

# Importance of Corporate Social Responsibility on Society and Company: A Case Study on NPCIL (Nuclear Power Corporation Of India Limited)

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## **Abstract**

In the today's world if company want to grow and be profitable, then corporates should follow the policies of corporate social responsibility.

Corporate Social Responsibility (CSR) is a business system that enables the production and distribution of wealth for the betterment of its stakeholders through the implementation and integration of ethical systems and sustainable management practices.

Although the concept of corporate social responsibility is not new as it has its existence from the past many decades but in the world of globalisation, Corporate Social Responsibility (CSR) is the most common and current topic which is employed by corporate, institutes and industries as a whole globally.

This article analyses the meaning of corporate social responsibility based on some theories available in literature. The article then discusses the role of corporate social responsibility (CSR) in society's development for which the corporate are responsible because the very logic of corporate social responsibility is towards seeing its impact in community socially, environmentally and economically. Further, to make the Corporate Social Responsibility (CSR) more clear, article discusses its importance for the society and for the company by taking a case study of NPCIL (Nuclear Power Corporation of India's Limited). This case study shows how company can increase its profitability by implementing the ethical system and sustainable management practices of Corporate Social Responsibility (CSR).

**Keywords:** Corporate Social Responsibility, Community Development, Corporate - Society Relations, Sustainable Management Practices.

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## **Introduction of Corporate Social Responsibility:**

“CSR analyses economic, legal, moral, social and physical aspect of environment” - Barnard(1938)

The issue of corporate social responsibility (CSR) has been debated since the 1950s. Oliver Sheldon (1923, cited in Bichta, 2003), however, encouraged management to take the initiative in raising both ethical standards and justice in society through the ethic of economizing, i.e. economize the use of resources under the name of efficient resource mobilization and usage. Ledingham & Burning, 1998 focuses on 'Theoretical developments in relationship management have focused heavily upon addressing the rationale for

public relations practice and its central contribution to the organisation'. Grunig (2006) argues that the greatest challenge facing public relations practitioners and academics is to embed strategic public relations as an accepted management function. However, to date, much of the public relations literature has been focussed on what public relations practitioners do, as opposed to the business drivers for public relations practice (Gower, 2006). Latest analyses by Secchi (2007) and Lee (2008) reported that the definition of corporate social responsibility (CSR) has been changing in meaning and practice. The classical view of corporate social responsibility (CSR) was narrowly limited to philanthropy and then shifted to the emphasis on business-society relations particularly referring to the contribution that a corporation or firm provided for solving social problems.

A firm must now focus its attention on increasing its bottom line and being a good corporate citizen. Keeping abreast of global trends and remaining committed to financial obligations to deliver both private and public benefits have forced organisations to reshape their framework, rules and business models. The quality of relationships that a company has with its employees and other key stakeholders such as customers, investors, suppliers, public and governmental officials, activists and communities is a crucial role to its success, as its ability to competitive conditions and corporate social responsibility (CSR). In present day, corporate social responsibility is a concept whereby business organizations consider the interest of society by taking responsibility for the impact of their activities on customers, suppliers, employees, shareholders, communities and other stakeholders as well as their environment.

Thus, Corporate Social Responsibility (CSR) refers to strategic corporation or firms conduct their business in a way that is ethical and society friendly. Corporate Social Responsibility (CSR) can involve a range of activities such as working in partnership with local communities, socially sensitive investment, developing relationships with employees, customers and their families and involving in activities for environmental conservation and sustainability.

#### **Definitions:**

Corporate Social Responsibility (CSR) is a very broad term which is a concept whereby business organizations consider the interest of society by taking responsibility for the impact of their activities on customers, suppliers, employees, shareholders, communities and other stakeholders as well as their environment.

However, there is no agreed definition of Corporate Social Responsibility, so many analyst, thinkers and institutes define corporate social responsibility in their own words as follows:

According to EU Commission (2002), "CSR is a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis".

Indeed the desirability of considering the social performance of a business has not always however been accepted and has been the subject of extensive debate. Thus, Hetherington (1973) states: "There is no reason to think that shareholders are willing to tolerate an amount of corporate non profit activity which appreciably reduce either dividends or the market performance of the stock".

Conversely, writing at a similar time, Dahl (1972) states: "Every large corporation should be thought of as a social enterprise, that is an entity whose existence and decisions can be justified in so far as they serve public or social purposes".

Similarly Carroll (1979) states: "Business encompasses the economic, legal, ethical and discretionary expectations that society has of organisation at a given point in time".

