



## CORPORATE SOCIAL RESPONSIBILITY: A CASE STUDY OF GUJARAT MINERAL DEVELOPMENT CORPORATION (G.M.D.C)

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Voice of Research

Volume 4, Issue 1

June 2015

ISSN 2277-7733

### Abstract

*As per The Companies Act 2013, compulsory spending on socially responsible activities is now a matter of debate and discussion among the industrialists, social activists, Government, managers, researchers and various institutions. In today's scenario social responsibility is not merely a concept of charity or donation but organizations are trying to go beyond this concept and executing the whole CSR project as a need based phenomena. Awareness of this term of CSR is actually very less among the common people. Good number of government organizations and private organizations are serving to the society under this head. Involvement of all stake holders is essential part in every CSR activity. More or less every stake holder in every organization is associated with responsible activities. It is a humble duty of the owner of the company to nurture its organization and employees on the basis of values and to create a culture where employees engage themselves with the organization positively and have respect for the same. Top level management of the company should channelize CSR activities in co ordination with the employees of the department and try to make them work in socially responsible way.*

**Keywords:** Corporate Social Responsibility, stake holders, social development, society, industry and organizations

**Abbreviations:** CSR- Corporate Social Responsibility, GMDC-Gujarat Mineral Development Corporation, ONGC-Oil and Natural Gas Corporation, NTPC- National Thermal Power Corporation, PGCIL- Power Grid Corporation of India, IOC- Indian Oil Corporation, Bharat Heavy Electrical Limited, GIDC- Gujarat Industrial Development Corporation, GNFC- Gujarat Narmada Valley Fertilizer Corporation, GPCB- Gujarat Pollution Control Board, MNC- Multi National Companies ,CSO- Civil Society Organization ,ISO- International Organization for Standardization ,GVT- Gram Vikas Trust.

The relationship of society and business is interdependent in nature. Business /Industry provides its goods to the society but at the same time they are polluting the environment due to hazardous waste and processes. Between the great good and terrible harm that business does, today's organizations are strongly concerned about the proper role of the organization in the development of the society. Industries influenced by social, political and environmental factors. Business gradually develops a sense of responsibility. In early 1950s Industrialists observed what society needed and started to operate accordingly. A key tenet of Corporate Social Responsibility (CSR) is the unspoken contract between Business and society within which it operates. Some kind of destructive effects always exist wherever production process is taking place. It may damage the environment, health of the employees working inside, land where the company actually perform its operations, water (river, pond), air etc. so it seems to be an ethical responsibility of the industry to give back a positive way of living life happily to the Society and what it takes away in the form of a positive way of life. Early sixties was the era of change in the every front of the society. Industrialists realized their role in the society. The first sincere effort towards responsibility of business started during this period.

**Concept and Meaning of CSR:** The "social Responsibility" among businesses is not a new concept. Ancient Chinese, Egyptian and Sumerian writings often delineated rules for

commerce to facilitate trade and ensure that the wider public's interests were considered. Ever since, public concern about the interaction between business and society has grown in proportion to the growth of corporate activity. According to the World Bank, (2004) "CSR is the commitment of business to contribute to sustainable economic development, working with employees, their families, the local community and society at a large to improve their quality of life in ways that are both good for business and good for international development." "Corporate Social Responsibility is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large" (Mallen Baker, 2004) There are many different terms for Corporate Social Responsibility -CSR practices in the world. They include: *Corporate citizenship, Corporate conscience, Social performance, Business responsibility, Community Relations, Corporate stewardship, Strategic responsibility, Corporate community engagement, Sustainable responsible business* etc. Terms for CSR may be vary from country to country, sector to sector, industry to industry but the purpose behind it is always remains the same. India is the first country to introduce CSR as a legal compliance in the world. Some Industrialists are not in favor of making CSR mandatory and some are happy to stream line their activities which they are already doing since many years. Though the term "Corporate" seems to be very polished and sophisticated but the person behind this corporate term, the owner of the company has always been an idol for the all stake holders of that organization for nurturing the culture of the organization. It is very much important for every organization to have value based working environment. No industry can survive without keeping the whole mankind in the centre of a business. Nowadays organizations are focusing on need based activities for the development of society .Government is also very much careful and conscious for maintaining harmony with beneficiaries and industries.



