

## A STUDY ON CORPORATE SOCIAL RESPONSIBILITY OF SINGARENI COLLIERIES COMPANY LIMITED KOTHAGUDEM

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### ABSTRACT

Corporate Social Responsibility (CSR) is a developing stage where researchers, practitioners and entrepreneurs are presenting their interest in both theory level and practice level. In the current situation some of the organizations are voluntarily contributing their efforts in terms of service towards the society and the well-being of public. CSR means to give back to society, take part in philanthropic causes, and grant positive social value. According to the Act, certain class of profitable organization is required to spend at least 2 percent of their three year annual average net profit on CSR activities which leads to the development of the society. Corporate Social Responsibility believes that organizations should pursue a deeper purpose beyond simply maximizing profits. The organizations are very much accountable to the society and the public where it operates. The main concern and challenge of Government of India is how to raise standard of living and decrease dissimilarity. To overcome from economic variation and to raise the standard of living government of India time to time introduced new polices, rules and regulation, law, scheme, etc. through which they can achieve their sustainable development goal. The main objective is to introduce CSR law in companies' act 2013 is for sustainable development of society. The new CSR provision and its proper implementation can take India toward next level of development. Introduction of CSR provision in the Companies Act 2013 in India is a clear indication of the significance of CSR in present scenario; it will certainly engage companies to seriously contemplate social responsibility. The present study is done in Singareni Collieries Company Limited Kothagudem (SCCL). This study is related to CSR activities undertaken by SCCL; it is based on primary and secondary data. For this purpose the researcher has taken 195 respondents to collect the opinions of employees of SCCL and beneficiaries of the society where CSR is implemented by the SCCL.

**KEYWORDS:** Corporate Social Responsibility, sustainable development, SCCL, Accountability

### INTRODUCTION

Social responsibility is a moral responsibility of an organization or an individual to take up the activities that are very much advantageous and useful to society. Social responsibility in the company is generally known as Corporate Social Responsibility or CSR. For any company, this responsibility shows that they recognize and appreciate the goals of the society. An organization can boost its morale and increase the work culture when they can engage their employees with some social causes. There are several components that show a positive impact on the organization while performing the social responsibilities.

### Corporate Social Responsibility frame work

During 2009 the first official attempt by the Government of India to put the CSR concept on the report of "the Task Force

on Corporate Excellence" by the Ministry of Corporate Affairs (MCA). The principles of 2009 were followed in 2011 by the national voluntary guidelines on economic, environmental and social responsibilities of business issued by the Ministry of Corporate Affairs. These principles have been included in the Companies Act 2013. The concept of CSR is governed by Section 135 of the Companies Act, 2013 and encourages companies to spend at least 2percentage of their average NPBT (Net Profit before Tax) on CSR activities which lead to the development of the society.

- **Applicability:** Each organization having the net worth of rupees 500 crores or more, or turnover of rupees 1000 crores or more or a net profit of rupees 5 crores or more during any financial year is eligible for CSR provision (Section 135).
- **Composition of CSR committee:** Eligible Indian organizations for CSR provision shall compose a corporate social responsibility committee of the board consisting of three or more directors.
- **Formation of Corporate Social Responsibility Policy:** Organizations which is eligible should formulate and recommend to the board, a corporate social responsibility policy which shall indicate the activities to be undertaken by the company as determined in Schedule VII mentioned the amount of expenditure to be spent on the activities and also monitor the CSR policy of the organization from time to time.
- **CSR 2percentage Spent Rule:** The board shall ensure that the company spends, in every financial year, at least two per cent of the average net profits before tax of the organization during the three financial years. The preference should be given to the local area and areas around it where it operates.
- **Modes for undertaking CSR Activities:** The board of an organization will decide to undertake its CSR activities approved by the CSR Committee, through a registered trust or a registered society or an organization established by the organization or its holding or subsidiary or associate organization.
- **CSR reporting:** The board's report of an organization covered under these rules pertaining to a financial year starting on or after the 1st day of April 2014 shall include an annual report on CSR consist the details specified in table or annexure given in CSR act. After taking into consideration the recommendations made by the CSR Committee, approve the CSR Policy for the organization and reveal contents of such policy in its report and also mention it on the organization's website and ensure that the initiatives are included in the CSR policy of the organization are undertaken by the organization.

