

A Study on Performance of CSR with Reference to Steel Authority of India

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ABSTRACT

The Public and Private Sector undertakings play a key role in generating employment, earning profits and also in improving the national income. Government of India, after making thorough observations, decided that these undertakings have to spend something to the needy so that a balanced economic growth can achieve. Hence, a concept called Corporate Social Responsibility has been emerged. CSR is a vehicle through which companies give something back to the society. Corporate Social Responsibility is an important Social element of organisation's strategic policy. It is a concept whereby companies decide voluntarily to contribute to a better society. Corporate social responsibility is a commitment to improve the well-being of a community and it is a way which strikes a balance between economic, social and environmental imperatives. Nowadays, CSR has become mandatory and there is a need to know which sector companies (private sector and public sector) are doing better CSR practices. The researcher in this paper has tried to study the CSR policy thoroughly and tried to understand the practices of CSR in Steel Authority of India which gives a route map to the potential and enthusiastic organisations.

Key Words: Corporate Social responsibility, Private- Public Partnership, Rural Development, Non Government Officials, Steel Authority of India.

INTRODCUTION:

Corporate Social Responsibilities (CSR):

The concept of CSR was firstly mentioned in 1953 in the publication, “Social Responsibilities of Businessman” by William J. Bowen. Bowen has suggested that the “social responsibility of businessman refers to the obligations of businessmen to pursue those policies, to make those decisions or to follow those lines of action which are desirable in terms of the objectives and values of our society.” Corporate Social Responsibility (CSR) is an effective way of achieving and maintaining sound business management. By carrying out social responsibility a company can actually enhance its own economic value and brand image as well as benefits the society. While utilising the resources of society, companies and other organisations are required to have accountability towards stakeholders such as consumers, investors, employees, local residents etc. In this connection, The Indian Government Parliamentary Standing Committee (2009) on Finance has proposed mandatory corporate social responsibility (CSR) by companies and the committee has stated that every company having net worth of Rs.5000 cr. or more, or a turnover of Rs.1000 cr. or more, or a net profit of Rs.5 cr. or more during a year shall be required to spend every year at least 2% of the company’s average net profit on CSR activities. There is no standard framework and guidelines for CSR practices but most of the companies are following GRI (Global Reporting Initiatives) guidelines. Many companies are putting more emphasis on Corporate Social Responsibility’s Triple Bottom Line Principle. i.e. People, Planet and Profit. These economic, social and ecological values help to measure an organisation’s success and impact on its stakeholders. Business has a responsibility to give back to the community in which they operate. According to Forbes (2010), corporate social responsibility works in two ways. The company gives back to the society, in turn, people get to know about the company who helped them most and cater to their products and services. According to Infosys founder, Narayan Murthy, “Social responsibility is to create maximum shareholders value, working under the circumstances, where it is fair to all its stakeholders, workers, consumers, the community, government and the environment.”

Brief on CSR Activities as Prescribed Under Schedule VII of the Companies Act, 2013:

Schedule VII mandates expenditure for the following:

- Eradicating hunger, poverty, and malnutrition, promoting preventive health care, Promoting education including special and vocational education and sanitation, , animal welfare, agro forestry, conservation of natural resources, and maintaining quality of soil, air, and water and making available safe drinking water;
- Promoting gender equality, empowering women, setting up homes and hostels for women and orphans, setting up old age homes, day care center, and other such facilities for senior citizens, and measures for reducing inequalities;
- Ensuring environmental sustainability, Protection of national heritage, art, and culture, including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional art and handicrafts;
- Measures for the benefit of armed forces veterans, war widows and their dependents;
- Training to promote rural sports, nationally recognized sports, para -Olympic sports, and Olympic sports; Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socioeconomic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, and other classes, minorities, and women; Contributions or funds provided to technology incubators located within academic institutions approved by the Central Government; Rural development projects; Slum area development etc.

