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Corporate Social Responsibility Practices in India: A Study of Bharat Heavy Electricals Ltd

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Abstract: Company's main objective is to maximize the shareholders wealth. It is generally agreed in theory that the financial goal of the firm should be wealth maximization in the form of appreciation in shares values, net worth and overall enrichment in the total net present value of the firms. However as per the modern thinking the part of the resources used or exploited by the companies for achieving their financial goal should be compensated by making social welfare. Companies cannot have a limited perspective of earnings profit, there has to be a greater good of society. The paper tries to focus on the corporate social responsibility (CSR) rules and mandate according to the new companies act 2013. The study tries to explore out company's contribution towards the Indian economy in reducing income inequality and to know the CSR practices adopted by the company (BHEL).

Keywords: Corporate social responsibility, business, stakeholders, Companies Act 2013,

I. INTRODUCTION

India is still developing with second highest populous country across the globe. Though it has become one of the fastest growing economy with an average growth rate of 9%, but achieved literacy rate of 65% only and more than 60% of the population is still rural by nature. The business houses are earnings profits by rendering their services to customer in society. The government alone can't uplift the downtrodden people. The corporates house and non for profit organizations have to step forward to eradicate various social evils and play vital role in society welfare, there has to be a greater good of society in spite of mere having a limited perspective of earnings profit and maximizing wealth. Greater good of the society could be in the form of

1. Improvement in the environment
2. Uplifting of socially backward classes
3. Improve health care and education facilities

In India CSR is not a new concept, corporates likes TATA GROUP, ADITYA BIRLA GROUP, INDIAN OIL CORPORATION have been involve in serving the society since its inception. CSR activities involves, incurring a short term costs that do not provide an immediate financial or monetary benefit but instead promote positive social and environmental changes. In India many companies were involved in the CSR activities so far with their volunteer effort but under the companies' act 2013 CSR become mandatory clause of the companies reporting.

II. OBJECTIVES OF THE STUDY

1. To examine the CSR rules and guidelines under companies act 2013.
2. To examine the CSR policies and practices performed by BHEL.
3. To find out the major CSR Activities performed by BHEL during FY 2014-15.

III. METHODOLOGY

The study is purely based on secondary data and information. The required data and information have been taken from the official gadget related to companies Act 2013, website and Annual Reports of BHEL, different magazines, articles and reports.

IV. CSR RULES AND PROVISIONS UNDER COMPANIES ACT, 2013

The practice of CSR is not a new one in the Indian industry, undertaking such initiatives were a voluntary step for all companies until it was mandated by the new Companies Act which came to force in the year 2013. The rules, effective April 2014, embrace both private and public firms, and spell out a range of activities for companies to undertake in order to meet their obligations. A brief glimpse of rules and activities according to the notified section 135, and schedule VII under the companies' act 2013 as well as provisions rules 2014 by ministry of corporate affairs were:

Table-I

APPLICABILITY	CONSTITUTION	ROLE & RESPONSIBILITY
<p>Company having:</p> <ul style="list-style-type: none"> » net worth of 5 billion or more; or » turnover of 10 billion or more; or » net profit of 50 million or more during any three previous FY 	<ul style="list-style-type: none"> » Form committee with Minimum 3 directors of which at least 1 shall be ID » Activities to be undertaken based on schedule VII of the companies act 2013 » Spend 2% of the average net profit made during the last three FY 	<ul style="list-style-type: none"> » To formulate and recommend to BOD, a CSR policy for undertaking Permissible activities » To recommend the amount of expenditure to be incurred on CSR activities » To monitor the CSR Policy

A. CSR Rules Mandate

1. Activities must be in project or program mode.
2. Must be based on CSR policy and schedule VII of the companies Act 2013.
3. Preferably in local region of operations.
4. May undertake Activities through a non for profit of repute or own foundation.
5. Must have strong monitoring and reporting mechanism.
6. May invest an amount not exceeding 5% of total CSR expenditure on capacity building of CSR personnel.
7. Salaries to regular CSR staff and volunteers can be included in CSR expenditure.

B. What is not CSR

1. Expenses on activities required for any compliance.
2. Expenses on activities in pursuance of normal course of business.
3. Activities benefiting only to the employee of the company and their families.
4. Events such as marathon/awards/charitable contributions/advertisement/sponsorship, etc.

V. CSR POLICIES AND PRACTICES OF BHEL

BHEL, a global engineering enterprise providing solutions for a better tomorrow, is committed towards holistic welfare of the society by undertaking CSR activities within the ambit of Schedule-VII of the Companies Act, 2013, as amended from time to time.

A. CSR Overview

Corporate Social Responsibility in BHEL is a continuing commitment to behave ethically and contribute to harmonious and sustainable development of society and planet through business, while improving the quality of life of the community and the society. CSR is, therefore, the organization's commitment to operate in an economically, socially and environmentally sustainable manner, while recognizing the interest of its stakeholders.

B. CSR Vision

A responsible corporate citizen working towards a better tomorrow

C. CSR Mission

To sincerely & effectively discharge company's responsibility in the identified CSR thrust areas and other areas listed out in the Companies Act, 2013.

Bhel's Csr Thrust Areas

Inclusive India: Mitigation of hunger and poverty through livelihood promotion/ augmenting income generation, imparting vocational Skills

Healthy India: Promoting health care including preventive health care and sports;

Clean India: Sanitation and making available Safe Drinking Water, Cleaning and preserving the Rivers, Clean surroundings; toilets in schools especially for girls;

Educated India: Promoting education with thrust on informal education to reduce dropouts at primary school level, value education, digital education;

Responsible India: Women Empowerment, Setting up old age homes, day care center and such other facilities for senior citizens, Rural Development Projects and Slum Development Projects

Green India: Ensuring environmental sustainability with emphasis on projects based on Solar Energy;

Heritage India: Protection of national heritage, art and culture;

The details of the activities performed in FY 2014-15 by BHEL under CSR are presented in table -2.

