



Corporate Social Responsibility: A Case Study of Balco Power Plant (Vedanta)



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Abstract

The Concept of CSR is slowly evolving with the development of India. The voluntary compliance of social and ecological responsibility of companies is called Corporate Social Responsibility. The Concept of CSR moves from philanthropy and charity to women empowerment & rural development and then to community development. Corporate social responsibility is the commitment of Organizations towards all stakeholders which include employees, shareholders, investors, regulators, consumers, and the community. The main domain of CSR activities is employee welfare, women empowerment, social and economic development, community welfare and environmental issues. Corporate Social Responsibility is a management concept whereby companies integrate social and environmental concerns in their business operations and interactions with their stakeholders. CSR is generally understood as being the way through which a company achieves a balance of economic, environmental and social imperatives (“Triple-Bottom-Line- Approach”), while at the same time addressing the expectations of shareholders and stakeholders. In this sense, it is important to draw a distinction between CSR, which can be a strategic business management concept, and charity, sponsorships or philanthropy. Even though the latter can also make a valuable contribution to poverty reduction, will directly enhance the reputation of a company and strengthen its brand, the concept of CSR clearly goes beyond that. This paper highlights the concept of CSR and practices exhibited by Balco Power Plant.

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1. Introduction

The United Nations Industrial Development Organization (UNIDO) has defined corporate social responsibility (CSR) as “a management concept whereby companies integrate social and environmental concerns in their business operations and interactions with their stakeholders. CSR is a way in which companies achieve a balance of economic, environmental and social imperatives”. In order to streamline the philanthropic activities and ensure more accountability and transparency, the government of India made it mandatory for companies to undertake CSR activities under the Companies Act, 2013. The concept of CSR is defined in clause 135 of the Act, and it is applicable to companies which have an annual turnover of Rs 1,000 crore or more, or a net worth of Rs 500 crore or more, or a net profit of Rs 5 crore or more.

Under this clause, these companies are supposed to set aside at least 2% of their average profit in the last three years for CSR activities. The law has listed out a wide spectrum of activities under CSR, which cover activities such as promotion of education, gender equity, and women’s empowerment, combating HIV/AIDS, malaria and other diseases, eradication of extreme poverty, contribution to the Prime Minister’s National Relief Fund and other central funds, social business projects, reduction in child mortality, improving maternal health, environmental sustainability and employment enhancing vocational skills among others.

2. Research Methods

2.1 Literature Review

- a) [Low \(1985\)](#) used descriptive statistics on annual reports of 80 listed companies in Singapore, to find that though the level of corporate disclosure did not depend upon industry higher levels of social disclosures were found by award-winning companies.
- b) [Gray, Owen, & Maunders \(1987\)](#) defined CSR as “the process of communicating the social and environmental effects of organizations economic actions to particular interest groups within society and to society at large”. Similarly, [Perks, 1993](#) defined corporate social reporting as “the disclosure of those costs and benefits that may or may not be quantifiable in money terms arising from economic activities and substantially borne by the community at large or other stakeholders”.
- c) [Gary and Gray \(1988\)](#) concluded that corporate social responsibility is a part of value-added statements (VAS) and shall promote cooperation among various stakeholders though there is some ambiguity regarding the inclusion of some parties as genuine stakeholders. Corporate social responsibility (CSR) has variously been described as a “motherhood issue” ([Ryan, 2002, p. 302](#)), “the hot business issue of the noughties” ([Blyth, 2005, p. 30](#)), and “the talk of the town in corporate circles” ([Mees and Bonham, 2004, p. 11](#)). While the term CSR may appear to be relatively new to the corporate world, the literature reveals that the evolution of the concept itself has taken place over several decades.
- d) [Marne \(2005\)](#) proposed a transnational model of corporate social responsibility (CSR) that permits the identification of universal domains, yet incorporates the flexibility and adaptability demanded by international research. The end result is a multi-dimensional typology that permits the organization and development of empirical CSR research in an internal setting.
- e) [Fronk et.al. \(2005\)](#): analyzed three views of CSR and CSP one view is that development occurred from conceptual vagueness, through clarification of central constructs and their relationships. Another view that hardly any progress is to be expected because of the inherently normative character of the literature. The final view is that progress in the literature on the social responsibilities of business is observed or even hampered by the continuing introduction of new construct this survey explores which of these three views better describes.
- f) [Mittal et al. \(2008\)](#) reported that there is title evidence that companies with a code of ethics would generate significantly more economic value added (EVA) and market added value (MVA) than these without code.
- g) [Buchholtz \(2006\)](#), in his study on CSR, Corporate Social and Financial Performance: an empirical study on a Japanese Company examined the relationship between corporate social Performance (CSP) and corporate financial performance (CFP) through a quantitative analysis. The study was conducted on 295 companies which is one-tenth of the listed companies in Japan. The result showed a significant relationship among CSP, Equity Capital Ratio and the number of employees.

