Corporate Social Responsibility In NTPC: Initiatives And Impact

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Abstract: There is no single definition for Corporate Social Responsibility (CSR). Also it is called differently by different players. Some of the other names are Corporate Responsibility, Corporate Responsiveness, Corporate Citizenship and Corporate Social Relationship. Different practitioners view CSR differently. Some view these activities as random add-on that delivers desired benefits to the people and community around while others view it as a systematic approach intertwined into the main business model that furthers the prospects of the company on long term basis. Business today may be operating with varied connotations of CSR but undoubtedly it has travelled a long distance since the times of Milton Friedman.

Against this backdrop, this empirical paper attempts to understand the approaches taken by NTPC, a public sector Maharatna Energy Undertaking. It is expected that this study will offer some meaningful insights into the way CSR is being understood and acted upon by the Indian companies specially in the public sector.

Keywords: Corporate Social Relationship, Environmental Management, Impact Assessment, Companies Act, 2013, CSR Accounting

I. INTRODUCTION

Corporate Social Responsibility (CSR), in recent years has evoked genuine interest in the business community the world over. However the conceptualization of the term CSR comes in various shades for academics as well as the corporate practitioners. Some corporates stress upon CSR rooted into their cultural moorings while many others take a more rationalist approach hinging around sustainability and equitable distribution of pay-offs. Even across the sectors the connotations differ. The public sector, especially in a country like India, adopt CSR initiatives to craft an image of a good corporate citizen while the private sector is more driven by the urge to establish as a business operating in a moral capitalistic frame operating much beyond the regulatory and the legal requirements of the land.

Some practitioners view CSR activities as random add-on that delivers desired benefits to the people and community around while others view it as a systematic approach intertwined into the main business model that furthers the prospects of the company on long term basis. Business today may be operating with varied connotations of CSR but undoubtedly it has travelled a long distance since the times of Milton Friedman. Though CSR has been explained by numerous researchers and practitioners in their own way and convenience the fulcrum of the practice of CSR in organizations extends corporate obligations to include multiple stakeholders such as stockholders, workers, the community, and the natural environment and the outcomes of policies and programs directed toward those relationships (Clarkson, 1995; Donaldson and Preston, 1995).

Against this backdrop, this empirical paper attempts to understand the approaches taken by NTPC, a public sector Maharatna Energy Undertaking. It is expected that this study will offer some meaningful insights into the way CSR is being understood and acted upon by the Indian companies specially in the public sector.
CSR covers a wide landscape with multiple actors and approaches. Today, companies are expected to perform well on all the parameters of triple bottom line i.e. People, Planet and Profit. CSR is a concept whereby the companies serve the interest of society by taking responsibility for the impact of their activities on customers, employees, shareholders, communities and the environment in all aspects of their operations. CSR is the balanced integration of social and economic considerations into business decisions and operations. Thus CSR is closely linked with the practice of sustainable development as it is the commitment to operate in an economically, socially and environmentally sustainable manner while recognizing the interest of the shareholders. Thus CSR and sustainability may be used interchangeably.

II. LITERATURE REVIEW

Given the market conditions, political system and availability of resources, studies on CSR in developing nations like India would add value to the existing body of literature. CSR in India seems to receive mixed reactions with each organization defining CSR in their own way with different treatment towards the triple bottom line (Gautham and Singh, 2010; Arevelo and Aravind, 2011). Study conducted by Arevelo and Aravind (2011) shows that most Indian organizations prefer the stakeholder approach.

There is need for more CSR research at the micro-level i.e. how CSR activities create impact on the attitudes, behavior, well-being and job engagement of employees (Lin, 2010). In current scenario, the biggest challenge is to manage employment relationships (Aggarwal and Bhargava, 2009). One way to address such issues is through CSR. Engaged employees are considered as the backbone of the organization who are industrious, ethical and accountable (Cleland, Mitchinson and Townend, 2008; Levinson, 2007). There are very few studies on examining the relationship between CSR and employees work attitudes (Maignan and Ferrell, 2001; Peterso, 2004; Turker, 2009). Freeman (1984) thinks that stakeholders are individuals or groups that can affect or be affected by the implementation of corporate strategic aims.