Recently by Balabanis, Philips and Lyall (1998) states: "in the modern commercial area, companies and their managers are subjected to well publicised pressure to play an increasingly active role in the welfare of society".

Some writers states that corporation should not be concerned with social responsibility. Thus, Milton Friedman (1970) states: "There is one and only one social responsibility of business to use its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud."

Opinion of Drucker (1984) is: "Business turns a social problem into economic opportunity and economic benefit into productive capacity, into human competence, into well paid jobs and into wealth".

While, Robertson and Nicholson (1996) states: "A certain amount of rhetoric may be inevitable in the area of social responsibility. Managers may even believe that making statements about social responsibility insulates the firm from the necessity of taking social responsible actions."

Moir (2001) is more ambivalent, as he states that, "Whether or not business should undertake CSR and the forms that responsibility should take, depends upon the economic perspective of the firm that is adopted."

#### **History of Corporate Social Responsibility:**

Corporate social responsibility has arises from the early 1990's with a view that it is only a new manifestation of 'a longstanding debate over the relationship between business and society' (Jenkins 2005: 526).

In the late nineteenth century the emergence of large corporations and the era of the robber barons in the US led to

the development of the anti-trust movement. In response, corporations emphasised corporate responsibility and philanthropy in order to prove that government regulation was unnecessary (Richter 2001). However, in the 1930s the Great Depression produced a second wave of regulation and led to Roosevelt's New Deal in the US and nationalization and regulation by the postwar Labour government in the UK (Jenkins 2005).

Jenkins notes that during the late 1960s and 1970s a new wave of concern about the growing social and environmental impact of transnational corporations (TNCs) in the postwar era led to a third period of increased efforts to regulate corporate activity. A series of revelations about the activities of US companies produced great concern.

Global restructuring during the 1980s and the rise of neoliberalism led to a significant shift away from state intervention in both developed and developing countries. This trend was reflected in national policies towards TNCs through a dramatic shift away from regulation of their activities to 'intense competition to attract foreign direct investment' (Jenkins 2005: 527).

During the 1990s, criticism of corporate practices escalated. A series of corporate scandals emerged in the US. Numerous environmental disasters caused by global corporations occurred. Awareness of the use of sweatshops and child labour in developing countries attracted the attention of community activists in developed societies. The 1990s therefore witnessed an explosion in civil group activism which led to both protests against, and engagement with, corporations (Bendell 2004).

#### **About Nuclear Power Corporation of India Limited (NPCIL):**

Nuclear Power Corporation of India Limited (NPCIL) is a Central Public Sector Enterprise under Department of Atomic Energy. The Mission of the Company is 'To develop nuclear power technology and to produce nuclear power as a safe, environmentally benign and economically viable source of electrical energy to meet the increasing electricity needs of the country'. Accordingly, NPCIL is responsible for design, construction, commissioning and operation of nuclear power reactors. NPCIL is a MoU signing, profit making and dividend paying company with the highest level of credit rating (AAA rating by CRISIL and CARE). NPCIL is presently operating 20 nuclear power reactors with an installed capacity of 4780 MW at six locations in the country. Currently, in India there are six reactors under various stages of construction totalling 4800 MW capacity.

The operating nuclear power units are: Tarapur Maharashtra Site Units-1 to 4; Rawatbhata Rajasthan Site Units-1 to 6; Madras Atomic Power Station Units-1 & 2; Narora Atomic Power Station Units-1 & 2; Kakrapar Gujarat Site Units-1 & 2; Kaiga Generating Station Units-1

to 4. The units under construction are: Kudankulam Nuclear Power Project Units-1 & 2 (Under advanced stage of commissioning); Kakrapar Atomic Power Project Units-3 & 4; Rajasthan Atomic Power Project Units-7 & 8.

Some more nuclear power plants at Jaitapur in Maharashtra, Gorakhpur in Haryana, Chutaka in Madhya Pradesh, Kovvada in Andhra Pradesh, Mithi Viridi in Gujarat and Banswara in Rajasthan are under planning stage.

Nuclear Power Corporation of India Limited aims to harmonize its core values and business operations to meet the expectations of all the stakeholders. From the inception of nuclear power programme in the country, the units of NPCIL have been implementing numerous social welfare activities for the benefit of local population. However, with issuance of DPE guidelines on Corporate Social Responsibility (CSR) for central public sector undertakings, NPCIL has re-invigorated the CSR programme in right earnestness. NPCIL's CSR objective is to continue and strengthen the neighbourhood development programme (NDP)/CSR activities for achieving inclusive growth of surrounding population. Under CSR programme, NPCIL has identified the three key areas - education including skill development, healthcare, and infrastructure development for improving quality of life of local population near the nuclear power plants.