**Table 1: Manner in which the amount was spent as per format is given in CSR provision**

| S. No        | CSR Project Sector in which the project is covered | Project area (local area, State and District) | Project-wise outlay (budget) | Amount spent on the project (direct expenditure & overheads) | Cumulative expenditure up to the reporting period | The amount spent (direct or through implementing agency) |
|--------------|--|---|------------------------------|--|---|--|
| 1            |  |   |                              |  |   |  |
| 2            |  |   |                              |  |   |  |
| <b>Total</b> |  |   |                              |  |   |  |

a. **Monitoring and Evaluation:** The CSR Committee shall introduce a transparent monitoring means for discharge of the CSR activities undertaken by the organization. After discharging the activities of CSR, there should be proper

evaluation of project and it is done through CSR nodal officers.

### **1. Corporate social responsibility and its perception in India**

In India, it is increasingly being realized that CSR is a commitment of businessmen to behave ethically, contribute to economic development, to improve quality of life of employees, their families, local community and society. In other words, CSR can be defined as meaningful relationship between corporate sector and rest of the society. Business needs to adopt practices that ensure ethical, legal, commercial and public expectations. According to P .K Dutta CSR is adopted voluntarily and going beyond the law, practices inherently associated to sustainable development and culture integrated into basic business strategies. In this way accountability, conduct in conformity with laws, good workplaces, transparency, business ethics, affirmative practices, customers loyalty and satisfaction, labour relations practices, environmental benefits and the company involvement with community are some of the components of CSR, as stated by P.K. Dutta. The word CSR is loosely used as a concept. It is also referred as business responsibility, business citizenship, community relations, social responsibility, social and environmental auditing, stakeholder theory, corporate governance and business ethics, environmental sustainability and strategic philanthropy. In fact, CSR is a business strategy and as such, it represents positive actions. CSR is not about pursuing the whims and goals of the CEO or just about savings or profits. CSR implies valid business strategies. There are drivers of business ethics which include brand loyalty, public image, attracting and retaining employees, critical partnerships, entering new markets, creating job opportunities, sustainable business, and better corporate citizens and maintain social commitment. Thus CSR is a holistic concept and a wholesome business strategy.

### **2. REVIEW OF LITERATURE**

There is impact of CSR activities on corporate reputation. A key characteristic of corporate reputation is how well the organization's CSR practices and outcomes reach stakeholders' social and environmental values. In this context, CSR has the power to influence these perceptions, thereby contributing towards maximizing the earning potential of corporate reputation (Unerman, 2008). Review of literature confirms that the CSR and corporate reputation are interrelated. According to Bayoud & Kavanagh reporting the CSR initiatives increase the company reputation and its financial performance, so that it has a chance to draw the attention of foreign investors and more employee commitment and customer satisfaction. Indeed research of Husted & Allen (2007) clearly said that good corporate reputation has a most important potential for value creation and is hard to repeat. Corporate reputation is a fundamental competitive benefit in markets where product differentiation is complicated. According to Melo & Galan (2011), this competitive advantage is reinforced through the use of CSR. CSR initiatives have very significant function in what services or products customers desire to buy. Numerous surveys say that customers are impacted by the CSR practices of the company. Moreover ethical and philanthropic CSR practices may create and foster customer beliefs that organization adheres to high ethical standards and cares about society's wellbeing, which, in turn, positively impacts consumer assessment of corporate reputation. If customers are aware of the moral practices of the organization's behaviour, they assure that the organization is maintaining assured quality standards and thus improve its corporate reputation. For instance, a strong record regarding the environmental performance may impact corporate reputation differently based on whether the corporate functions fit with stakeholders' environmental concerns.

