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**STRATEGIC CORPORATE SOCIAL RESPONSIBILITY: AVENUES BY JINDAL
STEEL AND POWER LIMITED**

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Strategic Corporate Social Responsibility: Avenues by Jindal Steel and Power Limited

Introduction

"Coming together is a beginning; keeping together is progress; working together is success." (Henry Ford)

"If we decide, we can change the pitiable condition of Indian economy. We have to take up the responsibility and show commitment." (Sh. Narendra Modi)

The 21st century is marked by unprecedented challenges and opportunities, arising from globalization, the desire for inclusive development and the indispensable need to check climate change issues. Indian business, which is today viewed globally as a responsible component of the ascendancy of India, is positioned now to take on a leadership role in the challenges of our times. It is recognized the world over that integration of social, environmental and ethical responsibilities into the governance structure of businesses secures their long-term success, competitiveness and sustainability. This approach also reaffirms the view that businesses are an integral part of society, and have a crucial and active role to play in the sustenance and improvement of healthy ecosystems, in fostering social inclusiveness and equity, and in upholding the vitals of ethical practices and good governance. This also makes business sense as companies with effective CSR, have image of socially responsible companies, achieve sustainable growth in their operations in the long run and their products and services are preferred by the customers.

The Indian organizations have a long traditional way of working within the value systems, defined in our nation's character for the new millennium. India's ancient wisdom, which is still prevailing and apt to the prevailing situations, inspires us to work for a larger good and well-being of the stakeholders. This holds more importance in today's prevailing conditions for organizations where the aspirations of the stakeholders are to be an active part of the economic growth and development.¹ (India)

It needs no profound research to be aware of the various debates taking place across society. Two key words seem to be central to these debates: sustainability and responsibility. Sustainability refers to a normative perspective on the internal and external environment regarding tangible and intangible resources. Tangible resources (e.g. water, oil, primary material etc.) should be used with explicit care and, if possible, replaced by alternatives and recycled. Intangible resources (e.g. know-how, competencies, qualifications etc.) should be identified and (strategically) maintained. It is in the interest of the organization to carefully look after the combined tangible and

¹ Ministry of Corporate Affairs Voluntary Guidelines on Corporate Social Responsibility (2009)

intangible resources and to reflect this in its business strategy and positioning in the value chain. Responsibility nowadays refers not only to economic, but also to social and environmental responsibility.² This paper is pertaining to the various corporate social responsibility approaches and activities the private power generator giant “Jindal Steel and Power Limited” in India is performing.

Power Sector Companies and Sustainable Development

The power sector provides one of the most important ingredients for the development of a country. Availability of reliable and inexpensive power is critical for any nation's sustained economic development. Since independence, the Indian power sector has grown significantly in size and capacity with the installed capacity of power generation having increased by around 80 times, electricity generation by nearly 140 times and the total length of transmission lines by over 135 times. Even after this considerable growth, many parts of the Country continue to face severe power shortages. This is because consumption by commercial and industrial houses has increased at a much faster rate than electricity supply. The per capita annual consumption of electricity in India is 1075 kWh in 2015-16, as compared with 1010 kWh in 2014-15, an increase of 46 per cent in 8 years. It was due to the effort of the Government of India's mission to achieve “Power for All” by 2012.

The Power Generating Sector, while fueling the economic development³ (The main goal of economic development is improving the economic well-being of a community through efforts that entail job creation, job retention, tax base enhancements and quality of life) and progress of the nation has nevertheless, left an indelible mark on the environment and social concern was left uncared for a long time. For the past few decades however, it has started thinking and caring about the environment and society at large and is trying to impact them positively.

² Jan Jonker & Macro de Witte, *MANAGEMENT MODELS FOR CORPORATE SOCIAL RESPONSIBILITY*, (2006)

³ Typically, economic developments can be described in terms of objectives. These are most commonly described as the creation of jobs and wealth, and the improvement of quality of life. Economic development can also be described as a process that influences growth and restructuring of an economy to enhance the economic well-being of a community. In the broadest sense, economic development encompasses three major areas: Policies that government undertakes to meet broad economic objectives including inflation control, high employment and sustainable growth; Policies and programs to provide services including building highways, managing parks and providing medical access to the disadvantaged Policies and programs explicitly directed at improving the business climate through specific efforts, business finance, marketing, neighborhood development, business retention and expansion, technology transfer, real estate development and others. The main goal of economic development is improving the economic well-being of a community through efforts that entail job creation, job retention, tax base enhancements and quality of life. As there is no single definition for economic development, there is no single strategy, policy or program for achieving successful economic development.

