



A STUDY OF CORPORATE SOCIAL RESPONSIBILITY (CSR) IN EASTERN COALFIELDS LIMITED (E.C.L)

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ABSTRACT

Indian society has traditionally recognised the role of business in societal development. Due to the mandatory nature of Corporate Social Responsibility (CSR) for corporations since 2013 under the Companies Act 2013, it is essential that companies genuinely adopt an approach to implement CSR activities for the benefit of their stakeholders and society. The objective is to assess the significance of CSR and its connection to sustainability, aiming for optimal outcomes from CSR initiatives and long-term advantages for the recipients. This research aims to investigate the perceptions, aspirations, and evaluations of CSR initiatives in the Coal Mining sector by various industry stakeholders.

This paper highlights explicitly the primary CSR initiatives carried out by Eastern Coalfields Ltd. (ECL), a wholly-owned subsidiary of Coal India Limited (CIL). The study analysed annual reports to gain insights into these initiatives. The findings reveal that ECL's CSR investments primarily focus on improving health facilities, education and rural infrastructure.

KEY WORDS - Corporate Social Responsibility, Coalfields, Investments, Stakeholders.

INTRODUCTION

In the realm of coal mining in India, CIL (Coal India Limited) stands out as the foremost public sector undertaking. It oversees operations through seven fully owned subsidiary companies: South Eastern Coalfields Ltd (SECL), Eastern Coalfields Ltd. (ECL), Western Coalfields Ltd (WCL), Bharat Coking Coal Ltd (BCCL), Central Coalfields Ltd (CCL), Northern Coalfields Ltd (NCL), and Mahanadi Coalfields Ltd. (MCL). Additionally, CIL collaborates with the Central Mine Planning and Design Institute (CMPDI), a firm specializing in mine planning and consulting. To address corporate social responsibility (CSR) initiatives at the subsidiary level, a committee has been established in accordance with the provisions outlined in Section 135 of the Companies Act 2013. This committee is tasked with proposing and executing various CSR initiatives, aligning with CIL's CSR Policy objectives, and ensuring a meaningful socio-economic upliftment in the local communities (Singh Jardon & Rahate, 2022).

The commitment to fulfilling social responsibilities has been ingrained in Indian businesses since ancient times. Ancient texts have repeatedly highlighted the tradition of sharing wealth with the needy. Religious customs such as dan, seva, dharmada (among Hindus), zakat (among Muslims), and daashaant (among Sikhs) have prevailed in India for centuries, reflecting the tradition of affluent individuals sharing their wealth with those less fortunate. During British rule, the British Raj overlooked the importance of enacting laws that will look into the requirement for obligatory corporate initiatives aimed at social welfare. The Companies Act of 1956, the post-independent version, lacked provisions compelling corporations to fulfill social responsibilities through mandatory actions. A positive shift occurred with the enactment of the Companies Act in 2013, which allocated a section (Section 135)

specifically addressing corporate social responsibilities. This legislation mandated a minimum expenditure and organized efforts by Indian corporations to fulfil their social obligations (Sarkar, 2023).

The popularity of corporate social responsibility (CSR) may be attributed to the rapid advancement of globalisation and social development. This has led to a greater awareness among firms to uphold their CSR by enhancing their environmental and social performance. In the past, a company's primary goal was to make money, but today's management is focused on both financial and non-financial objectives, risk awareness, and transparency maintenance (Qi Lai, 2006).

OBJECTIVES

The study's primary goals are as follows:

- To study the CSR activities conducted by ECL
- To understand the various budgets and expenditure allocation of CSR activities of ECL
- To look into the effects that ECL's CSR has on society

CSR ACTIVITIES OF ECL

ECL has embraced and put into practice the CIL CSR Policy, which is compliant with the 2013 revision to the Companies Act and the 2014 CSR Rules. Additionally, the DPE Guidelines pursuant to F. No. 15(13)/2013-DPE (GM), issued October 21, 2014, with effect from April 1, 2014, are also followed. CSR efforts have linked the company's operations with social processes by implementing welfare programmes that are mainly targeted at the impoverished, land-displaced, and Project Affected People (PAPs) who reside within a 25-kilometer radius of ECL. According to the CIL CSR Policy, 80% of the funds must be used within 25 kilometres of the ECL Headquarters, Area, or Project, with the remaining 20% going



towards operating expenses inside the State. It made sure that the most vulnerable and impoverished members of society received the most benefits possible to assist their growth and sustainability (Annexure of ECL, 2019).