### **3. RESEARCH METHODOLOGY**

This study is based on primary and secondary data. Primary data is collected from the selected employees of SCCL

Kothagudem and beneficiaries from the society where CSR activities are implemented by the company. For this purpose 195 respondents are selected with simple random technique out of them 100 employees from the company and 95 members are from society. To collect the data questionnaire is used. Secondary data is collected from the books, news papers, journals and related websites. To analyze the data simple percentages method is used and to present the same column diagrams is used.

### Objectives of the study

- To know the concept of CSR
- To Study the opinions of employees and beneficiaries on CSR activities undertaken by SCCL.

### I. SCCL ACTIVITIES OF CSR

a. **Educational initiatives:** SCCL is maintaining schools and colleges, providing teacher training and scholarship for meritorious students,

b. **Medical services:** Providing medical services to the needy like providing ambulance facility, arranging medical camps and supply of medicines for free.

c. **Awareness programs:** health awareness programs, anti tobacco rally, anti aids rally, environmental awareness programs, etc. are being organized by SCCL.

d. **Vocational training:** Vocational programs are conducting by SCCL to enhance the skills of unemployed youth so that they can make their own earnings. These are like pre primary teacher training, photography, beautician, fashion designing, hotel management, spoken English, DTP, tailoring, maggot work, carry bag making, sari rolling, book binding, driving and electrician.

e. **Environmental management:** These includes air pollution control measures, environmental awareness programs, water pollution control measures, noise and vibration control measures, plantation, optimum use of oil, water and electricity, recycling of waste, energy saving, development green belt and rain water harvesting.

f. **Adoption of Tiryani Mandal:** SCCL adopted Tiryani Mandal in Adilabad district which is located in remote areas having inadequate road connectivity, drinking water supply & medicare facilities and predominated by tribal communities.

g. **Initiatives for physically & mentally challenged:** Identified 742 special children. SCCL is running one special school at Karimnagar district and supporting the following institutions.

- Monochaitanya, Godavari Khani
- Monovikas, Mandamari
- Satya sai deaf & dumb school, Manuguru

### h. Some of the CSR activities undertaken by SCCL in Kothagudem

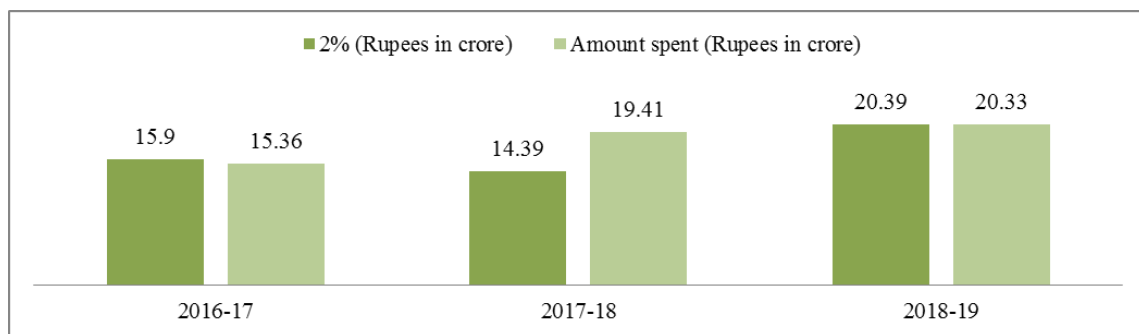
- Providing infrastructure to central nursery,
- Establishment of skill development centre,

- Release of hostel fees for at home children who admitted in Women’s junior and degree college,
- Training comp for poor and unemployed youth,
- Immediate relief to manuguru area villagers who affected by flow of rain water,
- Supply of water packets and buttermilk packets in the occasion of Sriramanavami,
- Arranged toilets and compound wall to Government English medium school,
- Laid CC roads in Gandhi nagar,
- Construction of ward empowerment centre,
- Extension of scholarships for 5K Run to central park in interest of good health and environment,
- Sant sri savalal birthday celebrations,
- Supply of water packets of pilgrims,
- Arrangement of public toilets and
- PWS works.

