 533 crore as dividend to the Government till 2009-10. An interim dividend of Rs.410 crore is already paid and the proposed final dividend to the Government is Rs.767 crore for the year 2010-11. The total payment made to Government of India so far is Rs.3, 944 crore and after making the final dividend payment it would be Rs.4, 711 crore.

NMDC has made a policy of allocating almost 90% of its iron ore production for supporting the domestic steel producers.

It is also known for their Zero Waste Mining. The slimes and Banded Hematite Jasper (BHJ) and Banded Hematite Quartz (BHQ), low iron content material was earlier treated as waste. Now NMDC has plans to convert them into pellets for utilization by steel manufacturers by setting up state of the art beneficiation / pellet plants.

NMDC during March 2010 concluded a disinvestment process in a record time of 64 days which falls under “faster than fast track”. The Government of India disinvested about 33.20 crore shares of face value of Re.1/- each which generated around Rs.10,000 crore for the Government.

NMDC is setting up an integrated steel plant of 3 MTPA at Nagarnar in the State of Chhattisgarh for which the land acquisition has been completed in August 2010. During the month of February 2011, NMDC signed an agreement with MECON for rendering Engineering Consultancy services for setting up of the Integrated Steel Plant.

The demand of Dead Burnt Magnesia (DBM) in India has increased with the rise in production of steel in the country. Added to this, reduction in the export of DBM from China to various countries has resulted in the increase in price of various grades of DBM products. In view of this changed scenario action to set up the Panthal Magnetite Project has been revived. The detailed project report and due diligence report with Capex of Rs.143.0 crore for the Magnetite Project was approved by J&KMDC (A Subsidiary Company of NMDC Limited) Board. The mine capacity is 1.24 lakh tonnes per annum and the proposed DBM Plant capacity would be 30,000 tonnes per annum. NMDC has also plans to set up a second steel plant of 2.0 MTPA capacities in State of Karnataka for which NMDC has already acquired around 2500 acres of land.

Corporate Responsibility and Environmental Sustainability
NMDC as a corporate social entity shows human face towards the society which is reflected through its CSR activities. NMDC, not merely pursuing its corporate agenda, but also is ensuring that it benefits the communities in and around the areas of its activities. These include the local communities, tribal populations in particular, and for society at large. The philosophy of NMDC of building ‘socially congenial atmosphere for industrial growth with a human face’ by Putting People First which has been even felt and appreciated by local beneficiaries and communities.
NMDC as a pioneering initiative has been earmarking certain percentage of its retained profits of the preceding year as the budget for the succeeding year for CSR. NMDC is the only PSU to have such a lofty CSR ideal and has a comprehensive CSR policy document in order to identify and help underdeveloped areas with special emphasis on areas in and around Projects and Establishments of NMDC having predominantly SC, Tribal and other under privileged population.

NMDC has always shown great concern for environment protection. At all its projects care is taken in this regard by tree plantation, making tailing dams/check dams at different places.

NMDC, a socially responsible company, believes in engaging its stake holders through a continuous and consultative process towards the fulfillment of its corporate mission and vision which focus on sustainable growth and improvement in the quality of life of its employees and the related communities. The projects undertaken have envisaged the socio-economic advancement of the community. They also adhere to environment-friendly operations as well as socially relevant interventions.

**Major initiatives CSR initiatives taken by NMDC Ltd :( 2007-14)**

- **Education, Scholarship schemes and mid-day meals**

Recognizing that education is an integral path of human development, NMDC has contributed to empowerment of Tribal, Scheduled Caste and Poor children through education. It has set up high quality free residential schools for tribal children and provided scholarships to 10,000 tribal and poor students in 330 schools in 5 districts of Bastar at an annual expenditure of Rs.4 crore. The company has constructed schools and hostels for students including girl children, provided mid-day meal to 10,000 rural children, set up ITI’s & Polytechnic for technical education, supported the establishment of medical college and promoted reservation of seats in management institute(IPE) for tribal & poor children.

