

# CSR - A Tool for Social Development: A Study of SAIL

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The government of India, aims to achieve socio-economic balance and the process is on since independence. However a paradigm shift in economic structure in the form of liberalisation, privatisation and globalisation, era, also shifted the responsibilities to private corporate. Therefore to achieve socio-economic progress and to alleviate the problems of unemployment, poverty, malnutrition is not the sole responsibilities of government alone.

The Companies Act 2013 also mandate the same through various provisions. The study focused no SAIL contribution in the form of Corporate Social Responsibility (CSR) for sustainable development.

It mainly focuses on examining the role of SAIL in social development and also identifying the areas to find out the suggestion to make CSR more meaningful for societal development. The assessment was based on the effectiveness of community.

Recommendations have also been given separately for public and private sectors development work undertaken SAIL in the area of education, health, employment, business, income and social and physical environment.

**Keywords:** Corporate Social Responsibility, Companies Act 2013, Sustainable Development.

## Introduction

The prosperity of any organization is contingent on society. Therefore it is also the inherent duty of any organization to provide in return the sharing of fruit to society. In simple words, corporate social responsibility defines the voluntary effort on the part of business to take various different steps to satisfy the expectations of different groups.

The 21st century is characterized by unprecedented challenges and opportunities, arising from globalization, the desire for inclusive development and the imperatives of climate change. Indian business, which is today viewed globally as a responsible component of the ascendancy of India, is poised now to take on a leadership role in the challenges of our times.

It is recognized the world over that integrating social, environmental and ethical responsibilities into the governance of businesses ensures their long term success, competitiveness and sustainability.

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This approach also reaffirms the view that businesses are an integral part of society, and have a critical and active role to play in the sustenance and improvement of healthy ecosystems, in fostering social inclusiveness and equity, and in upholding the essentials of ethical practices and good governance. This also makes business sense as companies with effective CSR, have image of social responsible companies, achieve sustainable growth in their operations in the long run and their products and services are preferred by the customers.<sup>1</sup>

One of the most contemporary definitions is from the world Bank group, stating, that corporate social responsibility is the commitment of business 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.<sup>2</sup>

The definition of CSR is different from company to company and many other terms like sustainable growth, corporate responsibility, social responsibility or corporate citizenship. No issue of how it is described, CSR treats the human being as the centre of the economic system. The universal values of the individuals and their needs are seen as fundamental and unrepeatable resources. hence, CSR is the business contribution to sustainable development, meaning the way a company balances its economic, environmental and social objectives while addressing stakeholder expectations and enhancing shareholder value.

In the global context, businesses were mainly concerned with profitability and were into charity or donations, likewise, building churches, educational institutes etc. With the passage of time such philanthropy changed to social responsibility of business towards society and companies started focusing on special issues like racial discrimination, pollution etc. More refinements, research and global expansion took place and the companies started reporting on corporate social responsibility in their annual reports. In India the term Corporate Social Responsibility in the pre-industrialization phase was affected by culture, religion, family values and tradition. After independence, it changed to trusteeship. During the LPG era, Indian companies had to compete with the foreign companies and therefore improved reporting practices. Lately, in order to encourage more entities to participate in the process of development of the society through CSR, the Government of India has implemented the concept of CSR in the new Companies Act 2013. The following activities are included u/s 135.

- ❑ Eradication of hunger, poverty, preventive health care and malnutrition
- ❑ Promotion of education
- ❑ Promotion of gender equality
- ❑ Ensure environment sustainability
- ❑ Protection of natural heritage
- ❑ Measures benefiting armed forces
- ❑ Training to promote rural and nationally recognized sports

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<sup>1</sup> India, ministry of corporate affairs, corporate social responsibility guidelines, 2009

<sup>2</sup> The challenges of social corporate social responsibility, facts for you, May 2013, pp, 38-39

- ❑ Contribution to the Prime Minister's National Relief Fund
- ❑ Contributions or funds provided to technology incubators
- ❑ Rural development projects

CSR is often called the triple bottom line approach, sustainability in environment, social community and business. However it remains to be seen how long India Inc takes to redefine the concept and how corporate India moves away from philanthropy to a world of redistribution of wealth.