FUND ALLOCATION

Throughout the fiscal year, the following rules will be adhered to when allocating funds for CSR initiatives:

- a. The CSR fund will be distributed to CIL subsidiaries based on whichever is higher of the following two amounts:
- (i) In accordance with the Companies Act, 2% of the company's average net profit for the three most recent fiscal years;
 - or
 - (ii) Rs. 2.00 per tonne of coal produced in the most recent fiscal year.
- b. The CSR fund for CIL (HQ) will be distributed according to the greater of the two sums shown below:
- (i) according to the Companies Act, 2% of the average net profit of CIL (standalone) for the three most recent financial years;
 - or
 - (ii) For CIL subsidiaries that did not experience a net loss in the previous fiscal year, Rs. 2.00 per tonne of the total coal production of the prior fiscal year.
- c. Any money from the CSR budget that is not used or that is overflowing throughout a fiscal year will be reported in accordance with the current statute's rules. The amount required to be spent in accordance with the legislative rules, or 2% of the average net profit of the company for the three most recent financial years, will serve as the foundation for calculating any unspent or excess amount.

PROJECTS AND PROGRAMS

The projects and Programs have been directed in the following priority areas at ECL:

- a) **Promotion of Education:** The Indian education system might be greatly strengthened by CSR initiatives. Through tackling infrastructure issues, aiding in teacher training, encouraging creativity, and establishing tactical alliances, companies can help shape a more promising future for the nation (Times of India, 2023). The different works ECL is doing in the education sector are infrastructural building, providing equipment, establishment of STEM (Science, Technology, Engineering, Mathematics) labs and science labs at schools, making functional the existing dysfunctional toilets and installation of submersible pump.
- b) **Public Health and Welfare of Divyangjan:** CSR programmes are necessary in the healthcare industry since there is a lack of knowledge on topics like disease prevention, hygienic conditions, prompt vaccination, resource utilisation, and environmental benefits, among other things. There are significant differences in the population in economics terms, education level, hygienic circumstances, lack of awareness of early disease diagnosis and prevention knowledge, etc. It is necessary for CSR initiatives to centre on addressing this precarious circumstance. (Trivedi & Narang, 2017). The areas where ECL is working under the health sector is provision of mobile

vans, Distribution of aids and appliances to Divyangjan.

- c) **Skill Development & Women Empowerment:** A crucial component of corporate social responsibility (CSR) for businesses is empowering women and fostering their spirit of entrepreneurship (Abraham, 2013). ECL provides Operation, Maintenance, Management & Upgradation of ITIs; Women empowerment through skill development/upgradation by training them in the Beauty Therapy Trade; provision of Sewing Machine Operator Training; Livelihood generation for SHG through school uniform tailoring; Electrical Skill Training; Oyster Mushroom Cultivation; and providing training to youth upon Plastic Engineering & Technology.
- d) **Infrastructure development:** In the infrastructure industry, corporate social responsibility (CSR) is based on acknowledging the different stakeholders that a business engages with and emphasising the significance of social environment management for project success (ICA). ECL has constructed a Bituminous Road.
- e) **Ensuring Environmental and Ecological Balance:** The cornerstone of corporate social responsibility, which is based on protecting the environment, is environmental responsibility. A business can guarantee that it leaves natural resources in a better state than when it started by operating at maximum efficiency and supporting relevant causes (Fernando, 2024). Construction of electric crematorium and installation of Solar Street Lights are few works of ECL under the ecological perspective.
- f) **Rural Development & Irrigation:** One tool a business can use to improve the lives of people is Corporate Social Responsibility. A corporation's pledge to advance sustainable development and enhance societal well-being (Verma, 2022). Repair, Renovation and Restoration of Ponds and Talab for agriculture development, Installation of rig bore well, instalment of UV water treatment plants,
- g) **Swacchh Bharat Abhiyan:** CSR funding is allocated to initiatives that teach local populations the value of good hygiene and sanitation. These initiatives support the development of a clean culture and behaviour modification (Malik, 2023). ECL constructed High Drains and culverts to maintain a clean and hygienic environment.

METHODOLOGY

The study design is descriptive in nature. Primary data is collected from the sample of 50 beneficiaries from two subsidiaries of ECL. Secondary data were gathered from the company's website, annexures, and annual reports as well as from reports, publications, and other trustworthy international institutions and sources, as well as from various government ministries, departments, reports, publications, and circulars. The study primarily uses tables and percentages for the presentation of the data.