At each unit of NPCIL, the area within 16 km radius from the power plant is considered for CSR activities. In line with the CSR philosophy, projects in education, skill development, healthcare and infrastructure development areas are taken up around the plant sites. Various projects like construction of school buildings, financial assistance to schools, scholarships to students and sponsorship for higher education, development of aanganwadis etc. are taken up under education. Such as school building constructed under CSR programme near Kakrapar and aided Homi Bhabha School at Tarapur.

Under healthcare, the projects include running primary health centers, providing mobile medical van services, organising medical camps, funding extension of hospitals, providing medical treatment and medicines (OPD services) for villagers etc. Such as Health Centres constructed and being run at Mallapur near Kaiga and at Rawatbhata. And, under infrastructure development, the projects like laying of approach roads, bridges, development of drinking water facility, construction of community hall, construction of bus stop sheds, installation of street lights, providing fishing facility etc. have been planned and implemented. Such as bridge constructed at Goyar near Kaiga and water supply scheme near Kalpakkam.

#### **Corporate Social Responsibility Policy of NPCIL:**

Being a responsible corporate citizen, NPCIL implements its Corporate Social Responsibility (CSR) programme that

also includes Sustainable Development (SD) programme. CSR is the commitment of NPCIL to its stakeholders to conduct business in an economically, socially and environmentally sustainable manner that is transparent and ethical. Stakeholders of NPCIL include employees, investors, shareholders, customers, business partners, clients, civil society groups, Government and non-government organisations, local communities, environment and society at large.

One of the stated objectives of NPCIL is “To continue and strengthen the neighbourhood development programme / CSR activities for achieving inclusive growth of surrounding population.” NPCIL complies with relevant provisions of The Companies Act 2013, the CSR and Sustainability guidelines issued by Department of Public Enterprises (DPE).

The key ingredients of CSR Policy of NPCIL are:

1. NPCIL aims to achieve the following through the CSR policy:
  - i) Promote organisational integrity and ethical business practices through transparency in disclosure and reporting procedures.
  - ii) Leverage green technologies, processes and standards to produce goods and services that contribute to social and environment sustainability.
  - iii) Contribute to inclusive growth and equitable development in society through capacity building measures, empowerment of the marginalised and underprivileged sections / communities.
2. The CSR programme of NPCIL includes some of the following activities:
  - i) Eradicating hunger, poverty and malnutrition, promoting preventive health care, diagnosis and treatment of diseases, sanitation and making available safe drinking water.
  - ii) Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects.
  - iii) Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups.
  - iv) Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro-forestry, conservation of natural resources and maintaining quality of soil, air and water.

- v) 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 arts and handicrafts.
  - vi) Promotion of rural sports, nationally recognised sports, Paralympics sports and Olympic sports.
  - vii) Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government.
  - viii) Rural development projects.
3. For execution of projects under CSR services of reputed NGOs, specialised agencies, contractors, gram panchayats, state and district PWD departments, and voluntary employee groups etc. are utilised.
  4. Monitoring and impact assessment of CSR projects and programme is regularly organised through project supervision by site CSR executives, field visits by senior and corporate executives, internal audits and specialised external organisations in this field.
  5. Any surplus arising out of the CSR programmes, projects and activities, including interest accrued on CSR funds, shall be used for implementing CSR activities and it shall not form part of the business profit of NPCIL.
  6. Appropriate communication strategy is developed and deployed for sensitising and engaging internal and external stakeholders for improving effectiveness of the CSR programme.
  7. The broader CSR rules under this policy are separately framed and approved.

## Research Methodology

### Objective of the Study:

1. To study the impact assessment of various corporate social responsibility (CSR) project undertaken by NPCIL.
2. To study the impact of corporate social responsibility (CSR) undertaken by NPCIL on society.

**Scope of the Study:** The present study is descriptive in nature.

### Area of Research:

Researcher has opted to analyse the impact of CSR undertaken by NPCIL at Rawatbhata, Rajasthan during 2013-14.

### Sources of Data:

This study is primarily based on collection of secondary

data. To analyse the impact of corporate social responsibility (CSR) undertaken by NPCIL, published CSR - Annual Report of NPCIL is used.