Table-2

Activities Performed in FY 2014-15 by BHEL under CSR

MAJOR CSR AREAS	RECENT ACTIVITIES IN FY 2014-15
1. CLEAN INDIA	<ul style="list-style-type: none"> » Contribution of INR 20cr to “SWACH BHARAT KOSH” » Installation of 25 Bio-digester toilet clusters on the bank of river ganga near haridwar and rishikesh with collaboration of FICCI » The employees pledged to work 2 Hours every week under Swach Bharat Abhiyaan and this campaign is being run across the whole of BHEL
2. HEALTHY INDIA	<ul style="list-style-type: none"> » Provided 5 mobile medical units for operations in the vicinity of remote project sites. » Providing medical assistance to people including children suffering from hemophilia under “HEAL A SOUL” project. » Conducted two eyes checkup campus at chowari and tissa tehsil of chamba and palampur HP . » Financial support to NGO SHRADHA CANCER CARE THRUST for construction of 30 beds in Ganga Prem Hospice.
3. EDUCATE INDIA	<ul style="list-style-type: none"> » Supported projects to promote educations and skill development » Educations to 1260 street/slum children including skill training to 240 youth in the slum of Delhi both to boys and girls » Financial support for educations in 23 schools to more than 20000 children in the premises of the various units across the country » Financial support at National College, Thrichy for renovation and modernization of library.
4. RESPONSIBLE INDIA	<ul style="list-style-type: none"> » Project running for upliftment and economic empowerment of marginalized farmers in khargone district of MP. » Financial assistance to NGO “Safe water network (India)” for installation of R.O plants. » Constructions and renovations of community centerm, toilets, schools etc in the nearby village of Haridwar, Bhopal, trichy.
5. GREEN INDIA	<ul style="list-style-type: none"> » Installation of solar water heater in Guru Granth Shib Sri Vidya Kendra, Delhi for benefitting orphaned children » Adoption of 15 villages for sustainable use of rain water harvesting to enhance livelihood of poor farmers in M.P. » Provided financial assistance for setting up SPV power plant in two rural school of Punjab children coming from poor background.
6. HERITAGE INDIA	<ul style="list-style-type: none"> » Signed MOU for refurbishment of swatantrata sangram sangrahalya in Red Fort premises of Delhi with National Culture fund and archeological survey.
7. INCLUSIVE INDIA	<ul style="list-style-type: none"> » Promoting organic farming and sustainable agriculture as a part of “Su-Aahar” at Munger, Bihar » Cutting & tailoring camp for women belong to weaker economy nearby village in Jhansi. » Inauguration of project “UDAAN” for skill development of youth of J&K.

VI. ACHIEVEMENTS AND APPRECIATION OF BHEL

- » Skoch Order-of-Merit & Renaissance Award- 2014 received for the campaign "Vision to All- BHEL's Call" as best CSR project in the country
- » Silver Plate awarded to BHEL for contribution made towards Medical Mobile Units (5 Nos.) to Help age India
- » BHEL wins Pandit Madan Mohan Malaviya Bronze Award for 'Best CSR Practices in Education'.
- » Silver Plate award presented to BHEL at India Habitat Centre for its exemplary contribution in health care services
- » India Shining Award presented to BHEL for being best Capital Goods Company in the field of CSR.

- » Letter of recognition by the Chief Mister, A.P. for the contribution by BHEL employees for victims of cyclone Hud-Hud
- » Letter of appreciation by chairperson, COPU for holding free eye camp in Chamba District, H.P.

VII. CSR REPORTING BY BHEL

Period for which CSR is being reported: 01/04/2014 to 31/03/2015.

BHEL has achieved turnover of INR 30947cr and Net Profit of INR 1411cr during the FY 2014-15. Average net profit of the company for last three financial years (2011-12, 2012-13, 2013-14) Calculated in accordance with Section 198 of the Companies Act, 2013 is INR **8222.33 Cr** Prescribed CSR Expenditure (2% of the amount) comes to INR **164.45 Cr**, in view of which Board approved the CSR budget for 2014-15 as INR **165 Cr**

Details of CSR spend during the financial year (2014-15)

- A. Total amount to be spent under CSR: INR **165 Cr**
- B. Expenditure incurred: INR **102.06 Cr**
- C. Amount committed but unspent (Carried forward): INR **62.94 Cr**

VIII. CONCLUSION

Corporate sustainability is an evolving process and not an end. BHEL has contributed towards different sector of the society and also has given utmost importance to the protection of environment since inception. BHEL is actively working on CSR focus area throughout the nations with its diversified activities such as community development, educations, health, energy and environment protection, infrastructure development, skill development, vocational training etc. Further in line of thrust area priority has been given to the utmost under privileged neglected and weaker section of the society. Company has given focus on the development of the local community and beyond local, though the CSR footprint across the nation is diversified with different activities of focus area, but comparing the health sector has given more priority by the company across the country in respect of educations and skill development. The company should make an effective attempt towards these two activities as India is still achieved overall literacy rate of mere 65% only. Thus overall contributions of BHEL can be appreciated, the implementation and monitoring of CSR policy, is compliance with CSR objectives and policy of the company.

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