Adam Smith (1776) had expressed grave doubts about the future of the corporate form of business. He felt that the owners would not pay enough attention to the affairs of the joint business entities so long as they continued to get dividends. Directors being managers of “other people’s money” would promote their own interests at the cost of the interests of the owners. Smith predicted that such joint stock companies were bound to be mismanaged. Monks (1998) commented that Smith was ahead of his times and foresaw the dangers of the modern corporation due to unlimited life, unlimited size, unlimited power and unlimited license. Corporate scandals due to fraudulent and unethical conduct of directors and managers constantly remind us of Smith’s prophecy. The errant conduct of corporate executives could cause huge social and financial loss to a targeted number of shareholders and employees, if unchecked.

Freeman and Liedtka (1991) argued that CSR can promote incompetence by leading the managers to engage in activities beyond their expertise when they stretch the entity’s resources only to please society. Richardson, Welker and Hutchinson (1999) have reiterated the point that CSR practices constantly change over time as well as space. A study by Windsor (2001) showed that social responsibility has a link with the prevailing norms and expectations in a given society. CSR is also influenced by the ethics of the organization as ethical motivation can guide to do the right thing without any external pressure or governmental constrain. Joyner, Payne and Raiborn (2002) in the light of this contended that people judge businesses as amoral when in fact they generally fail to embrace the values of ethics in doing business.

Highlighting the significance of human resources in providing leadership and focus to sustainable CSR in a firm, Garavan and Meguire (2010) have argued that human resources development professionals in their capacity as change agents and employee champions could effectively mesh socially relevant activities with the organizational culture and integrate these activities into the business operations.

Historically CSR has been viewed as developed countries’ phenomena. As such a large body of literature has emerged in the context of developed countries. However, literature on the theory and practices on CSR in the developing countries remain scant (Belal, 2001). Hardly a few studies have looked at CSR practice in India. Different researches at different points of time and classical Indian literature have emphasized the CSR practice of corporate entities in India.

Khán and Atkinson (1987) conducted a comparative study on the managerial attitudes to social responsibility in India and Britain. The study shows that most of the Indian executives agreed CSR as relevant to business and felt that business has responsibilities not only to the shareholders and employees but also to customers, suppliers, society and to the state.

Arora and Puranik (2004) reviewed contemporary CSR trends in India concluding that the corporate sector in India has been benefitted immensely from liberalization and privatization process.

Over the past few decades, as a consequence of rising globalization and pressing ecological issues, the perception of the role of corporates in the broader societal context within which it operates has been altered. Stakeholders today are redefining the role of corporates taking into account the corporates’ broader responsibility towards society and environment, beyond economic performance and are evaluating whether they are conducting their role in an ethical and socially responsible manner. Stakeholder theory is considered as “a necessary process in the operationalization of corporate social responsibility, as a complimentary rather than conflicting body of literature” (Matten et al., 2003, p.111). Furthermore, it can be said that there exists a “stakeholder metanarrative” (Campbell et al., 2003, p.559) which underlies the CSR debate. In fact, recent analysis of the extensive body of research on ethics and social responsibility issues show (Garriga and Mele, 2004; Margolis and Walsh, 2003) that an important number of authors who devote themselves to these areas of study have mostly drawn on stakeholder theory.

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CSR AND SECTION 135 OF THE COMPANIES ACT, 2013

Every company having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during any financial year shall constitute a CSR Committee of the board consisting of three or more directors, out of which at least one director shall be an independent director.

The Board’s report under sub-section (3) of section 134 shall disclose the composition of the CSR Committee.

The CSR Committee shall

- formulate and recommend to the Board, a CSR Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII;
- recommend the amount of expenditure to be incurred on the activities referred to in (a) and;
- monitor the CSR Policy of the company from time to time.

The board of every company referred to in sub-section(1) shall,

- after taking into account the recommendations made by the CSR Committee, approve the CSR Policy for the company and disclose contents of such Policy in its report and also place it on the company’s website, if any, in such manner as may be prescribed; and
- ensure that the activities as are included in CSR Policy of the company are undertaken by the company.