**CSR Expenditure of SCCL**

| S. No | Year    | 2% (Rupees in crores) | Amount spent (Rupees in crores) |
|-------|---------|-----------------------|---------------------------------|
| 1     | 2016-17 | 15.90                 | 15.36                           |
| 2     | 2017-18 | 14.39                 | 19.41                           |
| 3     | 2018-19 | 20.39                 | 20.33                           |

Source: annual reports of SCCL



**II. DATA ANALYSIS**

**1. Business and Government are accountable morally for the development of community**

**Table V.1**

| S. No        | Category      | Opinion   |            |           |            |           |            |           |            |           |            | Total      |
|--------------|---------------|-----------|------------|-----------|------------|-----------|------------|-----------|------------|-----------|------------|------------|
|              |               | SA        | %          | A         | %          | N         | %          | D         | %          | SD        | %          |            |
| 1            | Employees     | 31        | 31%        | 21        | 21%        | 28        | 28%        | 15        | 15%        | 05        | 05%        | 100        |
| 2            | Beneficiaries | 26        | 27%        | 22        | 23%        | 15        | 16%        | 20        | 21%        | 12        | 13%        | 95         |
| <b>Total</b> |               | <b>57</b> | <b>58%</b> | <b>43</b> | <b>44%</b> | <b>43</b> | <b>44%</b> | <b>35</b> | <b>36%</b> | <b>17</b> | <b>18%</b> | <b>195</b> |

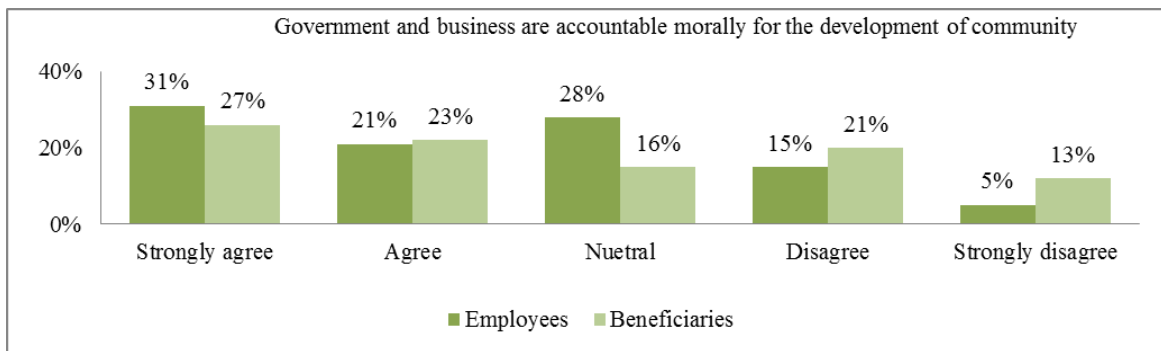
Source: Questionnaire

**Analysis**

**Employees:** The above table depicts about the moral accountability for the development of community. Out of total respondents 31percent of respondents strongly agree, 21 percent of respondents agree, 28 percent of respondents are neutral, 15 percent of respondents disagree and 5 percent of respondents strongly disagree. Therefore according to the majority of respondents government and business are accountable morally for the development of community.

**Beneficiaries:** According to the responds of the beneficiaries government and business are accountable morally for the development of society. Hence out of total respondents 26 percent of are strongly agree, 23 percent are agreed, 16 percent are neutral, 21 percent are disagreed and remaining 13 percent are strongly disagreed. So majority of the respondents are strongly agreed.