CSR is not a new & modern concept in India. Ever since their inception, corporate like the Tata Group, the Aditya Birla Group and Indian Oil Corporation, to name a few, have been involved in serving the community. Through donations and charity events, many other organizations have been doing their part for the society. The basic objective of CSR in these days is to maximize the company's overall impact on the society and stakeholders. CSR policies, practices and programs are being comprehensively integrated through an increasing number of companies throughout their business operations and processes. A growing number of corporate feel that CSR is not just another form of indirect expense but is important for protecting the goodwill and reputation, defending attacks and increasing business competitiveness.

### **Review of Literature**

Chandrakanta Sahoo (2011) studied "Corporate Social Responsibility: Issues and Controversies". He concluded that CSR in India is restricted to narrowly defined set of people (read as stakeholders), to fixed set of roles (implementing community development projects) and to the approaches with tunnel vision (community development in sectors of health, education etc.). This is more specific to the country like India where for over a century the approach of CSR remained "corporate philanthropy and community development". There is need to augment the scope of CSR with respect to stakeholders involved, CSR practices of corporations (from isolated, independent community development interventions, to more long lasting initiatives through their association with civil society organizations and government in planning, policy making and implementation of various RD interventions). As it is repeatedly cautioned, the approach of CSR is shifting from ethical to statist approach. It is time for the corporate bodies to take proactive steps, rather than allowing the State to define CSR for them or start reacting to the State's policies on CSR. Dean Roy Nash (2012) studied "CSR: contributions of Maharatna Companies of India" & found out that the commitment that has been really made by these companies in the CSR area. The Indian corporate sector is getting tough on CSR spending. It is more likely that CSR spending will be made mandatory in the coming 2012 budget. The gap between public and private companies with regard to CSR spending will be narrowed shortly. In this context the CSR activities of all the Maharatna companies should be taken as an ideal example and motivator by other corporates who wish to indulge sincerely in CSR activities of the country.

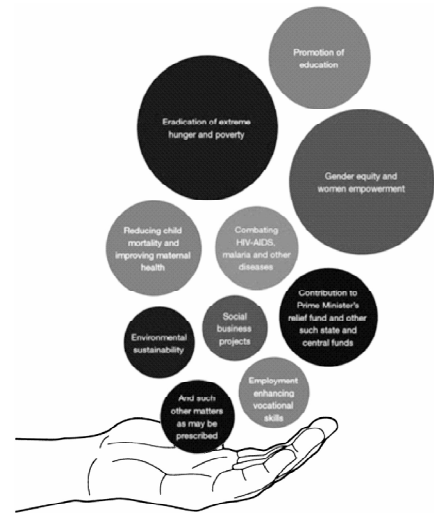
In India, the concept of CSR is governed by clause 135 of the Companies Act, 2013, which was passed by both Houses of the Parliament, and had received the assent of the President of India on 29 August 2013. The CSR provisions within the Act is applicable to companies with an annual

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turnover of 1,000 crore INR and more, or a net worth of 500 crore INR and more, or a net profit of five crore INR and more. The new rules, which will be applicable from the fiscal year 2014-15 onwards, also require companies to set-up a CSR committee consisting of their board members, including at least one independent director. The Act encourages companies to spend at least 2% of their average net profit in the previous three years on CSR activities. The ministry's draft rules, that have been put up for public comment, define net profit as the profit before tax as per the books of accounts, excluding profits arising from branches outside India.