The Board of every company referred to in sub-section(1), shall ensure that the company spends, in every financial year, at least two percent of the average net profits of the company made during the three immediately preceding financial years, in pursuance of its CSR Policy:

Provided that the company shall give preference to the local area and areas around it where it operates, for spending the amount earmarked for CSR activities:

Provided further that if the company fails to spend such amount, the Board shall, in its report made under clause (o) of sub-section (3) of section 134, specify the reasons for not spending the amount.

Explanation-For the purposes of this section “average net profit” shall be calculated in accordance with the provisions of section 198.

Board level CSR committee of NTPC has been complying with the requirements of the Companies Act, 2013.

SCHEDULE VII

Activities which may be included by companies in their Corporate Social Responsibility Policies

Activities relating to:-

- combating human immunodeficiency virus, acquired immune deficiency syndrome, malaria and other diseases;
- ensuring environmental sustainability;
- employment enhancing vocational skills;
- social business projects;
- contribution to the Prime Minister’s National Relief Fund or any other fund set up by the Central Government or the State Governments for socio-economic development and relief and funds for the welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women; and
- such other matters as may be prescribed.

III. CONTEMPORARY TRENDS IN CSR IN INDIA

CSR is not a new concept in India. Companies like the Tata Group, the Aditya Birla Group, NTPC and Indian Oil Corporation, to name a few, have been involved in serving the community ever since their inception. Many other organizations have been doing their part for the society through donations and charity events.

Today, CSR in India has gone beyond mere charity and donations, and is approached in a more organized fashion. It has become an integral part of the corporate strategy. Companies have CSR teams that devise specific policies, strategies and goals for their CSR programs and set aside budgets to support them. These programs, in many cases, are based on a clearly defined social philosophy or are closely aligned with the companies’ business expertise. Employees become the backbone of these initiatives and volunteer their time and contribute their skills to support them. CSR programs could range from overall development of a community to supporting specific causes, for example, education, sports, culture, environment, healthcare etc.

Bharat Petroleum Corporation Limited, Maruti Suzuki India Limited and Hindustan Unilever Limited, adopt villages where they focus on holistic development. They provide better medical and sanitation facilities, build schools and houses, and help the villagers become self-reliant by teaching them vocational and business skills.

Glaxo Smith Kline Pharmaceuticals’ CSR programs primarily focus on health and healthy living. They work in tribal villages where they provide medical check-up and treatment, health camps and health awareness programs. They also provide funds, medicines and equipment to non-profit organizations that work towards improving health and education in under-served communities.

Many CSR initiatives are executed by corporates in partnership with Non-governmental organizations (NGOs) who are well versed in working with the local communities and are experts in tackling specific social problems.

For example, SAP India in partnership with Hope Foundation, an NGO that works for the betterment of the poor and the needy throughout India, has been working on short and long-term rebuilding initiatives for the tsunami victims. Together, they also started The SAP Labs Center of HOPE in Bangalore, a home for street children, where they provide food, clothing, shelter, medical care and education.
IV. ICAI ISSUES NORMS FOR CSR ACCOUNTING BY COMPANIES

The ICAI recently issued a guidance note which will help India Inc in accounting for its CSR expenses. To ensure transparent financial reporting, this guidance note requires the company to debit (charge) its profit and loss account (P&L a/c) with the CSR expenses incurred by it during the year. Further, such expenses are to be shown as a separate line item in the P&L a/c.

The guidance note by calling for a debit to the P&L a/c of the CSR expenditure rightly puts to rest an ongoing debate as to whether such expenditure could have been adjusted as an appropriation from reserves. Further, the guidance note has also addressed issues of shortfall by a company in meeting with the minimum CSR expenditure criteria and also those instances where a company has spent more than the minimum requirement.

The guidance note is clear and easy to implement. It has stayed with the letter and spirit of the legal provisions. India Inc was facing many doubts in accounting for CSR expenses, as India is the first country in the world that mandates CSR expense. The legal obligation to comply with the CSR norms kicked in as of April 1, 2014. Such expenses will reflect for the first time in the financial statements of India Inc as of March 31, 2015 which are currently under audit. According to an EY report, nearly 8000 companies are impacted by the CSR norms.