**Chart V.1**



**2. Company plays an inevitable role in improving the quality of life of people in the society**

**Table V.2**

| S. No        | Category      | Opinion   |            |           |            |           |            |           |            |           |            | Total      |
|--------------|---------------|-----------|------------|-----------|------------|-----------|------------|-----------|------------|-----------|------------|------------|
|              |               | SA        | %          | A         | %          | N         | %          | D         | %          | SD        | %          |            |
| 1            | Employees     | 21        | 21%        | 39        | 39%        | 21        | 21%        | 08        | 08%        | 11        | 11%        | 100        |
| 2            | Beneficiaries | 19        | 20%        | 27        | 28%        | 14        | 15%        | 21        | 22%        | 14        | 15%        | 95         |
| <b>Total</b> |               | <b>40</b> | <b>41%</b> | <b>66</b> | <b>67%</b> | <b>35</b> | <b>36%</b> | <b>29</b> | <b>30%</b> | <b>25</b> | <b>26%</b> | <b>195</b> |

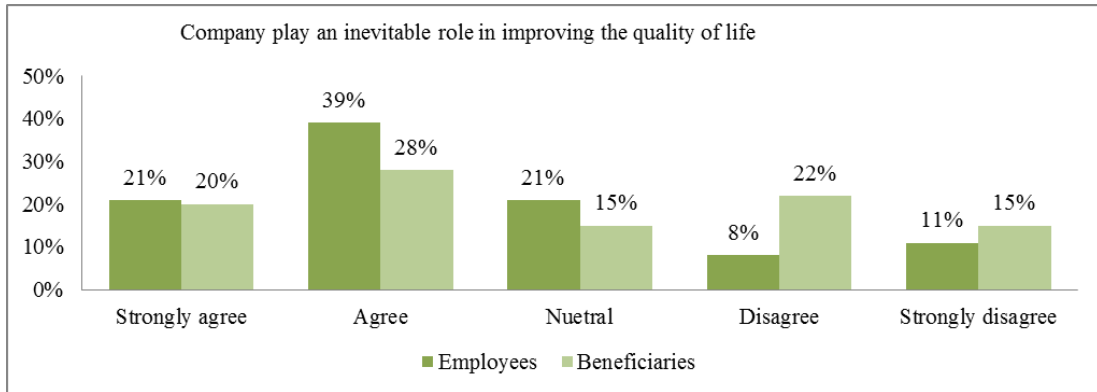
Source: Questionnaire

**Analysis**

**Employees:** The above table reveals about the company’s role in improving the quality of life of people in the society. It is clear that 21 percent of employees strongly agreed, 39 percent agreed, 21 percent are neutral, 8 percent disagreed and 11 percent strongly disagreed. Therefore out of total respondent maximum percent of respondents agreed with the statement that Company plays an inevitable role in improving the quality of life of people in the society.

**Beneficiaries:** The above table shows that 20 percent of respondents strongly agreed, 28 percent of respondents agreed, 15 percent are neutral, 22 percent of respondents disagreed and 15 percent of respondents highly disagreed. Therefore according to the beneficiaries’ response, company plays an important role in improving the quality of life of people.

**Chart V.2**



3. **Something must be done for the society beyond the Legal Obligation**

Table V.3

| S. No        | Category      | Opinion   |            |           |            |           |            |           |            |           |            | Total      |
|--------------|---------------|-----------|------------|-----------|------------|-----------|------------|-----------|------------|-----------|------------|------------|
|              |               | SA        | %          | A         | %          | N         | %          | D         | %          | SD        | %          |            |
| 1            | Employees     | 23        | 23%        | 27        | 27%        | 20        | 20%        | 17        | 17%        | 13        | 13%        | 100        |
| 2            | Beneficiaries | 45        | 47%        | 31        | 33%        | 03        | 03%        | 10        | 11%        | 06        | 06%        | 95         |
| <b>Total</b> |               | <b>68</b> | <b>70%</b> | <b>58</b> | <b>60%</b> | <b>23</b> | <b>23%</b> | <b>27</b> | <b>28%</b> | <b>19</b> | <b>19%</b> | <b>195</b> |