The Act lists out a set of activities eligible under CSR. Companies may implement these activities taking into account the local conditions after seeking board approval. The indicative activities which can be undertaken by a company under CSR have been specified under Schedule VII of the Act. The draft rules (as of September 2013) provide a number of clarifications and while these are awaiting public comment before notification, some the highlights are as follows:

- ❑ Surplus arising out of CSR activities will have to be reinvested into CSR initiatives, and this will be over and above the 2% figure
- ❑ The company can implement its CSR activities through the following methods:
  - Directly on its own
  - Through its own non-profit foundation set-up so as to facilitate this initiative
  - Through independently registered non-profit organisations that have a record of at least three years in similar such related activities.
  - Collaborating or pooling their resources with other companies
- ❑ Only CSR activities undertaken in India will be taken into consideration
- ❑ Activities meant exclusively for employees and their families will not qualify
- ❑ A format for the board report on CSR has been provided which includes amongst others, activity-wise, reasons for spends under 2% of the average net profits of the previous three years and a responsibility statement that the CSR policy, implementation and monitoring process is in compliance with the CSR objectives, in letter and in spirit. This has to be signed by either the CEO, or the MD or a director of the company.



## Objective

- ❑ To explore the concept and nature of CSR in India.
- ❑ To understand the significance and role played by SAIL.
- ❑ To find out the various areas of CSR practices and to explore the innovative areas for social development.
- ❑ To find out the various problems faced in implementing CSR policies.

## Research Methodology

Both primary and secondary sources of data have been used for the purpose of the study. The primary data is collected through questionnaire.

- ❑ The questionnaire consists of 24 questions to evaluate various dimensions of CSR.
- ❑ The 100 questionnaire has been given to SAIL employees. Out of that 70 employees responded to the questionnaire and conclusions have been drawn. The secondary data includes published documents and other information given on websites. Apart from this various books and articles available on the topic was also accessed and analysis has been done.

## Limitation

- ❑ The study is based on sampling techniques, thus consisting all the limitations of this technique.
- ❑ The conclusions have been based on the response received 70 out of 100 employees of the SAIL.

## Finding of the Study

In total 24 questions have been studied for the purpose of analysis related to various aspects like image building, impact of companies bill, allocation of funds for CSR, awareness in the society, impact on environment, business ethics and corporate governance impact on CSR, CSR for tax benefits, etc. The following results were concluded on the basis of questionnaire.

### Finding and Analysis

TABLE:1	CSR HELPS TO MEET FOREIGN COMPANIES COMPETITION TO IMPROVE THEIR IMAGE								
			STRONGLY AGREE	AGREE	UNDECIDED	DISAGREE	STRONGLY DISAGREE	NO RESPONSE	TOTAL
	PUBLIC	FREQUENCY	0	10	50	10	0	0	70
		PERCENT	0.00	14.29	71.43	14.29	0.00	0.00	100.00

TABLE:2	CSR HELPS IN THE UPLIFTMENT OF THE SOCIETY								
			STRONGLY AGREE	AGREE	UNDECIDED	DISAGREE	STRONGLY DISAGREE	NO RESPONSE	TOTAL
	PUBLIC	FREQUENCY	0	70	0	0	0	0	70
		PERCENT	0.00	100.00	0.00	0.00	0.00	0.00	100.00

TABLE:3		<b>PENALTY PROVISION SHOULD BE INCLUDED IN THE COMPANIES ACT 2013 FOR CSR ACTIVITIES</b>							
			STRONGLY AGREE	AGREE	UNDECIDED	DISAGREE	STRONGLY DISAGREE	NO RESPONSE	TOTAL
	PUBLIC	FREQUENCY	5	60	5	0	0	0	70
		PERCENT	7.14	85.71	7.14	0.00	0.00	0.00	100.00

TABLE:3		<b>PENALTY PROVISION SHOULD BE INCLUDED IN THE COMPANIES ACT 2013 FOR CSR ACTIVITIES</b>							
			STRONGLY AGREE	AGREE	UNDECIDED	DISAGREE	STRONGLY DISAGREE	NO RESPONSE	TOTAL
	PUBLIC	FREQUENCY	5	60	5	0	0	0	70
		PERCENT	7.14	85.71	7.14	0.00	0.00	0.00	100.00

TABLE:5		<b>CSR HELPS IN GOOD CORPORATE GOVERNANCE</b>							
			STRONGLY AGREE	AGREE	UNDECIDED	DISAGREE	STRONGLY DISAGREE	NO RESPONSE	TOTAL
	PUBLIC	FREQUENCY	15	55	0	0	0	0	70
		PERCENT	21.43	78.57	0.00	0.00	0.00	0.00	100.00