The power generation companies require:

- Huge acres of land to put up their plants in place to generate electricity and transmit it across the vast length and breadth of the nation.⁴
- Consume volumes of fuel (non-renewable) leading to the depletion of the natural resources (which had taken millennia to form); their storage also occupies large areas of land.⁵
- Transport fuel which is risky, especially so in case of nuclear material.
- Produce greenhouse gases such as carbon dioxide, nitrous oxide, and Sulphur-dioxide are emitted resulting in global warming.⁶
- Produce large volumes of combustion waste/by products.⁷

All these have a great impact on the lives of local people, the work force and the businesses to show a greater responsibility to the social and environmental aspects. For about a quarter century, the firms are becoming cleaner, greener and extending continuous support to the society, through various initiatives. This has been possible by a paradigm shift in the business model and strategic thinking, with an aim to achieve sustainable growth. The various initiatives undertaken by the Power Generating companies have focused on: Safety and Health (Public and Occupational), Environment, Human Rights, Ethics and Role of business entity in the society. The initiatives undertaken are economic centric, environment centric and social centric.

Economic Centric

To improve the profit, financial standing and reduction of cost: Companies are improving their top line, by meeting the ever-increasing demand for electricity by increasing the capacity through judicious capital investment policy. (Capital investment policy refers to such judicious decisions which are long-term corporate finance decisions relating to fixed assets and capital structure) Cutting the costs by minimizing fuel expenses, operating expenses, and adopting latest technology, thus improving plant load factor and generation per employee and reducing the wastage. Firms are integrating (forward, backward and both), shifting laterally, trying to increase the proportion of electricity generated through renewable sources and stressing on the conservation of energy. The organization structure is being reformed to improve management quality and efficiency, trying to capitalize on their knowledge, by providing a series of services like: consultancy, training and development and R&D services.

⁴ *Id.*

⁵ Bikash Chandra Dash, GOVERNANCE AND REFORMS IN POWER SECTOR (2012)

⁶ Virendra K. Sharma, ELECTRICITY INDIA VISION 2027: ROADMAP FOR SUSTAINABLE POWER DEVELOPMENT & POWER SECTOR (2004)

⁷ *Id.*

Environment Centric

Firms initially had their own Environment Management System (EMS) in place and later updated to meet the requirements of ISO 14000. ISO 14000 is a family of standards related to environmental management that exists to help organizations (a) minimize how their operations (processes etc.) which gives them a level playing field in the post-globalized era. As part of EMS they have a comprehensive environment policy, core environment committees which include board members, providing a blue print of the action plan and committees at unit/ plant in charge of the programmes to be implemented at various stages and would oversee day-to-day activities. Environment Assessment and Audit is undertaken regularly, while complying the legal norms. Green procurement is being stressed, coercing suppliers to protect the environment. The alternative uses of by-product (such as ash) are being explored continuously and trying to create an awareness of the same among those who can use it effectively. All these efforts are in order to reduce the impact on the environment and maintain the natural ecosystem.⁸

Social Centric

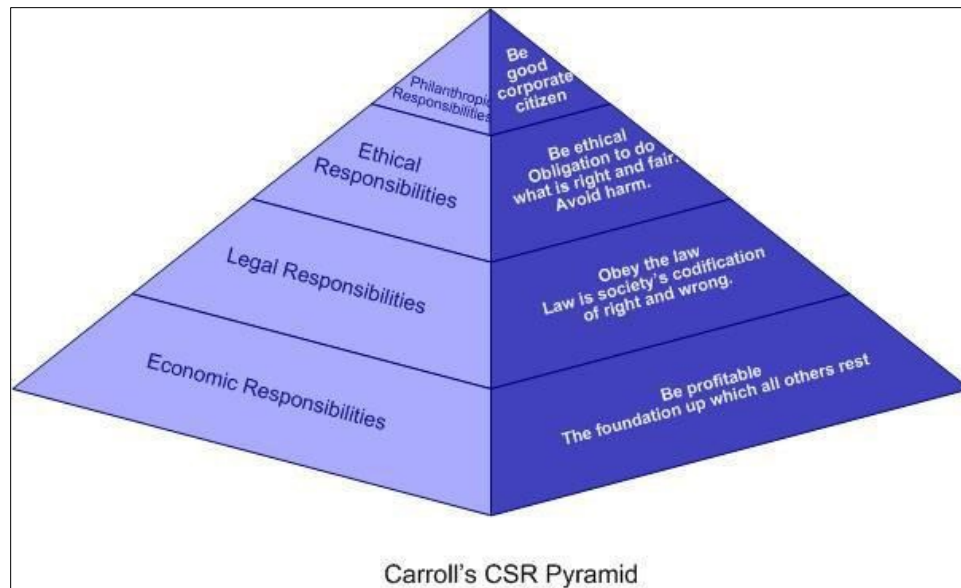
The focus is on community and workforce. There have been initiatives to improve the standard of living of the people in the local areas by providing the basic infrastructure like roads, schools and hospitals. Companies are endeavouring to provide employment to differently challenged persons or facilitating them to find means of living.⁹ The companies are providing a satisfactory work environment and encouraging the employees to actively participate in the community development activities. They have systems in place, which prevent accidents, promote health and raise safety standards in the work place. Companies are getting certified as OHSAS 18001:2007.¹⁰

This can be aptly described by the Pyramid of Corporate Social Responsibility.