- h) [Vasanthi Srinivasan \(2010\)](#) in his study on CSR and Ethics in Medium, Small and Micro Enterprise in India attempts to draw from the existing body of knowledge from both the academic and popular literature in India to identify the CSR practices and develop a research agenda for responsible business practices in the small-medium enterprise in India. The findings highlighted that most of the studies done in the Indian context have largely been qualitative and exploratory in nature. The study also revealed that since small-medium enterprises contribute significantly to the economy and are geographically spread in a country like India, adoption of CSR and ethical practices is crucial to a balanced development. There is a rarity of academic research in this area and therefore the researcher opines that a study of the intra-country similarities and differences in adoption of CSR practices in small-medium enterprises could be a valuable exercise for policymakers.
- i) [Harbajan Bansal, Vinu Parida and Pankaj Kumar \(2012\)](#) in their paper entitled “Emerging trends of CSR in India” analyzed 30 companies of 11 sectors listed in the Bombay Stock Exchange with the help of their annual reports. Some of these sectors were Transport Equipment sector, Finance and Metal Mining sector, IT & Power, Capital goods, Telecom, Housing, FMCG, Oil & Gas, Cipla etc. The study concluded that the companies today are working not only to earn profit but have also realized the importance of being socially friendly. Social Responsibility today has started taking a turn in the new direction.

2.2 Objectives

- a) To know the scope of CSR in Balco Power Plant.
- b) To analyze the CSR Policies and Practices in the Company.
- c) To study the various scheme for social development.

2.3 Methodology

This study was conducted using secondary data. In this study data on the CSR was collected from the websites, annual reports, newspapers, and CSR report.

2.4 Limitation of the study

This study was done exclusively on CSR activities exhibited by Balco Power Plant.

2.5 BALCO Power Plant

Aluminum is a power intensive industry. The electrolysis process used to produce Aluminium requires large quantities of electrical power, the cost of which is almost one-third of the total cost involved in the production of Aluminium. The Direct Current (DC) required depends on the total number of cells or pots installed and the potline current involved. For meeting this huge power requirement most Aluminium smelters are equipped with their own Captive Power Plants. BALCO's existing potline works on prebaked technology with a rated potline current of 320 kA which is presently being ramped to 330 kA. Attempts are on to gradually increase this to 340 kA and subsequently to 400 kA.

2.6 Strategy & Approach

Social Development is integral to the long-term success of any business. At BALCO, we believe that today's organizations need to be all the time more wary of the impact that their operations have on society at large, and this requires much more than isolated measures. Going beyond the domain of metal production, BALCO lays heavy emphasis on maintaining a cordial relationship with its neighboring communities. With the intention to ensure that the projects/ programs are designed as per the community needs, BALCO established a separate department known as Corporate Social Responsibility (CSR), led by qualified and experienced professionals in the year 2005. In a climate

of heightened social awareness and instant access to information, CSR is a fundamental part of BALCO's targeted practices, broad objectives, and overall culture.

a) Strategy

At BALCO, they believe in community-led local level planning. The social development strategy adopted by BALCO is based on the need assessment of the Rural Community. The Strategy adopted can be pictorially depicted as follows:



b) Approach

BALCO considers forging collaborations with other agencies for wider outreach and deeper impact. This is why BALCO CSR Department engages experienced NGOs for implementing various projects.

The areas in which the CSR activities are carried out are divided into 2 parts: Core Zone and Buffer Zone. The area within 10 Km of the operating plant is known as Core Zone and the area within 15 Km of the operating plant is known as Buffer Zone. The area beyond is known as Periphery. The activities in the Peripheral area are carried out only on a case-to-case basis depending upon the need of the community.

3. Results and Analysis

3.1 Rural Health Centre

BALCO has established Vedanta Rural Health Centre in Chuiya Village to provide Primary Health Services to the people of surrounding villages. The Centre provides medicine, treatment and general diagnostic facilities to the villagers. The Health Centre is also linked with the Government Immunisation Programme under which weekly vaccination drives are carried out for infants and pregnant as well as lactating mothers.