More than 194 children from remote villages have been brought into the school in classes I to III through visit of NMDC volunteers. Dantewada, South Bastar conducted Education Improvement Program in 84 Schools in Dantewada block of Bastar region in Chhattisgarh through special coaching before/after school hours.
A Polytechnic College with Mechanical & Electrical trades has been established at Dantewada in South Bastar, Chhattisgarh. 112 students are pursuing their studies here.

Nagarnar, Bastar - A residential school for tribal children of Bastar region has been established at Nagarnar, Bastar in Chhattisgarh.

A Scholarship scheme to motivate SC/ST students to pursue study beyond 8th class has been introduced and over 7000 scholarships have been awarded during 2008-09. NMDC has partnered with Govt. of Chhattisgarh for establishment of a Medical college in Jagdalpur, Chhattisgarh.

Sanitation Toilets
From September 26, 2014 onwards a week-long awareness programme on ‘Swachh Bharat’ was organised at NMDC as per the guidelines laid by the Government of India. The programme was inaugurated by Subimal Bose, director (production), NMDC Ltd, on Thursday.

Subimal elaborated the activities to be taken up by the NMDC for the next 4-5 years as part of the ‘Swachh Bharat and Cleanliness Campaign’. He said that the NMDC was taking up massive construction of toilets in schools at Bastar, Chhattisgarh, as part of the company’s CSR activity. The NMDC would also take care of the operation and maintenance of toilets with the help of locals, NGOs and the state government.

Sandeep Tula, executive director (personnel and administration), gave a brief report on the competitions and programmes to be taken up in the week long programme. He appealed the gathering to participate in all the programmes. Essay writing, elocution, quiz, slogan, suggestion, poster competitions, etc. would be organised as part of the awareness programme at the head office, R&D and all the project locations of the NMDC.

Construction of wells and hand pumps for Safe Drinking Water:
A number of open well/tube wells, hand pumps and water tanks have been provided for supplying drinking water to the nearby villages.

Construction of Roads and Flyovers
NMDC has made efforts to bridge the gap of poor connectivity by laying several kilometers of metallic & tarred roads, construction of High-level bridge on Sankini River at Dantewada, South Bastar and construction of by-pass road for Jagdalpur.

Skill Development Program
A unique "Skill Development Programme" which includes in house training programme aimed at equipping VIII standard pass tribal youth to acquire necessary knowledge, skill and proficiency in the operation of Mine/Plant to help them in seeking employment. During the period of programme, they are paid out of pocket expenses of Rs.750/- per month besides subsidised breakfast, lunch, uniforms

Infrastructure Facilities and Development
The company took up the construction of new school buildings and additional class rooms besides undertaking repair and renovation to a number of school buildings of the State Government in the area including electrification work. The company also took the initiative of supplying school uniforms, text books and other stationery items to the adivasi children besides suitable cash awards to the adivasi children passing out the V standard Board Examination in certain identified tribal schools to inculcate the positive attitude towards education.

Medical Healthcare and Rural Area Development
Various free medical treatments in project hospitals and frequent camps are conducted for eye, dental, cancer, orthopedic, family planning and other health camps where free counseling as well as outdoor and indoor medical treatment is provided.
Frequent visits of project doctors to the neighbouring villages for providing medical assistance to the needy and help the District Administration in extending medical assistance by supply of ambulances, donation of medical equipment for use in providing Medicare in interior villages.

NMDC runs three hospitals at Project sites, in collaboration with M/s Apollo and M/s Yashoda Hospitals offering free medical treatment not only to staff but to the local communities as well, addressing the needs of an average 80,000 out-patients & 8,000 in-patients from local tribal every year.

NMDC operates 'Hospital on Wheels' (HoW) service in Bailadila benefitting about 20000 tribal villagers in 37 Villages.