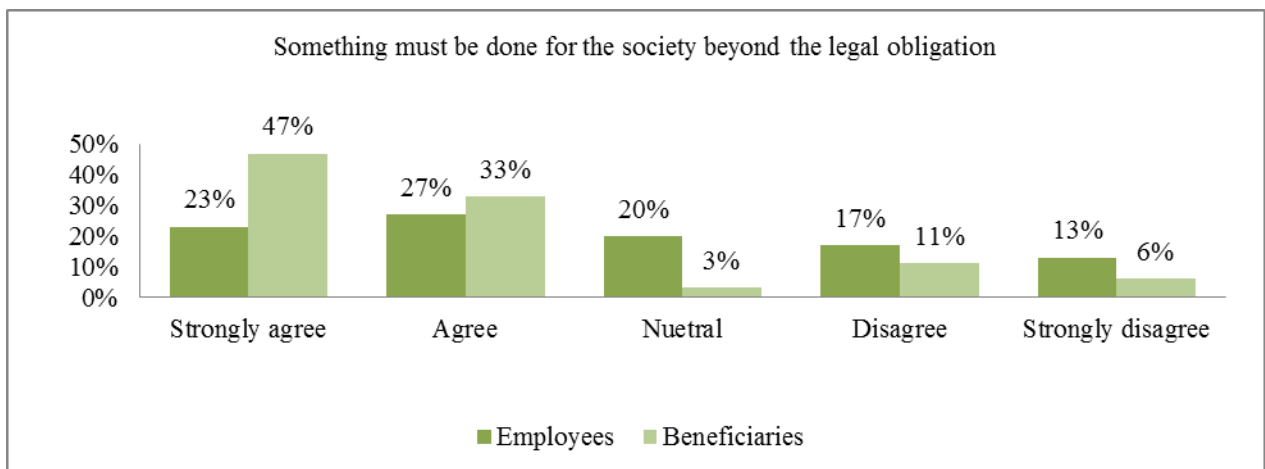
Source: Questionnaire

**Analysis**

**Employees:** The above table shows that the company must do something for the society beyond the legal obligation. Here, 23 percent of the employees strongly agreed, 27 percent agreed, 20 percent said neutral, 17 percent disagreed and remaining 13 percent strongly disagreed. Therefore company must be done something for the society beyond the legal obligation.

**Beneficiaries:** The above table reveals that 47 percent of the respondents strongly agreed, 33 percent are agreed, 3 percent are neutral, 11 percent are disagreed and remaining 6percent are strongly disagreed. Therefore according to their opinion company must be done something (which leads to the development) for the society beyond the legal obligation.

**Chart V.3**



4. Company should function as a responsible citizen of the society

Table V.4

| S. No        | Category      | Opinion   |            |           |            |           |            |           |            |           |            | Total      |
|--------------|---------------|-----------|------------|-----------|------------|-----------|------------|-----------|------------|-----------|------------|------------|
|              |               | SA        | %          | A         | %          | N         | %          | D         | %          | SD        | %          |            |
| 1            | Employees     | 24        | 24%        | 36        | 36%        | 25        | 25%        | 11        | 11%        | 04        | 04%        | 100        |
| 2            | Beneficiaries | 31        | 33%        | 29        | 30%        | 18        | 19%        | 10        | 11%        | 07        | 07%        | 95         |
| <b>Total</b> |               | <b>55</b> | <b>57%</b> | <b>65</b> | <b>66%</b> | <b>43</b> | <b>44%</b> | <b>21</b> | <b>22%</b> | <b>11</b> | <b>11%</b> | <b>195</b> |