TABLE:6		<b>CSR TRIES TO HELP THE PROTECTION OF ENVIRONMENT</b>							
			STRONGLY AGREE	AGREE	UNDECIDED	DISAGREE	STRONGLY DISAGREE	NO RESPONSE	TOTAL
	PUBLIC	FREQUENCY	30	35	5	0	0	0	70
		PERCENT	42.86	50.00	7.14	0.00	0.00	0.00	100.00

TABLE:7		<b>THERE IS LACK OF AWARENESS IN SOCIETY ABOUT CSR</b>							
			STRONGLY AGREE	AGREE	UNDECIDED	DISAGREE	STRONGLY DISAGREE	NO RESPONSE	TOTAL
	PUBLIC	FREQUENCY	50	15	0	5	0	0	70
		PERCENT	71.43	21.43	0.00	7.14	0.00	0.00	100.00

TABLE:8	<b>CSR MUST BE EMBEDDED IN THE DNA OF A COMPANY FOR ITS EFFECTIVE IMPLEMENTATION</b>								
			STRONGLY AGREE	AGREE	UNDECIDED	DISAGREE	STRONGLY DISAGREE	NO RESPONSE	TOTAL
	PUBLIC	FREQUENCY	65	5	0	0	0	0	70
		PERCENT	92.86	7.14	0.00	0.00	0.00	0.00	100.00

TABLE:9	<b>THE GOVERNMENT SHOULD ENCOURAGE CSR EXPENDITURE FOR TAX BENEFIT(INCOME TAX ACT 1961)PURPOSE TO ENHANCE CSR ACTIVITIES</b>								
			STRONGLY AGREE	AGREE	UNDECIDED	DISAGREE	STRONGLY DISAGREE	NO RESPONSE	TOTAL
	PUBLIC	FREQUENCY	55	15	0	0	0	0	70
		PERCENT	78.57	21.43	0.00	0.00	0.00	0.00	100.00

TABLE:10	<b>CSR SHOULD BE VOLUNTARY ACTIVITY BY THE ORGANISATION</b>								
			STRONGLY AGREE	AGREE	UNDECIDED	DISAGREE	STRONGLY DISAGREE	NO RESPONSE	TOTAL
	PUBLIC	FREQUENCY	5	50	0	10	5	0	70
		PERCENT	7.14	71.43	0.00	14.29	7.14	0.00	100.00

TABLE:11	<b>EDUCATION SHOULD BE THE AREAS OF PRIORITY UNDER CSR</b>								
			STRONGLY AGREE	AGREE	UNDECIDED	DISAGREE	STRONGLY DISAGREE	NO RESPONSE	TOTAL
	PUBLIC	FREQUENCY	10	60	0	0	0	0	70
		PERCENT	14.29	85.71	0.00	0.00	0.00	0.00	100.00

TABLE:12	<b>SANITATION SHOULD BE THE AREAS OF PRIORITY UNDER CSR</b>								
			STRONGLY AGREE	AGREE	UNDECIDED	DISAGREE	STRONGLY DISAGREE	NO RESPONSE	TOTAL
	PUBLIC	FREQUENCY	10	60	0	0	0	0	70
		PERCENT	14.29	85.71	0.00	0.00	0.00	0.00	100.00

TABLE:13	<b>CSR ACT AS A CATALYST FOR POSITIVE CHANGE IN THE SOCIETY</b>								
			STRONGLY AGREE	AGREE	UNDECIDED	DISAGREE	STRONGLY DISAGREE	NO RESPONSE	TOTAL
	PUBLIC	FREQUENCY	25	40	5	0	0	0	70
		PERCENT	35.71	57.14	7.14	0.00	0.00	0.00	100.00