There can be scenarios where a company spends more or less than the minimum 2% criteria. The guidance note states that the Companies Act requires the board of directors of a company to specify the reasons for not having adjusted with the CSR obligations. In light of this, if there is any shortfall, no provision is required to be made in the profit and loss account of the company. For instance, if the 2% criteria required a CSR spend of at least Rs150 lakh but the company spends only Rs140 lakh during a year, the difference of Rs10 lakh need not be provided in its profit and loss statement. A provision would have reduced the book profits of the company. However, the directors will be required to state in their report the reasons for such shortfall.

The guidance note also looks at a scenario when a company spends more than the minimum requirement. The issue in this scenario was whether the excess amount of CSR spent can be carried forward to be adjusted against amounts to be spent on CSR activities in the future. For example, if a company spent Rs160 lakh, instead of the minimum required Rs150 lakh, could this excess Rs10 lakh be carried forward and adjusted against next year’s CSR required expenditure? The guidance note has clarified that, since “2% of the average net profits of immediately preceding three years is the ‘minimum’ amount which is required to be spent under section 135(5) of the Companies Act, the excess amount cannot be carried forward for any future adjustment”. The approach suggested in the guidance note of not carrying forward excess expenditure and for not providing for shortfalls in a particular year are justified since the intent of the law makers is to let market and peer pressure work.

The guidance note has also illustrated that, in some cases, the CSR expenditure could result in creation of a tangible asset—say a school building. Invariably, the future economic benefit from a ‘CSR asset’ would not flow to a company, thus even the expenditure towards creation of an asset should be charged to the P&L a/c (and not capitalized in the balance sheet), clarifies the guidance note. If a firm, as a part of its CSR activities, supplies goods manufactured by it or renders services will also form part of the CSR expenses and will be valued and charged to the company’s P&L a/c.

NTPC has been accounting the CSR expenses on these lines even before the issuance of ICAI’s guidance notes.

OBJECTIVES

The objectives of the study are:
To study the various CSR initiatives of NTPC
To find out the methodology of identification of the initiatives
To examine the approach towards CSR: benefit transfer versus community empowerment
To assess the impact of CSR initiatives

V. RESEARCH METHODOLOGY

To address the goals of the study the research approach chosen is exploratory and descriptive. This study is based on Secondary data. Data was collected from internet, NTPC’s intranet, publications like Annual Reports, Sustainability Reports and reports of external agencies appointed by NTPC for different studies. Both qualitative and quantitative data have been used.

CSR IN NTPC

From the study of literature available on CSR initiatives and their impact it is observed that in NTPC, CSR extends beyond charity and philanthropy. The initiatives and their impact reaches out to society consisting of all their stake holders covering the economic, social and environment aspects. This research paper outlines the approaches, structure and the initiatives adopted without undermining the importance of any initiative. The purpose is not to find out which one is better. Also the purpose is neither to evaluate or measure the impact of the activities nor to comment on the amount invested on CSR.

NTPC’s vision is “To be the World’s Largest and Best Power Producer Powering India’s Growth” and Mission is “Develop and Provide Reliable Power, Related Products and Services at Competitive Prices, Integrating Multiple Energy Sources with Innovative and Eco-friendly Technologies and Contribute to Society.”

NTPC’s Core Values are:
Business Ethics
Environmentally & Economically Sustainable
Customer Focus
Organisational & Professional Pride
Mutual Respect & Trust
Motivating Self & Others

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Innovation & Speed  
Total Quality for Excellence  
Transparent & Respected Organisation  
Enterprising  
Devoted  

Their constant endeavour is to institutionalize social responsibility on various levels right from social to developmental work of the community and welfare based dependence to creating greater self reliance. NTPC have had policy guidelines since 1980 for providing facilities to land oustees. The company came out with a comprehensive R&R policy in 1993, subsequently revised in 2005 and 2010 in line with National Policy on R&R. NTPC Corporate Social Responsibility Community Development (CSR –CD) Policy was brought out in 2004. As per CSR guidelines issued by DPE it was revised in August, 2010.