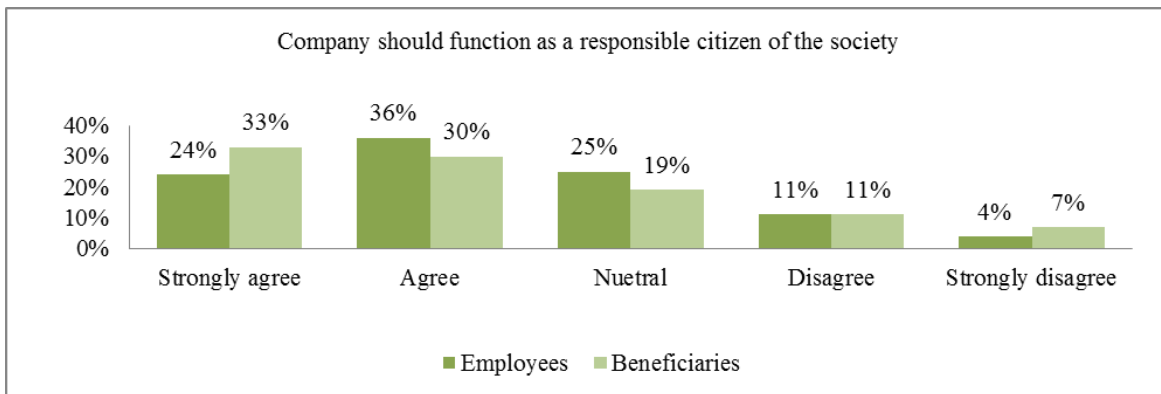
Source: Questionnaire

Analysis

**Employees:** The above table is representing that out of total respondents 24percent are strongly agreed, 36percent are agreed, 25percent are neutral, 11percent are disagreed and 4percent are strongly disagreed. Therefore it revealed that company must function as a responsible citizen of the society.

**Beneficiaries:** From the about table it is understood that 33percent are strongly agreed, 30percent are agreed, 19percent are neutral, 11percent are disagreed and 7percent are strongly disagreed. Therefore beneficiaries said that company has to function as a responsible citizen of the society.

Chart V.4



4. Satisfaction with the CSR activities

Table V.5

| S. No        | Category      | Opinion   |            |           |            |           |            |           |            |           |            | Total      |
|--------------|---------------|-----------|------------|-----------|------------|-----------|------------|-----------|------------|-----------|------------|------------|
|              |               | SA        | %          | A         | %          | N         | %          | D         | %          | SD        | %          |            |
| 1            | Employees     | 21        | 21%        | 52        | 52%        | 15        | 15%        | 09        | 09%        | 03        | 03%        | 100        |
| 2            | Beneficiaries | 11        | 12%        | 39        | 41%        | 21        | 22%        | 15        | 16%        | 09        | 09%        | 95         |
| <b>Total</b> |               | <b>32</b> | <b>33%</b> | <b>91</b> | <b>93%</b> | <b>36</b> | <b>37%</b> | <b>24</b> | <b>25%</b> | <b>12</b> | <b>12%</b> | <b>195</b> |

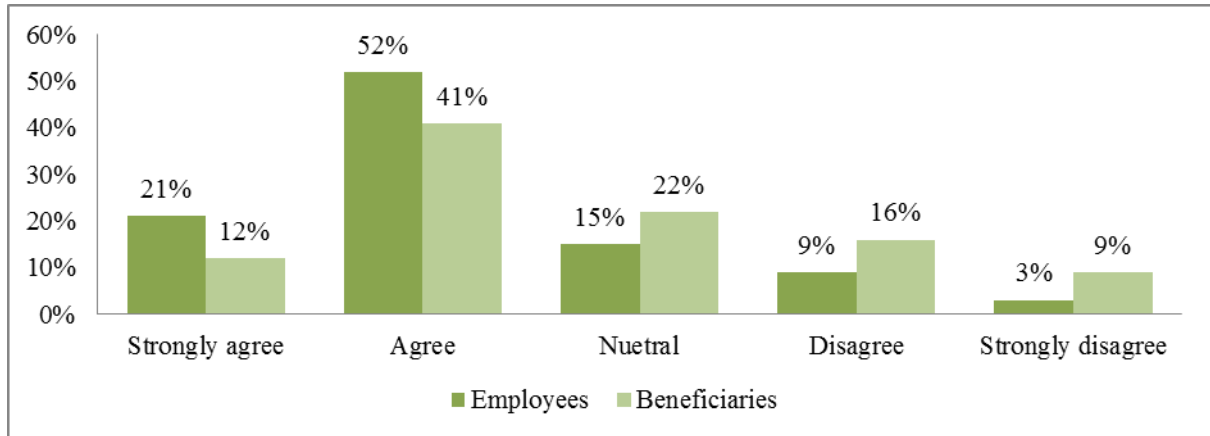
Analysis

**Employees:** The above table shows about the satisfaction with the CSR activities. Out of total respondents 21 percent are strongly agreed, 52 percent are agreed, 15 percent are neutral, 9 percent are disagreed where as 3 percent are strongly disagreed. Therefore people are satisfied with the CSR activities which lead to the development of society.



