

A STUDY OF CORPORATE SOCIAL RESPONSIBILITY WITH SPECIAL REFERENCE TO SHREE CEMENT COMPANY OF RAJASTHAN

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ABSTRACT

Corporate Social Responsibility (CSR), a comparatively new concept to India, is a platform to engage with society by showing that the corporation is concerned for the need of the society. It has now become a fundamental business practice and gained a lot of attention from the large business houses. Companies see it as an opportunity to initiate value in society. Today, the Indian cement industry stood large at second position only after China in terms of capacity installed, has grown at an accelerated pace in recent years. Cement has a very heavy impact on environment as the production processes release CO₂ and other harmful chemicals using various sources of energy. At the same time cement sector has gone ahead in reducing or eliminating the evil environmental impacts by employing various technological interventions such as fly-ash blending, waste heat recovery system, Air Cooled Condensers (ACC), Sewage Treatment Plants (STP) etc. This paper studies and analyses the CSR policies adopted by cement companies. For this purpose Shree Cement Company of Rajasthan has been selected.

KEYWORDS: *Corporate Social Responsibility, Environment, Education, Health, Empowerment, Equality.*

Introduction

In order to ensure more accountability and transparency in operations and to organise the altruistic activities of an organisation, the Government of India made it mandatory to take CSR activities under the Companies Act, 2013. Under the section 135 of Companies (Corporate Social Responsibility) Rules, 2014, Schedule VII has been formulated, which prescribes the necessary conditions for the fulfilment of CSR. CSR provisions are applicable on every company with a Net worth of ₹ 500 crore or more, or an Annual Turnover of ₹ 1000 crore or more, or a Net Profit of ₹ 5 crore or more.

Under these provisions the company has to set aside at least 2% of the average net profit for the last three financial years. Along with that, the companies has to ensure the proposed amount being spent on the CSR areas provided by the law, failing to which they have to disclose the reasons for not being able to spend the proposed fund.

Schedule VII of the Companies (Corporate Social Responsibility) Rules, 2014 has enumerated a wide zone of activities which include:

Promoting education, promotion of gender equality and women empowerment, eradicating hunger, poverty and malnutrition, contribution to the 'Swachh Bharat Kosh', contribution to the 'Clean Ganga Fund', protection of national heritage, ensuring environmental sustainability, protection of flora and fauna, improving and enhancing vocational skills, training to promote rural sports, setting up old age homes, day care centre for senior citizens, measures for the benefit of armed forces veterans, war widows and their dependents.

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Corporate social responsibility is not merely a charity work or donation but a vital component of a responsible and sustainable business. Corporate are becoming aware of their role towards the responsibility of society, environment and now setting up their own corporate responsibility departments to form policies, initiatives and strategies for the CSR activities. Many companies genuinely feel the need of doing CSR work for the society's welfare that would eventually become the human capital source for them. Also some companies see it as a vital factor of gaining acceptance for the operations from society. There is a greater force from investors, customers and governments for the disclosure and transparency of data. This force is pushing the corporations to come forward and take up their responsibility for the good of community. Now the concept of CSR is firmly rooted in the Indian Business Culture.

Cement Industry- Overview

The Indian cement industry plays a vital role in the country's economic growth and development as it is directly related to the country's infrastructure sector. As per the annual report of the Department of Industrial Policy and Promotion (DIPP), the production of cement in the year 2017-18 stood at 299.11 million tonnes per annum (MTPA) and during the year 2018-19, it was 337.32 million tonnes per annum (MTPA) with a growth of about 12.77%. According to the data released by the Department of Industrial Policy and Promotion (DIPP), cement and gypsum products attracted Foreign Direct Investment (FDI) worth US\$ 5276.27 million from April 2000 to March 2019. The production capacity of Indian cement industry is anticipated to reach 550 MTPA by 2020.

Rajasthan, being the largest state of the country, has rich mineral reserves, labour pool and infrastructure support. The state is developing infrastructure for specific sections such as Special Economic Zone (SEZs), special purpose industrial parks, construction work for metro and road projects etc which will eventually provide a boost for the consumption and production of cement leading to growing economy. Rajasthan was the leading producing state accounting for 22% of the total production of limestone. The state is the leading producer of cement grade limestone in India. Production of limestone during the year 2018-19 (up to Nov. 18) reached 50.18 million tonnes. (Indian Mineral Yearbook 2017 and 2018)

Review of Literature

This section covers the important previous studies, articles, research papers, projects etc. on various aspects of Corporate Social Responsibility.

Rajni Bhalla (2013), in her study concluded that the Indian companies such as TCS, Coca Cola India, BHEL, Wipro are following the CSR practices in various fields like education, environment protection, health management, energy conservation, community development, waste material management etc. and trying to encourage the different sections of the society about CSR awareness.

Triveni Batham (2013) described the conceptual framework of sustainable development and its pillars such as Economic Protection, Economic Growth and Social Equality. She studied the relationship between the expenditure on CSR and the average market price of the companies.

Laura (2014) studied the CSR practices of the companies: Steel Authority of India Limited (SAIL), National Thermal Power Corporation (NTPC), Airport Authority of India (AIA) on rural people's socio economic development and expressed that the CSR activities done for them had a positive impact on the overall development and progress of the business and society.

Vijay and Divya (2014) did a study on various CSR activities done by Indian commercial banks to find out the consumer satisfaction level as a part of CSR. The concluded that the banks were providing satisfactory services as regard to CSR and that performance level of the banks also increased after implementing CSR.

Varun Kumar and Prabhat (2016) in their study notes that the perception toward CSR has shifted from a philanthropic view to a more empowerment approach. Healthcare, Education and Environment sectors are given preference for conducting CSR activities. CSR has had a positive impact on profitability of companies, but it is not just a marketing tool.