#### Analysis and Interpretation:

During FY 2013-14, Rs. 27 Crore was allocated for the CSR programme. Allocation of CSR budgets to different units form the annual CSR allocation as shown in the Table 1. An

additional CSR fund of Rs. 125 Crore was sanctioned on account of silver jubilee year of the company for initiating major CSR projects especially in the area of children's education as shown in the Table 2. The non-lapsable balance fund of Rs. 4.83 Crore was also available from the previous year. Additionally, the units surrendered Rs. 3.00 Crore CSR fund during the year. So, the total fund allocated to CSR programme was Rs. 159.8 Crore.

**Table 1 Statement of Account for Corporate Social Responsibility (CSR) Fund**

Statement of Account for Non-Lapseble CSR Fund of NPCIL as on 31.03.2014 in Lacs		
CSR Fund		
A	Previous Balance in non-lapseble CSR Fund at the end of FY 2013-13	483.84
B	CSR Fund Surrendered by sites during FY 2013-14	300.90
C	CSR Fund Approved by Board of Directors for FY 2013 -14	2700.00
D	<b>Total Fund available(A+B+C)</b>	<b>3484.74</b>

\*Source: CSR-Annual Report 2013-14.

**Table 2 Statement of Account for Additional CSR Fund**

SL No.	Unit	CSR Works Completed	CSR Work in Process	CSR Works Planned	Fund Allocation	Board Sanction
A	Tarapur (Maharashtra) Site	253.36	308.30	1483.70	2045.36	3500.00
B	Rawatbhata (Rajasthan) Site	20.50	100.50	804.00	925.00	3000.00
C	Madras Atomic Power Station	372.44	122.56	855.00	1350.00	1500.00
D	Narora Atomic Power Station	-	-	228.58	228.58	1500.00
E	Kakrapar (Gujarat) Site	47.85	45.15	290.00	383.00	1500.00
F	Kaiga Generating Station	-	-	-	-	1500.00
G	<b>Total</b>	<b>694.15</b>	<b>576.51</b>	<b>3661.28</b>	<b>4931.94</b>	<b>12500.00</b>

\*Source: CSR-Annual Report 2013-14.

CSR fund spent by different sites during FY2013-14 using 2012-14 (additional) and FY2013-14 as shown in Table 3  
CSR budget allocated during FY2011-12, FY2012-13, FYs

**Table 3 CSR Funds spent in the year 2013-14 (in Lacs)**

Fund spent in FY 2013-14 against fund allocated in financial years					
Site	2011-12	2012-13	2012-14 (Additional fund)	2013-14	Total Expenditure
Tarapur (Maharashtra) Site	11.15	53.10	252.16	46.57	362.98
Rawatbhata (Rajasthan) Site	0.00	103.81	5.50	50.46	159.77
Madras Atomic Power Station	0.00	0.00	230.79	73.23	304.02
Narora Atomic Power Station	30.00	6.52	0.00	18.52	55.04
Kakrapar (Gujarat) Site	0.00	112.60	39.17	34.82	186.59
Kaiga Generating Station	6.88	108.17	0.00	103.12	218.17
Kundankulam NPP	0.00	180.70	-	50.33	213.03
<b>Total</b>	<b>48.03</b>	<b>546.90</b>	<b>527.92</b>	<b>377.05</b>	<b>1517.60</b>

\*Source: CSR-Annual Report 2013-14.

During the year 2013-14, total 104 new projects were taken up for implementation. Out of these 38 were infrastructure projects, 15 were healthcare projects and 51 were education projects as elaborated in Table 4.

In addition to this, some more CSR projects were in progress from the additional CSR fund. To be precise, total 63 projects were taken up using additional CSR fund during the year 2013-14 comprising 45 infrastructure projects, 6 health projects and 12 education projects as shown in Table 5.

**Table 4 Number of CSR Projects taken up at Different Units from CSR Fund of FY 2013-14**

Units	TMS	RRS	MAPS	NAPS	KAPS		KGS	K	HQ
Education	4	4		7	5	11	11		1
Healthcare	2	4	0	3	2	4	0		0
Infrastructure	1	2	3	7	3	10	12		0
<b>Total (104)</b>	<b>7</b>	<b>10</b>	<b>11</b>	<b>17</b>	<b>10</b>	<b>25</b>	<b>23</b>		<b>1</b>

\*Source: CSR-Annual Report 2013-14.

