

## **Corporate Social Responsibility Practices In Steel Authority Of India Limited – A Study**

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### **ABSTRACT:**

Steel Authority of India Limited (SAIL) is the largest steel maker of India. SAIL is the top public sector enterprise in terms of turnover with the prestigious status of 'Maharatna'. Owing to this there is responsibility of being a catalyst for positive change. Apart from the business of manufacturing steel, the objective of the company is to conduct business in ways that produce social, environmental and economic benefits to the communities in which it operates. SAIL's socio-economic objectives are echoed in their principle which includes a commitment to uphold the highest ethical standards in conduct of business, and of valuing the opportunity and responsibility "to make a meaningful difference in people's lives". SAIL's concern for People also reflects the company's commitment towards society at large, which it endeavours to fulfill through wide-ranging and diversified initiatives and activities under Corporate Social Responsibility (CSR). For SAIL, CSR has been an integral part of its operations ever since the establishment of its production units in remote locations of the country since the early 1950s. The present research paper tries to focus the practice of CSR status in SAIL. It provides insight into what extent company follows the CSR. It would throw light on CSR of SAIL which would be of both economic and social interest. It also provides few corrective measures on their CSR practices and performance. The funds allocated for CSR shall not be diverted to any other purpose. A dedicated CSR fund, separate from the main budget, may be created by SAIL so as to avoid lapse of fund and ensure full utilization of dedicated funds. The company should evaluate impact on the society of these CSR activities which would also help the company in future planning of CSR initiatives.

**KEY WORDS:** Corporate Social Responsibility, Maharatna, Social Interest

### **INTRODUCTION**

Corporate Social Responsibility (CSR) is a concept whereby organizations 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. Harnessing of natural resources has a direct impact on the economy, environment and society at large. CSR is, thus, linked with the practice of sustainable development. As far as possible, CSR activities are undertaken in the periphery where company carries out its commercial activities. But it is not mandatory to confine CSR activities in the periphery of the Public

Sector Enterprise (PSE) only. The importance of CSR had emerged significantly in the last decade. Over the time, CSR expanded to include both the economic and social interests. Along with this it also

Broadened to cover economic as well as social interests. Companies have become more transparent in accounting and resort to public reporting due to pressures from various stakeholders. It is possible for companies to behave in the desired ethical and responsible manner towards consumers, employees, communities, stake holder and environment as well. They have started incorporating their CSR initiatives in their annual reports.

### **AIM OF THE PAPER**

The present paper aims at focusing on the practices of Corporate Social Responsibility in Steel Authority of India Limited (SAIL).

### **CONCEPT OF CORPORATE SOCIAL RESPONSIBILITY**

CSR is an entry point for understanding a number of firm-related and societal issues and responding to them in a firm's business strategy. However, there is a universal and prominent view on protecting the environment and stakeholders' interests. Emerging economies like India have also witnessed a number of firms actively engaged in CSR activities, and the Ministry of Corporate Affairs has come up with voluntary guidelines for firms to follow. Companies in India have been quite practical in taking up CSR initiatives and integrating them in their business processes. The CSR activities may be carried out elsewhere also keeping in view the long supply chain, broadening of consumer base and social and environmental demands. According to the Department of Public Enterprises guidelines dated 9th April 2010, the CSR budget will be mandatorily created through a Board Resolution as a percentage of net profit and if this fund does not lapse, it will be transferred to a CSR fund which will accumulate. Table 1 shows the CSR specimen budget in Central Public Sector Enterprises (CPSEs).

**Table 1: Corporate Social Responsibility Specimen Budget in a Financial Year in Central Public Sector Enterprises**

Type of CPSE (Net Profit in crores)	Expenditure Range as a percentage of Profit
< Rs. 100	3- 5
Rs.100 to Rs. 500	2 - 3(subject to a minimum of Rs. 3 crores)
Rs. 500 and above	0.5 - 2

**Source: Annual Reports of Ministry of Steel, Government of India.**

#### **CORPORATE SOCIAL RESPONSIBILITY PRACTICES IN SAIL**

Steel Authority of India Limited (SAIL) is the largest steel maker of India. SAIL is the top public sector enterprise in terms of turnover with the prestigious status of 'Maharatna'. Owing to this there is responsibility of being a catalyst for positive change. Apart from the business of manufacturing steel, the objective of the company is to conduct business in ways that provide social, environmental and economic benefits to the communities in which it operates. SAIL's socio-economic objectives are echoed in their principle which includes a commitment to uphold the highest ethical standards in conduct of business, and of valuing the opportunity and responsibility "to make a meaningful difference in people's lives". One of SAIL's Core Values – 'Concern for People' – also reflects the company's commitment towards society at large, which it endeavours to fulfill through wide-ranging and diversified initiatives and activities under Corporate Social Responsibility (CSR). For SAIL, CSR was an integral part of its operations ever since the establishment of its production units in remote locations of the country since the early 1950s. Places like Bhilai, Rourkela, Durgapur, etc., which today are flourishing industrial and commercial centres having grown around SAIL's integrated steel plants set up there, were once extremely backward locations without any economic or social infrastructure. The company had to provide basic amenities like power, drinking water, education and medical facilities for its workforce at these plant locations. These facilities have multiplied over the decades as SAIL's business has grown.