NTPC being a Central Public Sector Undertaking (CPSU) have to address CSR as per guidelines of the Government. As per the Office Memorandum dt. 09/04/2010 of the Ministry of Heavy Industries and Public Enterprises (Department of Public Enterprises) based on NTPC’s net profit of the previous year the Expenditure range for CSR in a financial year as % of profit is 0.5% - 2%. The CSR budget is fixed for each financial year but these funding will not lapse. As per CSR-CD Policy 2010 about 65% of CSR fund is earmarked for long term plans, 15% shall be available for entry points and 20% for development of infrastructure. Unutilized portion of the funds allocated for an activity will be carried over till completion of the activity.

CSR STRUCTURE

A Group of Directors for CSR prepare a roadmap for operating the scheme and look into various CSR related issues in NTPC. They have a three-tier reporting structure. At Unit Level CSR officer is reporting to the Head of HR. Units suggest the initiatives for approval of the Corporate Office. Once approved the units have to implement the initiatives which includes awarding of contracts, monitoring the progress and reporting. These are done to ensure that the initiatives are implemented within the time and funds without sacrificing the quality. The overall responsibility is with the Unit Heads and it is a part of the MOU. At the Regional level the activities are monitored periodically. At Corporate level Executive Director who is in-charge of CSR and NTPC foundation, is actively involved in deciding the policy matters and implementation of CSR initiatives that have been identified in consultation with units, allocation of budget and their utilization.

VI. IDENTIFICATION OF INITIATIVES

In NTPC as per CSR Community Development (CD) Policy an indicative list of policy areas of intervention has been identified. This is based on the need assessment survey conducted wherein in-depth village and other stakeholders’ consultation and analysis takes place. The CSR initiatives are finalized taking into account the recommendation of local government, Village Development Advisory Committee (VDAC) and the gram panchayat. Sometimes the priorities of the Government and their guidelines lead to the identification of initiatives. The latest examples are 5 km Electricity Scheme and Swatch Vidyalay Abhiyan.

INITIATIVES IMPLEMENTED

NTPC lays stress on infrastructure development work of the community in upliftment of the quality of life. Social concerns like education, health, distributed energy program, relief operation and care for disabled are also addressed.

As part of GOI Target, initiatives like

- Conducting medical camps for local villages for detection and treatment of respiratory diseases like TB and lung cancer
- Women empowerment to promote self-employment by providing sewing machine and
- Conducting skill upgradation programs in sewing women population in the neighbourhood villages are undertaken.

Apart from the above NTPC’s involvement in CSR is through NTPC Foundation whose mission is creating livelihood opportunity for Physically Challenged Persons (PCP). It is engaged in serving and empowering the PCPs and economically weaker sections of the society.

MONITORING

Both concurrent and final monitoring of the CSR activities are done. Monitoring during implementation aids in ensuring that the deviation between planned and achieved activities are minimal apart from suggesting remedial action where needed. Concurrent monitoring is done mostly by in-house staff while final monitoring may be by independent external agency. Final monitoring helps in knowing the impact and pointing out gaps in implementation. Finding out the gap between the perception and expectation based on the feedback of the beneficiary is the most important objective. This forms the basis for introspection and deciding the future activities.

IMPACT ASSESSMENT

Social Impact Evaluation (SIE) of CSR-CD initiatives of NTPC is carried out to understand the effectiveness and utility of the CD initiatives carried out based on the Need Assessment Survey. This study is done to measure the social, economic and cultural impact. The evaluation helps to create positive brand image and contribute to sustainable development and guide future actions. Evaluation of qualitative and quantitative impact includes assessment of the physical changes that took place during an identified span of time as well as the awareness and perception of the beneficiary. The impact could be short term and / or long term. NTPC have a Terms of Reference (TOR) for SIE which is described below:

The objectives of the study are:

- To know whether the initiatives have brought the desired changes in the educational/health/economic status of the communities
- To understand the changing needs of society
- To guide in corrective measures for future improvement.
The methodology of study outlines: a) selection of villages. b) data collection, c) monitoring & review, d) analysis and interpretation e) submission of report including improvements and suggested changes.