**Beneficiaries:** From the above table it is clear that 12 percent are strongly agreed, 41 percent are agreed, 22 percent are neutral, 16 percent are disagreed and 09 percent are strongly disagreed. Therefore beneficiaries are satisfied with the CSR initiatives of the SCCL.

**Chart V.5**



Source: Questionnaire

**5. CSR activities of SCCL**

**Table V.6**

| S. No        | Opinion  | Category   |             |               |             | Total      |
|--------------|--|------------|-------------|---------------|-------------|------------|
|              |  | Employees  |             | Beneficiaries |             |            |
|              |  | No.res     | %           | No.res        | %           |            |
| 1            | Promotion of education                           | 12         | 12%         | 11            | 12%         | 23         |
| 2            | Contribution towards SC, ST and backward classes | 08         | 08%         | 05            | 05%         | 13         |
| 3            | Eradicating poverty, hungry and drinking water   | 13         | 13%         | 15            | 16%         | 28         |
| 4            | Medical services                                 | 16         | 16%         | 20            | 21%         | 36         |
| 5            | Women empowerment                                | 12         | 12%         | 18            | 19%         | 30         |
| 6            | Rural development                                | 13         | 13%         | 09            | 09%         | 22         |
| 7            | Donation to CM relief funds                      | 15         | 15%         | 13            | 14%         | 28         |
| 8            | Helping armed forces                             | 11         | 11%         | 04            | 04%         | 15         |
| <b>Total</b> |  | <b>100</b> | <b>100%</b> | <b>95</b>     | <b>100%</b> | <b>195</b> |

Source: Questionnaire

**Analysis**

**Employees:** From the above table it understood that the SCCL undertakes different CSR activities. According to the response given by the employees (respondents) 12 percent said promoting education, 8 percent said contribution to SC’S, ST’S and Backward classes, 13 percent said for the eradication of poverty, hungry and drinking water, 16 percent said for medical services, 12 percent said for women empowerment, 13 percent said for rural development, 15 percent said for CM relief funds and 11 percent said for Armed forces. Therefore it is understood that maximum percent of the amount of CSR funds is allocated to medical services.

**Beneficiaries:** The above table reveals that 12percent of beneficiaries said promoting education, 05 percent said Contribution towards SC, ST and backward classes, 16 percent said for Eradicating poverty, hungry and drinking water, 21 percent said for medical services, 19 percent said for women empowerment, 09 percent said rural development. 14 percent said for Donation to CM relief funds and remaining 04 percent said for helping armed forces. Therefore it is understood

that SCCL spending on medical services.

**Chart V.6**



## CONCLUSIONS AND SUGGESTIONS

The SCCL has framed Corporate Social Responsibility policy according to the provisions of the Companies Act, 2013. There are major thrust areas they are as basic services like drinking water supply, sanitation etc., health, education, livelihood and local economic development and interventions for marginalized communities such as SCs and STs of the CSR policy are identified with a view to have long term benefits to the society. Company plays an inevitable role in improving the quality of life of people in the society by undertaking various developmental activities. It is taking environmental pollution control measures like water, noise and vibration, rain water harvesting, plantation works, etc. It is also supporting the unemployed youth to generate their own income by providing skill development activities. The company is function as a responsible citizen of the society. Company and society are depending on each other. While it is functioning it uses resources of society and gets benefit. Thus it depends on society that is why company must function as a responsible citizen of the society. But many people are not aware of CSR specially people in rural area comparing with urban area... The company must educate the people about CSR by arranging awareness programs.

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