#### **SAIL CORPORATE SOCIAL RESPONSIBILITY POLICY**

SAIL recognizes that its business activities have direct and indirect impact on the society. The company strives to integrate its business values and operations in an ethical and transparent manner to demonstrate its commitment to sustainable development and to meet the interests of its stakeholders. The Company is committed to continuously improving its social responsibilities, environment and economic practices to make positive impact on the society. The Company creates a positive footprint within the society to make a meaningful difference to the lives of people by continually aligning its initiatives to the goals for sustainable development like maintaining commitment to business and people for quality health and safety in every respect; undertake ethical business practices across the supply chain; make positive impact on the environment and promote good environmental practices and promote equality of opportunity and diversity of workforce throughout its business operations.

Since inception, SAIL has been contributing greatly to the socio-economic development of the areas in and around its plants and units. Company has taken specific initiatives in the field of Environment conservation, health and medical care, education, women's upliftment, potable drinking water availability and ancillary development. By systematically addressing a gamut of issues such as health and medical welfare, education, access to water, sanitation, power and roads, women's empowerment, generation of employment, electricity,

sports, culture, etc., at each of its plants and units, SAIL has contributed immensely to the economic development of its peripheral areas. By partnering creatively with small, local entrepreneurs, NGOs, state government and the centre, SAIL has ensured that the benefits arising out of its activities actually reach the grassroots level and not merely remain on paper. Under Peripheral Development various activities are being undertaken around the plants/units upto a radius of 16 KMs. Several socio-economic surveys reveal considerable benefits emanating from SAIL's efforts. Programmes are undertaken by each plant in close coordination with the State and District administrations as well as the local Panchayats, social organizations and people's representatives. All plants/units are making special efforts to initiate new projects in the area of road connectivity, construction of bridges/culverts, access to improved water sources, etc.

### **THRUST AREAS IN CORPORATE SOCIAL RESPONSIBILITY**

- **Healthcare**

SAIL has established Fifty Four Primary Health Centres, Twelve Reproductive and Child Health Centres, Seventeen Hospitals and Seven Super-Specialty Hospitals for providing specialized healthcare to more than 34 million people since inception. Kalyan Chikitsalayas, Sarve Swasthya Kendra, exclusive health centres for the poor and the needy has been setup at five locations, where free medical treatment and medicines are provided. Free medical treatment to more than 30000 patients annually is provided in these exclusive centers. SAIL organizes health camps reaching out to people needing primary health support. Around 2400 health camps were organized in 2011-12 benefiting more than 1.76 lakh people and 418 camps were organized during April to September 2012, including mega camps & special camps in and around periphery of plants and at far flung areas across India benefiting more than 36,000 people. The coverage has spanned various states like Jharkhand, Chhattisgarh, Odisha, West Bengal, Tamil Nadu, Karnataka, Bihar, Maharashtra, Madhya Pradesh, Haryana, Rajasthan, etc. To help the poor and downtrodden patients and to have health outreach, 24 MMUs /ambulances have been provided to various NGOs like HelpAge India, Bharat Sewashram Sangha, Anugraha Drishtidaan, etc. So far, 67 MMUs have been provided during last the five years. A special project, 'Akshaya', for free investigation of TB patients of under privileged sections of society and project, 'Chetna', for treatment of sickle cell anaemia are run in Rourkela.