VII. IMPACT AND REACH OF CSR INITIATIVES

23 schools run by NTPC predominately for community, benefited more than 20000 students of neighbourhood community. Various activities in more than 500 village schools like scholarships and uniforms to students and assets and infrastructure support benefited close to 60000 village children in FY 2011-12.

Skill up-gradation program in sewing conducted for women covering more than 300 women in neighborhood villages to promote self-employment.

NTPC provided IT education to more than 2000 physically and visually challenged students so far.

Disability Rehabilitation Centres (DRCs) at various projects supported assistance to more than 23,900 cases of physically challenged persons so far.

Mobile Health Clinic conducted in about 300 villages covering more than 2 lakh people. 15,100 TB patients registered and 2,400 patients treated in Directly Observed Treatment cum Designated Microscopy Centre (DOT cum DMC centre).

Adopted 18 and taking up start of 8 new ITIs at various locations to bridge the skill gap in the power sector; created 1209 extra seats in ITIs 3919 persons trained at these ITIs during 2010-11.

Solapur Power Training Institute (SPTI) being established in collaboration with NPTI for imparting specialized training in power sector.

Financial contribution for construction of houses in Leh which were destroyed by cloud burst in August 2010.

NTPC Foundation has set up Information and Communication Technology Centre (ICT) at University of Delhi, Lucknow, Ajmer, Thiruvananthapuram and Mysore where more than 950 differently abled students have already benefited. New ICT centres established in Guwahati and Indore benefited approx.60 students during 2013-14.

Financial assistance for construction of one floor each for girls from rural areas studying in colleges in Guntur district of AP.

Through its wholly owned subsidiary NTPC Electric Supply Company Limited (NESCL) is carrying out the implementation of rural electrification in Madhya Pradesh, Chhattisgarh, Odisha, Jharkhand and West Bengal under Rajiv Gandhi Grameen Vidyutikaran Yojana(RGGVY), Till 2013-14, have electrified 33,807 villages and 26, 27, 485 Below Poverty Line (BPL) connections provided.

NTPC is playing an active role in preserving and nurturing the rich cultural heritage of our country. Provided support to the Ramakrishna Mission for organizing various activities as part of commemorating the 150th birth anniversary of Swami Vivekananda. Under an MOU with the Archaeological Survey of India and the National Cultural Fund committed to conservation of historical sites at Mandu in Madhya Pradesh, Temples of Jageshwar at Uttara Khand and Lalitgiri/ Dhauli in Odisha.

Financial support for construction of Engineering college in Korba, construction of girls toilets at primary schools and distribution of solar lamps to about 900 meritorious village students are some activities undertaken in the area of education.

With the aim of making the youth self-reliant vocational training in masonry, shuttering, computers, electrical & mobile repairing and refrigeration & air conditioning was imparted.

In the area of infrastructure the following activities were undertaken:

Installation of 10 high mast lights in Berhampore District of West Bengal and 27 no. of hand pumps in Dhanbad District of Jharkhand, Solar Power System in 3 municipal corporations of Rae Bareli, Bachvaran and Lalganj of Rae Bareli District of Uttar Pradesh and construction of road, sanitation, drinking water and electrical lighting work in 3 villages each in Bhagalpur and Godda Districts near Kahalgaon project.

The following activities were undertaken related to health:

Operational Mobile health Clinic for quality health care at the doorstep of villages, 2100 surgeries of various nature were performed during 70 medical camps for local villages including detection and treatment of diseases like TB, lung cancer, eye and general medical checkups besides extending support by providing essential drugs to Odisha Government to meet medical emergencies during monsoon.

Corporate Governance Training Policy was formulated as per DPE Guidelines and training imparted to Directors. Several workshops have been held to familiarise employees regarding the company's Vision, Mission, Core Values and CSR.

VIII. ENVIRONMENTAL MANAGEMENT

Sustainable Development is the development that meets the needs of the present without compromising the ability of future generations to meet their own needs. This involves an enduring and balanced approach to economic activity, social progress and environmental responsibility.

NTPC’s vision statement on sustainable Energy development is “Going Higher on Generation, lowering GHG intensity.”