TABLE:14	<b>THE NEW CSR POLICY UNDER THE COMPANIES ACT, 2013 IS A GOOD INITIATIVE FOR COMMUNITY DEVELOPMENT</b>								
			STRONGLY AGREE	AGREE	UNDECIDED	DISAGREE	STRONGLY DISAGREE	NO RESPONSE	TOTAL
	PUBLIC	FREQUENCY	40	30	0	0	0	0	70
		PERCENT	57.14	42.86	0.00	0.00	0.00	0.00	100.00

TABLE:15	<b>ENHANCING CORPORATE REPUTATION IS THE MAIN BENEFIT FOR CORPORATE SOCIAL RESPONSIBILITY</b>								
			STRONGLY AGREE	AGREE	UNDECIDED	DISAGREE	STRONGLY DISAGREE	NO RESPONSE	TOTAL
	PUBLIC	FREQUENCY	0	0	65	0	5	0	70
		PERCENT	0.00	0.00	92.86	0.00	7.14	0.00	100.00

TABLE:16	<b>CSR INITIATIVE IS A REGULAR RUNNING EVENT BY YOUR COMPANY</b>								
			STRONGLY AGREE	AGREE	UNDECIDED	DISAGREE	STRONGLY DISAGREE	NO RESPONSE	TOTAL
	PUBLIC	FREQUENCY	0	55	15	0	0	0	70
		PERCENT	0.00	78.57	21.43	0.00	0.00	0.00	100.00

TABLE:17	<b>IDEA OF COMMUNITY DEVELOPMENT MOTIVATES YOUR COMPANY TO UNDERTAKE CSR ACTIVITIES</b>								
			STRONGLY AGREE	AGREE	UNDECIDED	DISAGREE	STRONGLY DISAGREE	NO RESPONSE	TOTAL
	PUBLIC	FREQUENCY	0	30	30	10	0	0	70
		PERCENT	0.00	42.86	42.86	14.29	0.00	0.00	100.00



TABLE:18	<b>CSR ACTIVITIES IS MORE ORGANISED AND MORE POPULAR IN PRIVATE SECTOR THAN PUBLIC SECTOR</b>								
			STRONGLY AGREE	AGREE	UNDECIDED	DISAGREE	STRONGLY DISAGREE	NO RESPONSE	TOTAL
	PUBLIC	FREQUENCY	0	20	5	40	5	0	70
		PERCENT	0.00	28.57	7.14	57.14	7.14	0.00	100.00

TABLE:19	<b>LACK OF SPECIFIC LEGISLATION IS CONSTRAINT IN IMPLEMENTING CSR INITIATIVE BY YOUR COMPANY</b>								
			STRONGLY AGREE	AGREE	UNDECIDED	DISAGREE	STRONGLY DISAGREE	NO RESPONSE	TOTAL
	PUBLIC	FREQUENCY	0	15	10	40	5	0	70
		PERCENT	0.00	21.43	14.29	57.14	7.14	0.00	100.00

TABLE:20	<b>THE MOST IMPORTANT REASON FOR YOUR COMPANY TO INVEST IN THE CSR ACTIVITY IS TO ENHANCE GOODWILL AND BRANDING</b>								
			STRONGLY AGREE	AGREE	UNDECIDED	DISAGREE	STRONGLY DISAGREE	NO RESPONSE	TOTAL
	PUBLIC	FREQUENCY	0	30	10	25	0	5	70
		PERCENT	0.00	42.86	14.29	35.71	0.00	7.14	100.00

TABLE:21	<b>THE ORGANIZATION AVOIDS UNDERTAKING CSR ACTIVITIES DUE TO UNNECESSARY BURDEN TO THE ORGANIZATION</b>								
			STRONGLY AGREE	AGREE	UNDECIDED	DISAGREE	STRONGLY DISAGREE	NO RESPONSE	TOTAL
	PUBLIC	FREQUENCY	0	15	5	45	5	0	70
		PERCENT	0.00	21.43	7.14	64.29	7.14	0.00	100.00