**Legislation and CSR:** Under “The Companies Act 1956” there was no provision regarding corporate social responsibility. The movement for CSR was started in August 3, 2009. After a month it was referred to parliamentary standing committee on finance. The committee submitted its report to the Government. Lok Sabha passed the Bill on 18<sup>th</sup> December 2012. At last all efforts transformed in to reality and The Act was passed in 28<sup>th</sup> August 2013. Under the clause no 135 chapter IX of The Companies Act 2013, every company having net worth of rupees five hundred cores or more or turnover of rupees one thousand cores or more or net profit of five cores or more during any financial year shall constitute a Corporate Social Responsibility Committee of the Board. Consisting of three or more Directors out of which at least one Director shall be an independent Director. If 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 reason for not spending specific amount for CSR activities.

The Companies Bill proposes that profit making companies that meet certain conditions will be required to set aside at list 2% (two percentages) of the net profit on CSR activities.

**About Gujarat Mineral Development Corporation:** Gujarat Mineral Development Corporation is a Government undertaking organization and having reputed position in mining industry. Now a days two views regarding compulsory contribution for CSR activities have been observed, one is putting CSR as a provision under the law is not logical because many industries which are performing such activities since a long time in their respective fields without any compulsion. It should be done heartily and not force fully. And another view is compulsory contribution of 2% under the head of CSR section 135 in The Companies Act 2013, was really a good decision because those who are spending since their existence in the market is good but what about those industries which are not exercising on their social obligations now they are bound to perform activities for the betterment of the society. Gujarat Mineral Development Corporation is one of the organization those who are providing their best services to the organization since its existence. GMDC was incorporated in the year 1963 to develop major mineral resources in the state and commenced with a small silica sand quarrying plant near Thangadh to crush and screen the silica required for glass manufacturing. And within next few years it grew more and more with various plants in the various places of Gujarat. Bauxite plant in Kutch in the year 1964 than in 1971 fluorspar ore and calcium fluoride, in 1976 Lignite mine plant at Panendhro and so on many other plants were established Gujarat Mineral Development Corporation has been associated with CSR activities since a very long time. Huge amount of money has been spent by GMDC every year for CSR projects like Health, Education, Water conservation, irrigation, Drinking water and Agriculture.

**Main objectives under CSR policy in GMDC include to improve the physical quality of life significantly;**

to create opportunities for livelihood; to improve the quality and facility of education; to create health awareness, health facilities and to improve sanitation facilities; and to develop a communication plan to make all interested and potentially interested parties aware of the strategic plan for Corporate Social Responsibility, so as to contribute to its implementation.

**GMDC and Social welfare:** As a matter of responsibility, this company has been providing facilities such as education, health, water supply, sanitation, rural infrastructure, livelihood for the betterment and upliftment of rural people in some of the remotest regions of the state. Such initiatives have created a favorable image of this company in the areas where it operates and have also served as harbinger of development. Inclusive development has been a corporate philosophy and now a necessity for this organization. From the beginning, GMDC has the concept of cultivating a culture of building good relations with the community where it operates mining operations. The Corporate Social Responsibilities (CSR) initiated by GMDC is marked by its existence with formulation and in building with the objectives of the Company. For this noble purpose, a public charitable trust namely GMDC Gramya Vikas Trust (GVT) was formed by GMDC as early as in 1990 with the aim of promoting integrated and holistic developmental activities in and around the project areas. GVT is managed by Board of Trustees consisting of GMDC officials’ viz. Managing Director (IAS), Chief General Manager, Company Secretary, General Manager-CSR, and General Manager-HR. The Expense of GVT is funded by GMDC. GVT has employed a team of MSW qualified social mobilizer to implement its objectives. Apart from GVT initiatives, GMDC contributes towards cause of state for developmental activities like Roads, Environment and Contributions for the purpose of Health Care, Social Welfare and Chief Minister’s relief fund in case of disasters like earthquake, cyclone, Flood etc. with men and machineries too. Corporate office of the GMDC has introduced “RAVISHALA” project which works for children of slum dwelling areas around GMDC premises. Employees of the GMDC took this initiative in the year 2011 and successfully perusing it till date. they have provide them education with fun loving activities like games and also trips to the fun fair and Hotel Patang to had a happiest moments of their life ever. Children also enjoyed Diwali celebration with crackers and sweets at GMDC.

**CSR practices by GMDC:** GMDC acknowledges the contribution of all its stakeholders—those residing near project sites, investors, consumers, industry etc. Providing rural infrastructure in the field of water, sanitation, education, health, employment and livelihood, micro irrigation and continuous fuel supply to small and medium scale enterprises and generous dividend payout policy has been well received and made significant impact on people’s lives. GMDC is conscious towards need to have an inclusive approach for development. GMDC operates its projects in some of the remotest and arid regions of the State. In order to bring



these rural regions into mainstream of development concentrated efforts are made to assess the developmental needs at the grass root level and then provide the much needed rural infrastructure. The sectors catered are :

**Health:** GMDC facilitates well equipped medical vans with qualified doctors for the villagers in rural areas of Gujarat, including 49 villages surrounding panandhro lignite mines, 27 villages in ghadhsisa bauxite mines, 7 villages in bhavnagar lignite mines, 3 villages in rajparadi lignite mines. Providing hospital facilities at colony complexes to both employees and rural population in Panandhro lignite project, ATPS Thermal power plant, Rajparddi lignite project and Kadipani fluorspar project.