3.2 Environment Management

Bharat Aluminium Co. Ltd. (BALCO) is committed to reducing the impact of its activities on the environment through responsible use of natural resources and continuous improvement of processes. The Company effectively manages its Aluminium and Power Business whilst carrying out its activities in a socially and environmentally responsible manner. BALCO has always been a pioneer in the field of environmental protection. It endeavors to use technologies that are energy and water efficient and also has adequate residue management systems in place. The focus has always been towards zero effluent discharge and reduction of pollution hazards. These efforts are being pursued on an increasingly greater scale, facilitated by extending targets in Business Plan and earmarking resources.

BALCO operations are approved by concerned authorities. Applicable statutory regulations properly comply within BALCO units. There is a full-fledged Environment Team that works in coordination with operations for conducting environmental monitoring and control operations.

3.3 Green Steps

As a responsible Corporate Citizen, BALCO has undertaken some key initiatives to achieve its environmental objectives. The Company's processes and performances in the areas of safety, health and environment have continued

to develop. Effective control and delivery in all of these areas is a management imperative and is the subject of regular and detailed scrutiny at all levels of management. A process-based management system drives these Sustainable Development Processes.

Some significant steps undertaken by the Company in the direction of environmental sustainability over the last few years have been discussed below.

3.4 Promotion of Renewable Energy – Bio-Gas

BALCO is constructing Bio-Gas Plants in association with Chhattisgarh Renewable Energy Development Authority (CREDA) in order to reduce the dependency of villagers on forest firewood and also to make available an environment-friendly, all season cooking gas. Till now, BALCO has constructed 169 Bio-Gas Plants in its operational villages.

- a) The Old Smelter has been phased out and environment-friendly Point Feeder Prebaked Technology has been adopted for new as well upcoming smelters.
- b) This state-of-art technology comes with Dry Scrubbing Fume Treatment Plant ensuring that emissions are kept well within norms.
- c) New Power Plants have high-efficiency Electrostatic Precipitators and High Concentration Slurry Disposal System for ash disposal, requiring very less amount of water.
- d) At Mainpat and Kawardha Captive Bauxite Mines, construction of check dams, garland drains, water bodies for rainwater harvesting, are few among the various activities carried out as part of the Company's commitment towards the environment.
- e) A Wild Life Conservation Plan of Rs 300 Lakhs, in consultation with The Forest Department of Chhattisgarh Government, is under implementation in South Surguja, Dharamjaigarh and Kawardha Forest Divisions.
- f) Every year massive plantation drives are carried out with the involvement of local people. As a result, a thick green belt has been developed in the Plant Area, Township, Mines and surrounding areas.
- g) BALCO generates millions of tonnes of Fly Ash every year from its Captive Power Plants, a significant part of which is supplied to local brick manufacturers, free of cost. BALCO has involved villagers in fly ash brick making and installed Brick Manufacturing Plants in two villages. Special training has been imparted to the villagers and they make their own livelihood by selling fly ash bricks in the local market.
- h) Zero water discharge process has been adopted at CPP-540 MW based on the principle of recycling of cooling tower overflow water and reuse of the ETP treated water. Concentrated efforts under this project yielded a massive reduction in overall water consumption apart from spreading awareness as to how to conserve water resources effectively. The benefits that ensued are:
 - i) Saving of chemicals with an increase in COC of cooling water
 - j) Enhanced life for Compressor and Chiller Coolers with a circulation of treated water

3.5 Occupational Health & Safety

BALCO Health Safety and Environment (HSE) Management Systems have ingrained a safety culture in the Organisation with all safety processes in place, to implement an effective Incident Prevention Programme. The Company is certified to ISO-9001, OHSAS – 18001(2007) and ISO-14001. These systems have built an environment that emphasizes on employee's involvement in Safety Management and the fact that ownership of safety lies with the line functions.

The company has engaged M/s DuPont for a survey of facilities to improve Behavioural Safety and adopted the British Safety Council model to incorporate the best OH&S Management System. WSO (Work Safe Online) Software is being used for the safety-related information viz. hazards, incidents and near misses, to inform the area HOD and the concerned In-charge so that these are eliminated at the initial stages. Safety scorecard model has been adopted to review the OHS Performance of Individual SBUs by Chief Executive of the Company. A full-fledged Health Safety and Environment (HSE) Department of more than twenty-five employees take care of Health, Safety and Environmental aspects of the Company.

The Loss Time Injury Frequency Rate (No. of lost time injury per million manhours) is following a continuously decreasing trend (Viz. 2007-08 – 1.95; 2008-09 – 1.44; 2009-10 – 0.86), demonstrating continual improvement in Occupational Health and Safety Management.