To reduce impact on the environment, bulk of the new capacity addition would come through super critical units. The environmental initiatives taken have led to avoidance of 1.96 million tons of CO2 in 2011-12 alone. Their design and installation of a 40 TR Solar Thermal based heating, ventilation, air conditioning (HVAC) system at the campus of its research arm in Greater Noida is likely to save about 1 lakh units per year and reduce CO2 by 75% compared to conventional AC system. An estimated 30 million tons of cumulative CO2 emission was avoided in NTPC since 1996.

61 Ambient Air Quality Monitoring Systems (AAQMS) have been installed and networked for monitoring air quality around the power plants. Even the Central Pollution Control Board can have online access.

Planted about 21 million trees till date.
To enhance NTPC’s efforts in the area of Sustainable Development a Board Level Sub-Committee (BLSC) has been formed with an independent Director as Chairman. A high level Steering Committee will assist the BLSC. A separate Sustainable Development policy has been adopted to undertake activities efficiently and effectively in a structured manner. During 2012-13 Rs.10 Crore was the outlay for implementation of SD projects.

About 12-15% of the project cost is spent on various environment protection equipments. To reduce impact on the environment, bulk of the new capacity addition would come through super critical units. The environmental initiatives taken have led to avoidance of 2.15 MT of CO2 in 2012-13. Their design and installation of a 40 TR Solar Thermal based heating, ventilation, air conditioning (HVAC) system at the campus of its research arm in Greater Noida is likely to save about 1 lakh units per year and reduce CO2 by 75% compared to conventional AC system. An estimated 35 MT of CO2 emission has been avoided in NTPC.

Other focus areas include the following:

- Control of air emissions through Electro Static Precipitators,
- Water conversation through Liquid Waste Treatment systems and closed cycle condenser cooling water systems,
- Ash pond management through multi-lagoon ash ponds with provision of overflow, control of fugitive dust by water sprinklers, Dry Ash Extraction system and Ash Water Recirculation system and
- Adoption of Clean Development Mechanism (CDM): 5MW each solar PV project at Dadri and Port Blair had already been submitted to United Nations Framework Convention on Climate Change (UNFCCC) for CDM registration. Further Tapovan Vshnugad, North Karanpura, 15 MW Solar (Thermal) at Anta, energy efficiency measures at Singrauli and Dadri have already obtained Host Country Approval from National CDM Authority.

Various projects for bio-diversity, energy conservation & management, waste management, water management and air emissions are undertaken under sustainable development initiatives in addition to promotion of new renewable sources. Sustainability Report 2012-13 was prepared based on various initiatives taken in the area of environment, economic, labour practices, human rights, society and product responsibility. The report is in line with internationally accepted ‘Global Reporting Initiative’ guidelines and assured by an independent external assurance provider. During 2013-14 operation of inland waterways for transportation of imported coal for Farakka was started. This helps in faster and cheaper movement of coal apart from reducing pollution.

NTPC Vidyut Vyapar Nigam Limited (NVVN), a wholly owned subsidiary of NTPC sells pond ash from all stations of NTPC to the users. NVVN maintains a separate account for the fund collected from sale of ash. Development of infrastructure facilities, promotion and facilitation activities to enhance ash utilization are done using this fund.

Apart from these, energy audits coupled with a separate Energy Management Group help in identifying areas where energy conservation measures can be taken. These helped NTPC reduce their water withdrawal and saving of energy on this account.

IMPLEMENTATION OF INTEGRITY PACT

The company is committed to have total transparency to its business. It signed a Memorandum of Understanding with Transparency International India in December, 2008. The Integrity Pact is being implemented for all contracts having value exceeding Rs 10 cr. Two Independent External Monitors have been nominated by the Central Vigilance Commission for all contracts with value exceeding Rs 100 cr.