**Education:** GMDC is providing primary, high school and higher secondary schooling facilities at Panandhro, ATPS and Kadipani projects. Financially sponsoring girl students belonging to weaker sections of the society in Lakhpat region for education. Special financial assistance for girl students of core area villages of GMDC. They also have made schools with qualified teachers in project areas which are open for all children nearby areas. They also organizes sport events for the students and distribute school bags and other required accessories to the students.

**Water conservation and Environment:** Water is one of the most basic requirements for a life. GMDC has since inception, focused on harvesting natural water resources. GMDC has made water storage tanks, check dams and deepening of ponds in different areas of Saurashtra and Kutch districts. They also have initiated reuse of sewage water and rain water harvesting. GMDC has covered approx 850 hectares area in last ten years more than 13 lakhs trees have been planted.

#### Micro irrigation

Under a special Micro Irrigation System implemented in collaboration with State model agency. In Kutch 2 talukas, 65 villages and more than 4500 acres of land have been benefitted by micro irrigation. around 4 crores have been spent under this project in Kutch region 46% of beneficiaries are marginal farmers in Kutch region. Similarly in Bhavnagar 5 talukas, more than 3000 beneficiaries more than 5500 hectares and 5.5 crore have been spent over this project by December 2014. This drip irrigation has increased the crop yield and enhanced standard of living of these rural people. GMDC organizes trips for farmers to explore their knowledge of agriculture.

**Employability enhancement:** GMDC organizes vocational training programmes for the people in rural and scattered area of Kutch and Saurashtra districts. They also organize skill up gradation programmes in the areas like handicrafts and handlooms. Distribution of activity kit. Conducting training programmes to make leaf bowls, a plate, incense sticks.

**Statement of the expense incurred by GMDC Lignite project, Rajparddi under GVT(GRAM VIKAS TRUST-GMDC) in the month of January 2013-2014 year for CSR activities.**

Sr no	Subject	Project village	Beneficiaries	Amount spent
1.	Drinking water facilities: Bore well	Amod,Damalai, Bhuri	Villagers	1,44,721/
2.	Education: (Study tours for school children and other programmes)	Amod, Damalai, Dubhari, New and Old Amod	151 Students (tour)	3,55,662/
3.	Mobile medical facility	Amod, Damalai, Dubhari, New and Old Amod, Bhuri	781 Patients	17,897/
4.	Other CSR work: Purchase of sports items, cheque issued to Nasa Foundation, Water tankers, mikes	Amod, Damalai, Dubhari, New and Old Amod, Bhuri,Tarsali,Pi pran.	Truck drivers, students, villagers, youth mandal etc.	1,38,044/
			Total	6,56,324/

(Source: www.gmdcltd.com)

#### Conclusion

Industrialization is very much important for the development of any state, but not at the cost of Environment and health in which whole society has to suffer forever. In Indian culture Responsibility for family, caste, community is deep rooted from its origin. We from our birth taught to behave in ethical manners and family values, rituals translated to the next generations. *"Wealth comes and goes, life and youth goes from the living, in this world of coming and going, dharma alone is firm"* (CHANKYA) Ethic and Value based business often consider as a good company for the Society and people of the country. Ratan Tata, K R Narayan Murthy they are having inherent values and Ethics and same thing they feed to their managers, employees, distributors, share holders. Tata group is having its own trust named Sir Ratan Tata Trust, for social cause. Similarly Infosys Foundation of Narayan Murthy his wife is dealing with all social causes. Numbers of Industries are polluting our Environment through many ways and to compensate that damage to the Society and Environment they began Socially Responsible activities. Nowadays to perform CSR practice is a very usual thing for many organizations in India. Some organizations are very sincerely performing their role in Social Responsible cause. Organizations are doing need based projects which is based on community's expectation from the Industry. Though there are some criticisms of CSR found and having misconception regarding CSR like, it is time and money wasters, public relation activity, only large scale Industry can perform, but it is beyond legislation ,rules and policy. In 2009 Ministry of Corporate Affaire has introduced guidelines to perform CSR activities in the Industries, which talk about principles like care for stake holders, respect for women, respect for environment, activities for social cause and inclusive development. It is really good that at every front CSR is being noticed by each and every sector.

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