**Table 5 Number of CSR Projects at Different Units from Additional CSR Fund 2012-14**

Units	TMS	RRS	MAPS	NAPS	KAPS	KGS
Education	5	1	5	0	1	0
Healthcare	1	1	1	2	1	0
Infrastructure	23	3	8	7	4	0
<b>Total (63)</b>	<b>29</b>	<b>5</b>	<b>14</b>	<b>9</b>	<b>6</b>	<b>0</b>

\*Source: CSR-Annual Report 2013-14.

#### **Impact Assessment of various Corporate Social Responsibility (CSR) project at Rawatbhata, Rajasthan Site (RRS):**

RRS was allocated Rs 455.5 Lakh from annual CSR budget of FY 2013-14. In addition to this, Rs. 925 Lakh was allocated from the additional CSR fund for FY 2012-14. Using these funds, RRS prepared a CSR plan for the development of neighbourhood area within 16 KM and executed number of activities in the areas of infrastructure, health and education under CSR programme. The projects/ CSR activities are finalised in such a fashion that these will fulfil the basic needs of society and public at large in long run and finally contribute to the national development programme. Some major CSR projects implemented at RRS are given below:

#### **Operating Mobile Health Unit (MHU):**

For providing support to improve health and hygienic conditions of rural people, Mobile Health Unit (MHU) is run through NGO-Karuna Trust, Bengaluru. The MHU has been visiting regularly to the patients in the identified 12 nodal centres namely - Thamlav, Eklingpura, Dhuandhop, Renkhera, Jharjhani, Deppura, Chenpura, Luharia, Shripura, Charbhujia- Bhilbasti, Mandesara & Kundaliya covering around 64 villages within 16 KM of RR Site. The project benefited 30730 patients (Male: 15540, Female: 15190). Additionally, health check-up camps and medical health guidance for 207 students of neighbourhood village schools were also organised through MHU.

#### **Medical Camp for ailments of Eyes:**

Providing required specialised medical support to local

villagers through medical camps has been done routinely at RRS. This year RRS organised an eye camp in coordination with District Andhata Nivaran Samitim, Chittorgarh and RAPS Hospital, Rawatbhata. Total 467 number of patients were registered for eye check-up. Out of these, 148 patients were operated for cataracts.

#### **Need assessment and base line survey:**

Project "PAHACHAN" was taken up in order to assess the need of neighbourhood villagers. Towards this a preliminary base line survey was conducted at RR Site through an NGO.

#### **Providing free Computer education through NGO:**

In order to improve computer literacy in Bhainsrorgarh Panchayat Samiti, a computer training programme by the name "PAHAL" project has been taken up for the youth of neighbourhood villages by RR Site through an NGO. In the first phase of the project, basic computer training was imparted to the students at three Panchayat centres namely Bhainsrorgarh, Jharjhani and Mandesara. In the second phase of the project, advanced computer training was imparted to the students at Rawatbhata centre and in which about 150 students from Bhainsrorgarh, Jharjhani, Mandesara, Rawatbhata and also students of local Govt. ITI were trained.

#### **Laying of DI pipe line and supply of drinking water:**

DI pipe line was laid for supply of drinking water to the people living in Charbhujia Jhalarbawari village in the vicinity of RRS residential colony. The water is being supplied from Anupratap filter house to the existing overhead water storage tank at Charbhujia. The local people will be able to use drinking water from the overhead tank.

### **Solar street lights to villages of 20 Panchayats (Sustainability Project):**

Most of the villages near Rawatbhata do not have street lights. Under the "UJALA" project of RRS CSR programme, villages in 20 panchayats have been selected for installation of solar street lights. An NGO has been awarded the work for supply and installation of Solar street lights in the nearby villages. The villagers are very happy with Solar street light project and they have expressed their gratitude towards NPCIL for bringing street lights to their villages.

### **Construction of link roads in neighbouring villages:**

In order to provide an access and connectivity to the villagers and school going children in the neighbouring villages around RR Site, construction of link roads has been taken up.

### **Construction of classrooms at Govt. School Mandesara and Luharia:**

To improved schooling infrastructure in the existing government schools at Mandesara and Luharia, additional class rooms and toilet blocks are being constructed.

### **Conclusion**

There has been a significant increase in the number of CSR projects completed as well as the funds available for the CSR programme during the year. These projects adequately cover the needs of the local population around the units. The number of completed CSR projects was 18 out of 104 projects initiated. Remaining CSR projects are in progress. As a result, fund utilization of CSR works for the financial year 2013-2014 was about 14%. The CSR project implementation needs to be speeded up by all the sites so that fund can be utilized.

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