NMDC has released the balance Rs.10 crore against the committed total financial assistance of Rs.50 crore to Chhattisgarh for establishment of Medical College at Jagdalpur.

- **Plantation Initiatives**
  NMDC started plantation in consultation with Divisional Forest Officer (Social forestry) of concerned areas with the objectives such as increasing the density around the project and township, stabilization of degraded lands and waste dumps for preventing soil erosion, rehabilitated of mined out areas, improving the condition of the catchment areas and stream courses and aesthetic look of the township areas. Till now more than 2,351,816 trees have been planted covering area of nearly 1500 hectares of land.

- **Recreational Facilities**
  NMDC is also actively collaborating with State Government of Chhattisgarh & Karnataka for creation of various infrastructure facilities viz, roads, culverts, community halls, etc, apart from construction of houses for slum dwellers in Bellary. NMDC has taken keen interest in promoting tribal games like Archery, Kho-Kho, Handball etc and tribal culture.

- **Sanitation**

- **Environmental Friendly Initiatives**
  Over the years, NMDC has made a huge impact on the socio-economic emancipation of the people, especially in the remote villages of Bailadila, through a host of CSR initiatives in the areas of medicare, education, skill training, infrastructure, drinking water, etc., through focused interventions and also integrated development of villages.

  NMDC is also taking up diversification activities through its intensive R&D efforts for production of High-Tech and High Value added products from Blue Dust like Carbon free sponge iron powder, Nano crystalline powder. Besides, study is also being conducted for setting up a demonstration plant to beneficiate BHJ/BHQ material for up gradation to +64% Fe iron ore concentrate.

  Nevertheless, NMDC is also investing in development of renewable energy resources as an environment friendly investment. A Wind mill project (10.5MW capacity) has been completed & commissioned at Karnataka.

- **Infrastructure Facilities and Development**
  It can be observed that lot of initiatives are taken up by the company for the uplift of weaker sections of the society. Thus, it can be noticed that the selected company is playing a pivotal role for the overall development of the nation. Therefore, NMDC can be regarded as a company who is going beyond philanthropy and operating in an economically, socially and environmentally sustainable manner, while recognizing the interests of its stakeholders. This commitment is beyond statutory requirements.
Awards and Recognition received based on CSR Practices
The National Mineral Development Corporation Ltd has been recognised for its Corporate Social Responsibility and received The India Pride Award for CSR Excellence for 2008-09. Rana Som, Chairman-Cum- Managing Director, Received The Award from Union Home Minister P. Chidambaram at a Function in New Delhi on 9th of October, 2014

NMDC LTD has received an award for being one of the fifty “Most caring Companies of India” during the CSR Congress which was held in Mumbai on 18th of February, 2013.

Findings and Conclusion
With ‘People’ at the heart of its philosophy and approach to CSR, NMDC is seeking to carryout meaningful work in the areas such as follows like Literacy & Education, Scholarship Schemes, Mid-day meal supplements, Safe Drinking Water, Health care and Sanitation, Skill Development for sustainable income generation and livelihood, Agriculture and Infrastructure Development and many more. No doubt, all these practices are elevating the livelihood of people living in rural areas. In conclusion, the company is playing a key role for the betterment of the society and a cleaner as well safer environment. Moreover, the company is practicing within the framework of ethics, laws and regulations.

Suggestions
According to the study, the present selected company is playing a predominant role for eradicating poverty, illiteracy, diseases and many more. However, it can be observed that there are still few more areas which are unrecognized by the company. Therefore, the author suggests the company to widen its scope of CSR operation in the areas like HIV/AIDS, Ambulance van, Family planning, Empowerment of women and promoting gender equality, Providing safety measures, Rain water harvesting, Providing subsidy, Project for girl child, Old age homes, Disaster relief, Initiatives for internal stakeholders like preserving employees’ rights and discouraging discrimination at workplace, Consumer protection regarding product quality, fair pricing policies or so.

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