INDIA AND CSR: Development of CSR can be traced back in different phases which are as follows:

Phase 1: In the pre-industrial period up to the 1850s, merchants committed themselves for the religious reasons, sharing their wealth, for instance, by building temples. The pioneers of industrialization in the 19th century in India were a few families such as Tata, Birla, Bajaj, Lalbhai, Sarabhai, Godrej, Shriram, Singhania, Modi, Mahindra and Annamali, who were strongly devoted to philanthropically motivated CSR.

Phase 2: The second phase of Indian CSR (1914-1960) was dominated by country's struggle for independence and influenced fundamentally by Gandhi's theory of trusteeship, which aimed to consolidate and amplify social development.

Phase 3: The paradigm of the "mixed economy", with the emergence of PSUs and ample legislation on labour and environment standards, affected the third phase of Indian CSR

(1960-1980). This phase was also characterized by shift from corporate self regulation to strict legal and public regulation of business activities.

Phase 4: In the fourth phase (1980 until the present) Indian companies and stakeholders began abandoning traditional philanthropic engagement and to some extent integrated CSR into a coherent and sustainable business strategy, partly adopting the multi-stakeholder approach. At present, Indian companies are now expected to discharge their stakeholders' responsibilities and societal obligations, along with their shareholders' wealth maximization goal.

Objectives of the Study:

1. To understand the Concept and the framework of the CSR
2. To Study the various CSR policy in SAIL
3. To analyse the performance of CSR at SAIL.

Research Methodology:

Sample for the Study:

Top Steel Manufacturing Industries in India

Top Steel companies Shareholders

Sl. No.	Company Name	Shareholders / Promoter
1.	Essar Steel	28.60%
2.	JSW Steel	39.68%
3.	SAIL	75%
4.	Tata Steel	33.21%
5.	Visa Steel	58.88%
6.	Bhushan Steel	43.90%
7.	Ferro Alloys Corporation Ltd.	69.79%

Source : <https://economictimes.indiatimes.com>

The Steel Authority of India Limited (SAIL) is the country's largest integrated iron and steel producer. Hence, Researcher has tried to understand the CSR Strategies and Applications at SAIL. The Present study focuses on Performance of CSR component in Steel Authority of India.

Data Collection Tools:

a. Primary Data: Researcher has collected the relevant data through interviewing officials of SAIL.

b. Secondary Data: The Present study is carried by using secondary data, secondary data's were thoroughly observed and results were concluded.

Methodology: The research is based on Descriptive Method of Study as most of the observations were dragged by comparing the annual reports. Statistical tools like ratios and Mean were used for the analysis and observations were mentioned accordingly.

A Focus on Steel Authority of India Limited:

Hindustan Steel was formed as a Private Limited Company, with President of India owning the shares on behalf of the people of India. Hindustan Steel Private Limited was set up on January 19, 1954. The registered office was originally in New Delhi, moved to Calcutta in July 1956 and ultimately shifted to Ranchi in December 1959.

STEEL AUTHORITY OF INDIA LIMITED

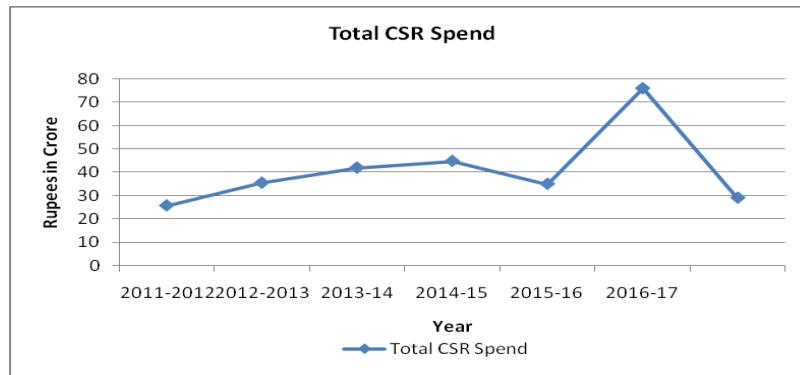
Formation: The Committee of Public Undertaking of the Fifth Lok Sabha was the first Parliamentary Committee to undertake a significant review of the question of setting up a Hokinng Company for steel. The formation of Steel Authority of India Limited was approved by the Government in December, 1972. The company was incorporated on January 24, 1973 with an authorised capital of Rs. 2,000 crores. In 1978 SA IL was restructured as an

Budget & Expenditure: CSR Budget shall be allocated during each financial year by the Board of Directors/CSR Committee. Company shall spend at least 2% of the average net profit made during immediately preceding three financial years on its CSR activities as per the provisions of Companies Act, 2013.