TABLE:22	<b>GOVERNMENT IS SHIFTING THEIR RESPONSIBILITY OF SOCIAL DEVELOPMENT IN THE HANDS OF PRIVATE PLAYERS THROUGH CSR ACTIVITIES</b>								
			STRONGLY AGREE	AGREE	UNDECIDED	DISAGREE	STRONGLY DISAGREE	NO RESPONSE	TOTAL
	PUBLIC	FREQUENCY	0	35	15	20	0	0	70
		PERCENT	0.00	50.00	21.43	28.57	0.00	0.00	100.00

TABLE:23		<b>PRIVATE CORPORATE ARE MORE TRANSPARENT, ACCOUNTABLE AND ETHICAL THAN PUBLIC SECTOR</b>							
			STRONGLY AGREE	AGREE	UNDECIDED	DISAGREE	STRONGLY DISAGREE	NO RESPONSE	TOTAL
	PUBLIC	FREQUENCY	5	10	20	25	5	5	70
		PERCENT	7.14	14.29	28.57	35.71	7.14	7.14	100.00

TABLE:24		<b>PUBLIC PRIVATE PARTNERSHIP FOR OVERALL SOCIETAL DEVELOPMENT, THROUGH CSR SHOULD BE ENCOURAGED BY GOVERNMENT</b>							
			STRONGLY AGREE	AGREE	UNDECIDED	DISAGREE	STRONGLY DISAGREE	NO RESPONSE	TOTAL
	PUBLIC	FREQUENCY	45	25	0	0	0	0	70
		PERCENT	64.29	35.71	0.00	0.00	0.00	0.00	100.00

## Conclusions

On the basis of results analysed through questionnaire the following conclusions have been drawn:

- Respondents from SAIL felt that CSR helps in the upliftment of the society and development.
- It was found that there should be penalty provision to make CSR more effective.
- Majority of the respondent also favours for allocation of separate fund for CSR activities.
- In the society there is a lack of awareness. Therefore various approach should be used by corporates to create awareness regarding CSR.
- Education and sanitation should be the priority under CSR to make societal upliftment.
- Finding also suggests that CSR is a regular activities done by SAIL.
- Most of the respondent also urge for public private partnership for CSR activities. The joint partnership can enhance the societal development and can also helps to remove the various bottlenecks like, poverty, unemployment, sanitation problems, and polluted environments etc.

Thus on the basis of above findings. It can be concluded that SAIL is playing an important role for society over the years SAIL has contributed in various dimensions for societal development.

## Recommendations

The survey focused on multiple aspects like current CSR practices done by SAIL is contributing towards societal development. The various recommendations of the survey for effective CSR practices are as follows:

- 1) There is a need to enhance and awareness about CSR amongst the general public to make CSR initiatives more effective. The awareness can be spread by advertisement or by media to highlight the work done

by corporate house in this area. This will also motivate to corporate houses to address, education, health and livelihood opportunities for a large no. of people in India through their innovative CSR practices.

- 2) Public-private partnership can be promoted for sustainable development in society. Due to lack of effective partnership between various shareholder CSR policies are not effective at operational level. This also creates various barriers in implementing CSR initiative.
- 3) CSR Act 2013, Act covers only medium and large corporate houses, as it is mentioned under this act. Therefore to make CSR more effective more companies should be brought up. Most of the companies should consists CSR in its DNA.
- 4) NGO's should assist to corporate houses to implement best CSR practices. Because the objective of both the parties is to serve the society.
- 5) In order to make CSR practices more effective, government should provide reward to the corporate houses and NGO's for motivation. Incentives can also be offered to private houses to come forward for CSR policies.
- 6) Various areas health, education, environment, women empowerment and livelihood, to mention a few. Therefore efforts are duplicated on similar projects in the same geographical locations. This invokes problems and induces a competitive spirit amongst companies. Therefore national alliance should be built up to take it more effective.
- 7) Various CSR policies on education, health, environment livelihood and women empowerment have been visible and effective by public and private corporate houses. In order to make it more effective, in a mission mode, it is recommended that realistic and operational models of engagement between various stakeholders, the government, the NGO's and the private sector are jointly explored and addressed.

Various provisions in CSR 2013 Act, can be summed up in consultation with the private sector, to make CSR more effective.

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