OTHER STAKEHOLDER INTERVENTIONS

The company has undertaken the following major interventions to cater to the needs of various stakeholders:

- www.ntpcexemployees.co.in, Customer Relationship Management (CRM); vendor enlistment, e-payment for employees, ex-employees and vendors, Committees of the Board of Directors like Audit Committee, Shareholders’/Investors’ Grievance Committee, Corporate Social Responsibility and Sustainability Committee etc., procurement of stationery items like files, envelopes mainly from NGOs /Agencies like ADDI, MUSKAN, Blind Relief Association who are working for physically challenged persons (PCP) thereby creating indirect employment, organising medical camps for treatment and distribution of aids like artificial limbs, tricycles, wheelchairs, calipers etc., allotment of shops and PCOs to PCP and award of petty contracts like book/file binding, scribbling pad preparation from waste paper, furniture repair, screen printing and painting contract are given to disabled persons.

From the study of these varied initiatives catering to different stakeholders it can be concluded that NTPC’s CSR approach is empowerment of local communities in which they operate. It may be noted that it is not mere transfer of benefits. Even employees and their family members are actively involved. This approach has shifted the focus of CSR from social to developmental issues and from welfare-based dependence to creating greater self-reliance.

FINANCIALS

The company enhanced allocation for CSR and sustainable development activities to 1% of net profit after tax of 2012-13. Atol expenditure of Rs.128.35 cr was incurred towards the above in 2013-14 which exceeded the target. Out of this, Rs.18.58 cr was incurred on SD projects which was 0.15% of the net profit after tax of the previous year and Rs.109.77 cr was incurred towards CSR expenses during 2013-14 which was 0.87% of the net profit after tax of the previous year. New application in ERP has been developed to facilitate in the accounting and reporting of CSR & SD expenditure by creation of WBS elements in the system.
IX. LIMITATIONS AND AREAS FOR FURTHER RESEARCH

It is indeed difficult to measure corporate social involvement due to lesser availability of detailed quantitative terms of the initiatives. Most of the details are qualitative in nature.

The study is based on Secondary data only. Primary data based on the survey of various stakeholders including employees may throw more light on NTPC’s CSR initiatives and impact.

Different forms of impact study, measurement models, social audit and strategic audit may be envisaged in this direction to decipher interesting observations. Further future research may cover all units and comparison amongst units/regions of NTPC may be done. This may highlight interesting points. Further research is recommended in NTPC’s Hydro power, Solar power and Mining projects due to the foray of NTPC in these areas. The ground situations specially land related issues and local conditions are totally different from that of thermal power plants. It is expected that this may lead to more innovative CSR initiatives to meet the expectations of stakeholders specially the NGOs and the local community.

X. CONCLUSION

It is evident that in NTPC the CSR initiatives are decided based on a planned approach aimed at long-term sustainability. They do not follow an adhoc charity and philanthropy approach. Base line survey and involvement of stakeholders lead to finalization of initiatives adopted by these companies.

The initiatives are monitored following concurrent and final evaluation. If necessary they are evaluated by Social Audits and external agencies. Documentation and reporting helps in finalizing the future initiatives.

Apart from funding, the company encourages and involves their employees and their family members specially the Ladies Club/self help groups.

NTPC takes up SD projects for conserving natural resources, energy, water and make all out efforts to minimize environmental impacts of their projects on the society. They also continue to invest in community around their projects through various initiatives. It is reflected in the core areas of Health and Education sectors besides other contribution to social, infrastructure, environmental and other interventions. It is, therefore, obvious from the study that NTPC has made significant impact on the communities in which they operate as they contribute to all aspects of development in terms of rural education (through mobile science labs), culture, rural sports, healthcare, arts, preservation of monuments, women empowerment, adoption of villages, providing drinking water/relief material during natural calamities apart from supporting governmental initiatives like 5 km electricity scheme and construction of toilets under Swatch Bharat Vidyalay Abhiyan.

NTPC thus follows Dr. Manmohan Singh’s (Hon’ble Prime Minister of India) saying “Corporate social responsibility is not philanthropy. It is not charity. It is an investment in our collective future.”

To sum up it would be appropriate to quote the following from Dr Arup Roy Choudhury, Chairman & Managing Director (CMD) of NTPC Limited.

“Our substantial social investment is based on our strong belief that our success as a business is tied directly with the socio-economic vitality and health of the communities around our business units. We value the partnerships we build with the communities around our units. For us CSR is Corporate Social Relationship.”

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