⁸ Nageswara Rao, HRD CLIMATE IN INDIA: CASE STUDY OF A POWER GENERATING PUBLIC SECTOR ENTERPRISE, (2011).

⁹ Dileep Wagle & N.V. Rao, POWER SECTOR IN INDIA (2005).

¹⁰ The OHSAS 18001:2007 standard is the most widely recognized Occupational Health & Safety Management System standard globally. This structured management systems approach enables organizations to identify hazards, assess and prioritize risks, and implement appropriate protective and preventive control measures to reduce the potential for occupational injuries, illnesses and fatalities.



The power sector companies have a standardized and formalized KPI based performance management system. A performance indicator or key performance indicator (KPI) is an industry jargon for a type of performance measurement. The system is designed to assess functional, managerial and potential competence in an objective and transparent manner. Further, with a view to facilitate smooth transition from incumbent leaders to their successors, mostly power generating companies like NTPC has a succession policy in place wherein employees with leadership potential are identified and are suitably trained and groomed to fit into the leadership roles.¹¹ The company has deployed a system that enables measurement of leadership effectiveness and gap identification against an identified set of leadership competence. Individual development plans are made based on the gaps identified to ensure that the process of development and growth is meaningful.¹²

Purpose of the Case Study

CSR and efficiency is an important policy of any organization and holds true for the energy sector both public and private sector, also. It can be expressed on the basis of three levels:

- Basic values policy and practices of company, Company owned and operated business. In other words, corporate level strategy for basic values of social efficiency.
- Social issues from raw material acquisition to product disposal and,

¹¹ K.P. Kannan, PLIGHT OF THE POWER SECTOR IN INDIA: INEFFICIENCY, REFORM AND POLITICAL ECONOMY (2002).

¹² *Id.*

- Improving the interest of stakeholders (i.e., community, society and environment).

The Case Study is about Jindal Power Limited (JPL), a subsidiary of Jindal Steel & Power Ltd. (JSPL), which has been contributing significantly to the growing needs of power in the Country. JPL has set up India's first mega power project in the private sector at Raigarh, Chhattisgarh. JPL, commissioned the first unit of its 4x250 MW thermal power plant in the Raigarh district of Chhattisgarh in 2007, becoming the first private player in the country to set up an **Independent Power Plant (IPP)**. JPL has emerged as a best performer in Ministry of Power and Central Electricity Authority project execution excellence study and won two National Awards- Gold Shield and Silver Shield for early completion of Thermal Power Projects. The objective to take JPL's case study was:

- To analyze the new Companies Act, 2013 w.r.t. CSR activities at JPL
- To analyze the CSR objectives and Activities of the organization under study

The study presents a theoretical framework that facilitates the understanding of the experiences and perceptions of the CSR in power generating sectors. The study has laid emphasis on the theoretical knowledge of the subject and to understand in depth the CSR practices of the organization. Specifically, the thrust of the study is to produce an explorative knowledge of internal CSR practices followed by Jindal Power Limited.

Corporate Social Responsibility of JPL

Incorporated in 1995, Jindal Power Limited (JPL), a subsidiary of Jindal Steel & Power Limited (JSPL) is a part of O. P. Jindal Group, engaged in the development, construction and operation of power plants in India. It primarily operates a thermal power project in Tamnar, Raigarh (Chhattisgarh) with 2,400 MW installed generation capacity. JPL strongly believes that overall sustainable community development is essential for harmony between the community and the industry. The company endeavors to make a positive contribution to the underprivileged by supporting a wide range of socio-economic, educational and health initiative. The community outreach programmes are spearheaded by the O. P. Jindal Samaj Kalian Samiti (OPJSKS), which has been consistently instrumental in enhancing the living standards of socially underprivileged. The Samiti facilitates programmes and gives direct assistance and resources to individuals, families and other charitable organizations. OPJSKS is currently working in 38 adopted villages/hamlets covering a population of about 41,000 (Annexure I) adjacent to the power project, mines and water reservoir area at Tamnar and Gharghoda Tehsil of Raigarh district in Chhattisgarh.