Objective of the Study

The study is done to address the following objectives:

- To study the CSR philosophy implemented by Shree Cement Company of Rajasthan.
- To analyse the various initiatives of Shree Cement with regard to CSR.

Methodology

To study the above mentioned objectives, Shree Cement Company of Rajasthan has been selected for the purpose. The data of the study is secondary which has been collected from various sources such as Department of Industrial Policy and Promotion (DIPP), Indian Bureau of Mines (IBM), Research papers, Newspapers and Magazine articles, Company's annual report etc. For the analytical purpose CSR activities of the company has been classified into broad categories like Education, Health and well being, Women empowerment, Infrastructure, Livelihood and Rural sports.

Limitations of the Study

- The study is based on a small sample of a company named Shree Cement Limited (SCL), hence does not represent the entire cement industry.
- The data for this purpose is collected from secondary sources only such as print literature, websites of the company.
- The study compares the CSR expenditure spent by the company for the last 2 years i.e.; 2017-18 and 2018-19.

CSR Initiatives of Shree Cement Limited

Focus areas of CSR (financial year 2017-18 and 2018-19) are:

• Education

The main objective is to promote and improve the quality of education through:

- Creating awareness towards IT based education in youth
- Initiatives such as 'Shree Ki Pathshala' and 'Computer Literacy Centre'
- School support program and distribution of school necessities
- Infrastructure development in schools

• Health and Well Being

To ensure better health and to amend the health facilities, following steps has been taken:

- 'Mobile Health Camps' for primary healthcare support
- 'Mamta Project' for pregnant women and school children
- 'Shree Chetna Project' and 'Shree Swachhata Project'
- Preventive health check-up programs
- Installation of drinking water facility and organisation of medical camps

• Women Empowerment

SCL promotes gender equality and provides women with admittance to opportunities with reducing their vulnerability through:

- 'Shree Shakti Yojana' an initiative of training them on tailoring and other services
- Setting up of homes and hostels for orphans and women
- Financial assistance to BPL families for daughter's marriage
- Save the Girl Child campaign by providing a Fixed Deposit

• Infrastructure Development

To improve the socio economic activities and keeping the pace of development, SCL has contributed to:

- Development of basic infrastructure for villages
- Safe drinking water facility
- Renovation and construction of schools, religious places, community places etc
- IT support to village panchayat
- Hygiene and sanitation
- Contribution for religious fair- festivals, social groups and samitis

• Sustainable Development

Accelerating the growth of sustainable livelihood and improving the quality of life by providing earning opportunities through:

- Promotion of HYV (High Yielding Variety) seeds and farming equipments
- Training and manifestation to villagers

- Better farming practices and livestock management
- 'Sewing Learning and Training Centre' for catering the need of unemployed women

• **Rural Sports**

To support harmony, co-operation, teamwork and to nurture local sports talent SCL had introduced:

- 'Shree Gramin Khel Mahotsav' project for displaying talent
- Training to promote Paralympics and Olympic sports
- Provision for providing sports kit and renovating stadiums
- Financial assistance for organising camps

CSR Expenditures of Shree Cement Ltd. (Amount in ₹ crore)

S. No.	Sector in which CSR Project is Covered	Total Expenditure (2017-18)	Total Expenditure (2018-19)
1.	Promoting Healthcare and Sanitation	1.29	3.02
2.	Availability of Drinking Water	1.43	0.69
3.	Agriculture Support to Farmers	0.18	0.27
4.	Promoting Education	6.46	2.71
5.	Livelihood Enhancement	0.63	4.65
6.	Women Empowerment	0.26	0.31
7.	Facilities for Senior Citizens	0.92	5.24
8.	Environment Sustainability	0.97	1.30
9.	Promotion of Art and Culture	1.12	2.36
10.	Promotion of Rural Sports	0.32	0.36
11.	Infrastructure Development	13.33	8.67
12.	CSR Overheads	0.90	1.49
13.	Financial Assistance to Dependents of Soldiers from Rajasthan	-	0.25
	Grand Total	27.81	31.32

Findings

The result of the study shows that the company has spent more than its prescribed limit (2% of the average net profit for the last three F.Y.) on CSR activities in the year 2017-18. The amount spent was ₹ 27.81 crore as compared to the prescribed limit of ₹ 27.81 crore. In the year 2018-19, the prescribed CSR expenditure requirement was ₹ 36.17 crore, but the amount spent towards CSR was ₹ 31.32 crore. As per the Annual Reports of the company, the CSBR committee clarify that some projects related to infrastructure development and community assets could not come into being due to some implementation blockage. Similarly, an education project could not get assistance due to change in requirements of the company. The unspent CSR amount of the company stands at ₹4.85 crore.

Suggestion

The above study suggests that the company shall have to clear out the irregularities or bottleneck coming in the way of implementing as to at least the prescribed CSR fund. The company should pay more focus on the measures for reducing inequalities faced by socially and economically backward people accompanied with improving the status of welfare and safety of women in our society.

Conclusion

It can be seen from the present study that the corporation uses CSR as it offers real opportunities to contribute in the welfare of the society as well as in benefitting the business in many ways. The contribution of Shree Cement is strongest in Infrastructure, Education and Healthcare. Many large - small companies are now taking steps for improving their social, economic and environmental performance in a transparent and ethical manner. Corporate are driving their perspective about CSR from a philanthropic or charity work to a more positive and responsible selfless work. The concept of CSR is now more firmly rooted in the business culture and for its success the government and the corporate must have to work together to bring some major substantial changes in the society.

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