DISCUSSION

At Eastern Coalfields Limited, corporate social responsibility is mostly supply-driven, meaning that managerial judgement is more important than societal mandates (Nayak, 2003). The conundrum lies in determining the best way to carry out this duty. Some of the activities that fall under the ambit of CSR which Eastern Coalfields Limited proclaims to undertake are as traditional as those that were done in the past by the personnel and social welfare departments. It is important to remember that a firm is not automatically socially responsible just because it contributes to community development. A business must apply CSR strategies in a way that aligns with its vision, mission, and values, and it must adopt a balanced perspective on the subject (Nayak, 2003). Effective CSR practices depend on the acceptability of an organization's operations and are multidimensional in nature, being a multilevel social concept. The degree of social participation influences the extent of the enhancement of acceptability. The social responsibilities

performed by the company are considered effective only if they are readily accepted by society. Many companies integrate CSR into their business decision-making by giving it a prominent place in their core mission, vision, and values documents.

ECL has been engaged in several CSR endeavors to offer comprehensive development for the community. While 24% of the beneficiaries are primarily dissatisfied with inconsistent or nonexistent maintenance of previously completed work and feel that the harm (blasting and pollution) exceeds the aid offered under the CSR umbrella, 76% of the beneficiaries are satisfied with the help that ECL has given them. The majority of ECL's areas lack a dedicated CSR department with staff members. An Assistant Manager is assigned to oversee the CSR department in these areas, but there are not enough people to work as a cohesive team. So, the company should comprise a standing committee in each area to take care of CSR projects and their implementation, though the head quarter of ECL has a comprehensive committee of CSR.

Table – Sector-wise expenditure of Eastern Coalfields Limited from 2019 to 2023

Clauses of Schedule VII Companies Act 2013	Areas of Activities	Year wise Expense (Rs. in Lakh)					Total Expn (Rs. in Lakh)
		2018-19	2019-20	2020-21	2021-22	2022-23	
Clause - 1	Healthcare and Sanitation	-	274.96	329.73	631.48	295.95	1532.12
Clause - 2	Promoting education	-	420.08	497.65	238.00	226.90	1382.63
Clause - 3	Women Empowerment	-	10.94	8.08	0.92	4.76	24.70
Clause - 4	Environmental sustainability	-	141.66	213.33	-	26.25	381.23
Clause - 5	Protection of heritage	-	-	-	-	61.64	61.64
Clause - 6	Benefit to armed forces veterans	-	-	-	-	-	-
Clause - 7	Promoting sports	-	-	-	-	-	-
Clause - 8	Contribution to relief funds	-	-	-	-	-	-
Clause - 9	Supporting technology incubators	-	-	-	5.11	-	5.11
Clause - 10	Rural development	-	298.19	86.52	186.10	76.64	647.45
Clause - 11	Slum area development	-	-	-	-	-	-
Clause - 12	Disaster management	-	-	8.45	-	-	8.45
Clause - 13	Other Activities	-	21.02	11.82	-	-	32.84
Total Amount (Rs. in Lakh)		-	1166.85	1155.58	1061.61	692.14	4076.18

Source - ECL Annual Report

The table makes it apparent that ECL's expenditure because of Corporate Social Responsibility was high (1166.85 lakhs Rs.) in the FY 2019-20, where 36% of it was spent on education and 25.55% on rural development. From FY 2020-21, expenditure on health started taking huge areas due to the COVID pandemic, where ECL helped the society by distributing Rations & Food packets to local needy communities. There was a decrease in the CSR expenditure of FY 2022-23 due to companies fall in production and profit. (Annual reports of ECL 2019-2023).

CONCLUSION

Business operations have consequences that have a big effect on society. Not merely through the provision of goods and services, but also by having an impact on the environment, people's quality of life, and the larger eco-cultural context. As a result, society looks at businesses to behave in a way that serves its interests and ensures that all stakeholders receive a portion of the company's profits (Pathak & Pathak, 2014). Thus, corporate social responsibility (CSR) refers to the methods that coal firms currently use to sway the opinions of the local population in favour of the sector. However, the CSR measures taken by the coal corporations are primarily supply-driven and



do not consider the actual needs at the local level. Making CSR demand-based is necessary.

Eastern Coalfields Limited is making a lot of effort to direct CSR programmes towards community and environmental welfare. Eastern Coalfields Limited's CSR programmes have been implemented in a very positive manner in recent years, and the company has made substantial efforts and expenditures in support of CSR (Bandopadhyay, 2021).

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