CSR Expenditure of SAIL

Year	2014-15	2015-16	2016-17
Particulars	crore		
Education	7.59	12.95	8.96
Healthcare	3.92	5.72	3.39
Livelihood Generation	3.24	4.7	2.97
Women Empowerment	2.06	3.2	0.9
Drinking Water	7.11	19.51	0.95
Sports,Art & Culture	2.34	7.66	3.1
Rural Development, sanitation	2.05	8.97	4.18
Social Security	0.9	1.2	0.26
Environment Sustainability	4.79	11.39	3.13
Capacity Building of Personnel	1.04	0.86	0
Total CSR Spend	29.05	76.16	35.04

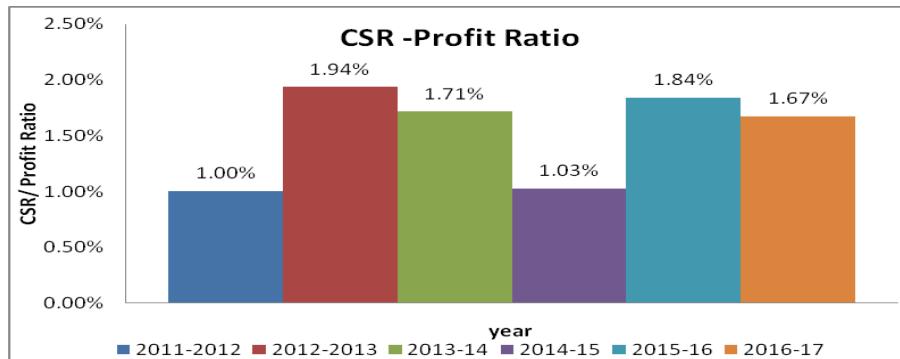
Source: Steel Authority of India- Annual Reports



Total CSR spend by SAIL

Observations: The company was in huge losses in 2016-17 and hence they could spend only 35.04 crores and as in the year 2015-16 there were 2,100 crore profits, they could spend around 76.16 crores towards CSR.

CSR-Profit Ratio



The proportion of Profit and CSR was 1.84% in 2015-16 and the proportion of Profit and CSR was 1.67% in 2016-17. It is observed that the company recorded with huge profits in 2015-16 and hence their contribution towards CSR seems to be high.

Results and Conclusions:

- SAIL is giving more importance to Education under CSR Program and it is then followed by healthcare. The two important facets of pro poor are given higher priority.
- SAIL is spending minimum of 1% and maximum of 1.84% of Total Profit after tax.
- It is also noticed that though the company incurred huge losses since last two years due to increase in coal prices, SAIL spent Rs.35.04 crores on CSR.
- Social involvement of business would enhance a harmonious and healthy relationship between the society and business seeking mutual benefit for the both.

5.3 Recommendations

- There is no common model for CSR and it is suggested that the universal model for all company may give optimum impact on predefined objectives.
- It's noted that appropriate evidences were lacking in concerned with allocation of CSR. Hence, it is advised to have regular monitoring / inspection mechanism through authorised agencies to penetrate the benefits of CSR to the needy people.
- As the profit of a company changes, allocation to CSR is changing.
- The concept of private-public partnership (PPP) can be applied even to CSR.
- Periodic review of the CSR activities should be conducted by every business entity so as to identify the pitfalls and the areas left out.
- Innovation should essentially be a matter of concern. The gaps between allocation of CSR and spending on CSR to be identified and necessary action to be taken.
- NGOs should be encouraged more to act in collaboration for the CSR activities under different schemes and projects.

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