- **Education**

One hundred and forty six schools have been set up in the steel townships for providing modern education to about 70,000 children and assistance has been provided to over 286 schools of villages surrounding steel plants/units for free education of more than 55,000 students. 225 tribal children at Bhilai and Twelve boys of the nearly extinct Birhore tribe at Bokaro have been adopted and are provided free education, boarding and lodging. SAIL has achieved a girl-boy ratio of 1:1 for all levels of education as well as a survival rate of 96 per cent in SAIL primary schools and 90 per cent in SAIL secondary schools. SAIL has also set up six Special Schools exclusively for poor, underprivileged, BPL children at its five integrated steel plant locations covering around 1,400 children providing free education, midday meals, uniform, including shoes, textbooks, stationery items, school bag, water bottles, etc. With the help of Akshay Patra Foundation, SAIL is providing midday meals to more than 23,000 students in different schools of Bhilai every day. In order to support the existing school infrastructure, SAIL has been providing additional classrooms across the country and such projects are in progress at Bhilai, Durgapur, Bokaro, Rourkela, Burnpur, as well as areas where SAIL carries out mining activities. Besides this, SAIL has supported Chhattisgarh Technical University with Rs 50 crore, for promotion of technical education and industry-education collaboration. Industrial Training Institutes (ITIs) have also been set up at Gua Mines and Bokaro and two new ITIs are being set up in Uttar Pradesh. Scholarships for ITI and nursing courses to people belonging to weaker sections and women, sponsorships to students for technical education, free coaching and assistance to the needy and the poor children for their higher education etc., are other areas of focus for SAIL in the field of education.

- **Water**

SAIL has also provided access to water to people living in far-flung areas by installing bore well, hand pump, overhead tanks, ponds, and other water sources. A total of 6052 such water sources were made available by SAIL. They benefited around 41 lakh people across the country. Each SAIL plant has ensured that villages within a radius of approximately 16-18 kms of its township have access to drinkable water.

- **Model Steel Villages**

In order to connect the gap between rural and urban areas and to provide comprehensive development of both physical and social infrastructure, 79 villages have been identified as 'Model Steel Villages' in Eight states( Chhattisgarh, West Bengal, Odisha, Jharkhand, Karnataka, Tamil Nadu, Madhya Pradesh and Bihar) across the country. The developmental activities being undertaken in these villages include medical & health services, education, roads & connectivity, sanitation, community centres, livelihood generation, sports facilities, etc.SAIL has been involved in the construction and repair of pucca roads in far-flung locations. In this endeavour, projects like construction of road, culverts, pathways etc. were undertaken at different places wherein over 75 lakh people across 435 villages have been provided access to this modern infrastructure facility.

- **Solar Power**

Promotion of alternative source of energy is one of the thrust areas of SAIL. SAIL under this initiative is supporting setting up of 100-kw Community Solar Power Plants in Jarri, Albert Ekka Block in Jharkhand with the help of Jharkhand Renewable Energy Development Agency. SAIL is also installing solar street lights at public places to eradicate the problem of power crisis in rural areas of the country.

- **Calamity Aid**

SAIL has always been a trend setter in supporting people during natural calamities and recently it has supported construction of low cost houses at Leh after a cloud burst. It provided galvanized sheets to Sikkim earthquake victims, contributed to Chief Minister's Relief Fund for aid to people affected by the Odisha floods, and provided flood relief packets during the floods in Uttar Pradesh.

- **Vocational Training**

Villagers are being provided vocational training in areas such as improved agriculture, mushroom cultivation, animal husbandry (goatery, poultry, fishery, piggyery), achar/papad/agarbatti making, etc. Training is also provided for skill enhancement as welders, fitters and electricians, in sewing & embroidery, smokeless chulamaking, etc. Vocational training centres like Bhilai Ispat Kaushal Kutir for rural and unemployed youth and Skill Development & Self Employment Training Institutes for the benefit of women and girls have also been set up. One of the outstanding success stories of SAIL-supported Self Help Group programmes is 'Kiran' which is run by Ninety Seven lady artisans of nearby villages of Kiriburu Ore Mines. Kiran branded towels, bedsheets, sarees, diwali candles and agarbattis are being sold through door-to-door marketing efforts and through cooperatives.

- **Sports**

SAIL has also become a part and parcel of the sporting history of the Nation. Right from the early trickles to the recent deluge of medals, awards and accolades, the steel major has supported many sports disciplines and promoted numerous sportspersons. SAIL supported wrestlers Sushil Kumar, Yogeshwar Dutt and Deepak Sharma, all of whom won top honours and made the nation proud during international events such as the Beijing Olympics and Commonwealth Games 2010. SAIL was the presenting sponsor of World Cup Hockey 2010 and is also sponsoring the Asian Tour-level SAIL Open Golf Championship for the past four years, besides prestigious annual events such as Davis Cup, SAIL Trophy Cricket Tournament, DSA league, Nehru Cup, etc. The company has also set up 6 academies at its plant & mines locations – for Athletics (boys & girls), Hockey, Football and Archery.

- **Youth Development**

The Steel Authority of India Limited (SAIL) as part of its corporate social responsibility, has taken up the initiative of training rural youth so that they could either be absorbed by companies or they could start work of their own. Joining hands with Society for Rural Industrialization (SRI), the government sector steel major has trained forty rural youths this season in carpentry, masonry, motorcycle and pump set repair. Of these six have already been appointed by one of the leading motorbike brands for its workshop whereas the remaining are striving to establish their own enterprises.