3.6 Occupational Health

BALCO has always believed that the man behind the machine is more important and therefore considers their health and well-being a valuable asset to the Company. The following facilities are available for Occupational Health related issues.

- a) Hundred-bed Hospital has been set up with specially trained doctors.
- b) Trained and qualified doctors for monitoring the occupational health of employees.
- c) Three first-aid centers manned round the clock with fully equipped ambulance facilities.
- d) An annual health check-up programme is organized, as a part of the periodic medical examination and specific medical examination.
- e) Health awareness programme on occupation and other programmes like yoga, health care, the art of living are conducted.
- f) Health record of each employee is maintained by using software named PANACEA.

3.7 Fire Safety

BALCO gives high priority on fire prevention and accordingly fire protection and detection systems have been installed across the plant and periodic monitoring of systems is ensured. The facilities incorporate:

- a) Fire Hydrant System, HVWS/ MVWS System, Smoke Detection System, LPG Leak Detection System
- b) Water Spray System, CO2 Flooding System, FM200 System, Sufficient fire equipment in all three fire stations

To create awareness among the employees about fire prevention and firefighting, regular fire safety classes and various campaigns and programmes are conducted. As a part of its Corporate Social Responsibilities, BALCO always believes in rendering its services to other industries and communities too.

3.8 Preparing Youngsters for Work, India

In the state of Chhattisgarh, central India, young people lack manufacturing and service skills. The Chhattisgarh State Skills Development Corporation (SDC) has set a target of training 2 million youngsters by 2020. As a key employer in the region, Vedanta's aluminum business, BALCO, is offering vocational training and work placements. Its skills school provides the facilities, resources, transportation, uniforms, and work placements, while training is delivered by experts from the SDC. All 30-45-day courses are free and subjects include hospitality, welding, sewing, and electrical fitting, all certified by the SDC. So far the project has benefited 3,000 young people across five communities. It has been commended as a model project by the State Secretary of Technical Education and has won a number of awards. In Goa, Vedanta Ltd.'s technical school celebrated a 10-year anniversary, with 1,082 young people graduating as electricians and plumbers over the decade – a 100% pass rate.

3.9 Championing Women Entrepreneurs, India

Sterlite Copper has been creating and supporting Sakhi self-help groups for rural women for 10 years and has formed 1,056 groups over this period, reaching 15,251 women. The Sakhis bring together government organizations and six non-government organizations (NGOs) under Vedanta's vision of developing women entrepreneurs to create social mobility and economic empowerment (see page 55). Training is offered in book-keeping, leadership, and decision-making, and members receive assistance to grow income-generating enterprises ranging from prawn pickle processing to dried flower production; candle making to rabbit rearing. Groups are based on principles of fairness and democracy and are born out of a needs assessment to understand the issues and barriers facing women. For example, many women have reported a lack of access to credit as a barrier and thus microfinance has become a key focus of Sakhis. As a result of these self-help groups, women are earning an average of US\$48 a month more than they were previously, a relatively large sum in rural Tamil Nadu. Furthermore, many have secured loans ranging from US\$800

to over US\$6,000 to grow their enterprises. The collective savings of the group during the reporting period was US\$642,000, a milestone in the Sakhi goal of being self-sufficient in funding.

3.10 Education

The Vedanta BAL Chetna Anganwadi (VBCA) programme targets pre-school level education through the Integrated Child Development Scheme, run in partnership with the Indian government. We promote women's education by sponsoring girls who opt for higher education. We support a midday meal programme through eight centralized kitchens, aimed at improving the health status of children from Class I to VIII in government-aided schools as well as encouraging regular attendance at school. We also assist adult literacy centers, distribute education kits and provide proactive support and encouragement for educational enrolment and achievement. Skills development training is offered in a wide range of marketable trades and we encourage the development of small business enterprises and entrepreneurship.

3.11 CSR Policy

Balco is committed to conducting its business in a socially responsible, ethical and environmentally friendly manner and to continue work towards improving quality of life of the communities in its operational area.

4. Conclusion

It can be concluded from the above study that BALCO is actively exhibiting Social Responsibility in various fields like Health, Education, Women Empowerment, Safety, and Environmental protection. Policies are in place with regard to CSR. The company is having an Integrated Management System to upgrade and improve the quality, health, and environment management system.

Conflict of interest statement and funding sources

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Statement of authorship

The author(s) have a responsibility for the conception and design of the study. The author(s) have approved the final article.

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