The objective of OPJSKS is to support the people to enhance their socio-economic condition through shared understanding of context, joint initiatives for development and arriving at compatible criteria for evaluating results to achieve the respective missions and goals. In the programs, participatory tools are used to ensure involvement of communities in all the stages of the implementation. Utmost care is taken not to take up any such programs that may create dependency or make them more vulnerable than before. Effective stakeholder's engagement has opened up new avenues in organizational performance and reputation.

Goals of CSR Laid Down by JPL

The company in its Annual Report has listed the commitments towards Corporate Social Responsibility as mentioned below:

- Continue allocating at least 2 percent of Profit Before Tax (PBT) towards special corpus for Corporate Social Responsibility as per the categories of the Companies Act, 2013.
- Transparent and accountable system for social development and impact assessments through an external agency.
- Concentrate on community needs and perceptions through social processes and related infrastructure development.
- Provide special thrust towards empowerment of women through a process of social inclusion.
- Promote arts, culture, and sports; and conserve cultural heritage.
- Spread the culture of volunteerism through the process of social engagement.

All the CSR initiatives taken by Jindal Group are approved by the committee in line with the CSR policy approved by the Board on May 27, 2014 and the policy is reviewed periodically. The group because of its complexity and multi levels has adopted a strategy that combines working with multi-stakeholders as well as directly, depending on the appropriateness and some of these are:

- Priority is given to villages in the immediate vicinity of the plant locations defined as Direct Influence Zone (DIZ). The policy enables plants to define their own DIZ with the provision, that this could be expanded as per the size of the operations.
- All the interventions shall be formulated based on need assessment using different quantitative and qualitative methods that lead to measureable impact.
- All the interventions shall be implemented either directly or in partnership with both Government and civil society organizations at various levels.
- All the interventions shall be adopted based on concurrent evaluation and knowledge management through process documentation and sharing.
- Social Mobilization, advocacy at various levels, and/or appropriate policy changes shall form part of the interventions in each sector.

Following are the thematic interventions as per Schedule VII of the Companies Act 2013:

- Improving Living Conditions (eradication of hunger, poverty, malnutrition etc.)
- Promoting social development (education, skill development, livelihood enhancements, etc.)
- Addressing social inequalities (gender equality, women empowerment, etc.)
- Ensuring environmental sustainability
- Preserving national heritage
- Sports training
- Supporting technological incubators
- Rural development projects

Thematic Areas of Community Development

OPJSKS implement its community development program under 05 thematic heads:

- 1) Health
- 2) Education
- 3) Infrastructure Development
- 4) Livelihood
- 5) Livestock
- 6) Sports, Art and Culture
- 7) Studies, Publications, Exposures, Seminars and Trainings
- 8) Environment-Stock of Ash, Environmental Clearances

Conclusion

It is evident from the work and strategies of JPL that they have adhered to the concept of imbibing CSR at the policy level and not just at the superficial level of the organization. They have truly ensured the organization's holistic growth with authenticity, such that they are able to ensure their organization's long term success as well as contribute significantly towards building a better world.

The gamut of Corporate Social Responsibility activities carried out by Jindal Power Limited is exhaustive in nature and includes almost all the areas which have been prescribed in the Companies Act 2013. It can be observed and noted that the organization have divided the areas under the heading of Health, Infrastructure Development, Education, Livelihood, Livestock, Sports, arts and Culture, Studies, publications, exposures, seminars and training, and Environment.

It is to be noted that before CSR was made a law in the new Companies Act, 2013, when these were just guidelines and Voluntary in nature; Jindal Power was only working on only major four areas of Health, Education, Women Empowerment, and Environment, which has now increased to eight areas.

Jindal Steel carries out its CSR activities through its own trusts, which lead to saving of transaction costs and creation of goodwill in the local area. The foundation which works for the CSR activities is dedicated to the cause of humanity and focuses on improving the Human Development Index. The Foundation has launched a set of regional and national awards to recognize and nurture talent at the grassroots level, titled Swayamsiddh Samman. Apart from this, the Foundation has instituted a unique initiative called Swayamshilp, wherein a series of workshops are being conducted across India for providing the artists from the tribal heartland with a live national platform.¹³

¹³ http://www.jindalsteelpower.com/img/admin/csc_annual_report/pdf/csr-annual-report-2015-16.pdf

The organization works on the Triple Bottom Line approach. This approach of partnership also helps in integrating its business values to meet the expectations of all its stakeholders and to minimize / nullify thereby the conflict areas.

The continuous effort being made for an integrated sustainable development, encompassing the areas of economy, environment and society would ensure that the future generation would be able to meet their needs. The harmony of power sector development in tandem with societal development is demonstrated in the present research.

It can be observed that the performance of the CSR objectives depends on two critical factors, *viz.* Internal and External factors, *viz.* Organization structure and size of the company, Resource availability, Development stage of the company, Corporate culture and organizational ethical climate, gender influence, Ethics education, and other demographic factors.

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