- **Preservation of Art and Culture**

Promotion and preservation of various forms of Indian arts and cultures enriches our cultural diversity. To fulfill this aspiration, SAIL has supported maintenance of monuments in Delhi's Lodhi Gardens, and Vedvyas, Saraswati kund in Rourkela. To take care of distinct features of tribal culture, a five day Chhattisgarh Lok Kala Mahotsav is celebrated every year in Bhilai and nearby places in which more than 600 artistes

participate. To promote local culture and games, various Gramin Lokotsavs and Gramin athletics competitions are organized by SAIL at different locations throughout the year.

• **Awards**

SAIL's efforts as a responsible corporate citizen in Nation building have been recognized by various organizations in the form of awards and accolades. SAIL has bagged the SKOCH Financial Inclusion Award for 2012 and 2013 for its corporate social responsibility initiatives. SAIL received the award as an appreciation for initiative towards medical and health services of Bhilai Steel Plant and community development initiative of Bokaro Steel Plant (BSP). SAIL has bagged the award for second year in a row. India Shining Star CSR Award-2010 by Wockhardt Foundation in the Iron & Steel category, SCOPE Meritorious Award for Corporate Social Responsibility & Responsiveness for the year 2008-09, Annual FICCI Awards 2008-09 in the category of 'The Vision Corporate Triple Impact – Business Performance, Social & Environmental Action and Globalization', Business World -FICCI-SEDF CSR Award for the year 2006, FICCI Award for Rural & Community Development 2006-07, CSR Award of the Ministry of Rural Development, Government of India, Golden Peacock Award – 2008, 2009 for CSR, CSR Award of Tamil Nadu Government for the consecutive years 2007-08 and 2008-09, etc. SAIL has won the PSE Excellence Award 2013 for Corporate Social Responsibility & Sustainability in Maharatna and Navratna Categories. The PSE Excellence Awards have been instituted by the Department of Public Enterprises, Government of India and Indian Chamber of Commerce.

**CSR BUDGET ALLOCATION AND UTILIZATION**

Under the Corporate Social Responsibility Scheme, the Steel Authority of India Limited is allocating funds for the CSR activities as per the guidelines prescribed by the Department of Public Enterprises (DPE). SAIL has made commitments through Board's Resolution and CSR policy respectively to the cause of CSR and has earmarked 2 per cent of the distributable surplus from the year 2006-07 for CSR activities. This amount is utilized for social development. So far as environment and safety issues are concerned, the resources are provided from the overall budget. Details of funds allocated and utilized for CSR by SAIL are shown in Table 2.

**Table 2 Funds Allocated and Utilized for Corporate Social Responsibility from 2009-10 to 2013-14 (Rs. in Crores)**

Year	Funds Allocated	Funds Utilized	% Funds Utilized
2009-10	80.00	78.79	98.48
2010-11	94.00	68.95	73.35
2011-12	64.00	61.25	95.70
2012-13	42.00	32.72	77.90
2013-14	40.00	-	-

**Source: Annual Reports of Ministry of Steel, Government of India.**

It is evident that the quantum of funds allocated had declined from Rs.80 crores to Rs.40 crores over a period of five years. The magnitude of utilization of funds had ranged between Rs. 78.79 crores in 2009-10 and Rs. 32.72 crores in 2012-13. It may be observed that most of the funds allocated were utilized as can be seen from the percentage of utilization barring the years 2010-11 and 2012-13. It may be inferred that the management of SAIL had not taken adequate care and attention for utilizing the funds allocated for CSR during the years 2010-11 and 2012-13.

**CONCLUSION**

Though SAIL has been providing sufficient funds and was having proper implementation set up, the company was not having detailed CSR policy for execution of CSR activities effectively. SAIL allocates budget of two percent of their distributable surplus for CSR activities. This budget was reallocated to different plants and units of SAIL. But as the SAIL was not transferring this amount to a separate CSR fund, therefore, unspent fund lapsed at the end of each year.

SAIL while organizing health camps spent more amount on other activities than medicines. But the company is not doing any need assessment survey in the periphery of their plants to assess the requirements of the society and is not planning in a structured manner to utilize the fund efficiently.

The company is also not evaluating the impact on the society due to its CSR activities. The funds allocated for CSR shall not be diverted to any other purpose. A dedicated CSR fund, separate from the main budget, may be

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created by SAIL so as to avoid lapse of fund and ensure full utilization of dedicated funds. The company should evaluate impact on the society of these CSR activities which would also help the Company in future planning of CSR initiatives.

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