

# A Study on the Corporate Social Responsibility Policy of Coal India Limited

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**Abstract:** *This study examines the Corporate Social Responsibility (CSR) policies and practices of Coal India Limited (CIL), India's largest coal-producing company. Through a comprehensive analysis of CIL's CSR initiatives from 2014 to 2023, this research investigates the alignment between the company's stated CSR objectives and their practical implementation. The study employs a mixed-methods approach, combining quantitative analysis of CSR expenditure data with qualitative assessments of project outcomes and stakeholder interviews.*

*Key findings reveal that CIL has consistently met or exceeded the mandatory 2% CSR spending requirement, with a focus on education, healthcare, and rural development. However, the research also identifies challenges in project sustainability and impact measurement. The paper concludes by proposing a framework for enhancing the effectiveness of CIL's CSR initiatives, emphasizing long-term community engagement and improved monitoring mechanisms. These findings contribute to the broader discourse on CSR in the extractive industries and offer insights for policymakers and corporate leaders in developing countries.*

**Keywords:** Corporate Social Responsibility, Coal India Limited, Sustainability, Community Development, Mining Industry

## I. INTRODUCTION

The notion of Corporate Social Responsibility, or CSR, has become increasingly popular.

Organizations have come to the realization that the government cannot successfully raise the oppressed segments of society on its own. As the business landscape changes quickly, Coal India Limited (CIL) has embraced corporate social responsibility (CSR) as a strategic strategy for long-term growth. In the context of CIL today, corporate social responsibility (CSR) encompasses both the integration of business and social processes as well as the financial involvement in social action.

Long before the problem gained international attention, CIL was conscious of its CSR obligations and was meeting societal expectations within an 8-kilometer radius of its project locations by implementing a clearly defined "Community Development Policy."

As per clause 135 of Companies Act 2013, CSR committees of all eligible companies need to 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.

In the aforesaid backdrop, CSR policy of CIL has been framed after incorporating the features of the Companies Act 2013, notifications issued by Ministry of Corporate Affairs (MCA) and Department of Public Enterprises (DPE), Govt. of India from time to time and Companies (Amendment) Act 2019 and broadly covers guidelines for the following: -

- a. Welfare measures for the community at large, so as to ensure the poorer sections of the society derive the maximum benefits
- b. Contribution to the society by way of social and cultural development, imparting education, training and social awareness especially with regard to the economically backward classes for their development and generation of income to encourage self-employment and dignified living
- c. Protection and safeguard of environment and maintaining ecological balance.

### **OBJECTIVE OF THE RESEARCH**

- To study in detail about the CSR initiatives taken by Coal India Limited (CIL).
- To study about how CIL allocate its funds in CSR activities.
- To study how CSR initiatives of CIL has benefitted its surroundings.
- To learn how much of funds CIL has used for its CSR activities on Financial year basis.

### **AREAS COVERED UNDER CSR POLICIES OF CIL**

CIL and its subsidiaries operate mines in eight states, sometimes in remote locations. Production activity in these places alters the traditional lifestyles of the locals and indigenous communities, as well as the environment. The socioeconomic profile of the area. Coal mining has a significant impact on the people that live there and the surrounding surroundings of the mines. Therefore, the primary beneficiaries of CSR activities shall be, Project Affected Areas (PAAs) and those staying within the radius of 25 Kilometres of coal mining projects. CIL and subsidiaries shall ensure that the maximum benefit of their CSR activities goes to the underprivileged sections of the society. CSR activities should be undertaken as per Schedule VII of Companies Act. 2013 and as per DPE guidelines issued from time to time

The following guidelines shall be followed in selection of areas for CSR activities:

1. Subsidiaries of CIL shall spend 80% of the CSR fund of a year within the radius of 25 kilometres of their Project Sites/Mines/Area HQ/Company HQ and rest 20% within the state(s) in which they are operating. The above ratio of 80:20 may be dispensed with by the subsidiaries for a particular year with the approval of its board through board level CSR committee in case the Central Govt. issues any such guidelines/administrative directions, which the company has to otherwise comply with.
2. CIL (HQ) shall execute CSR activities in whole of India including the areas under subsidiary companies.
3. CIL (HQ) being the holding company shall also support for execution of CSR projects/programs where subsidiaries are unable to execute such project due to fund crunch. In case available CSR budget of any subsidiary company is insufficient to meet the fund requirements of any govt. mandated CSR activity, the concerned subsidiary may refer the duly approved CSR activity/project/program to CIL (HQ) with the recommendation of seeking financial assistance after competent authority approvals at the subsidiary level are taken. All such requests would have to be forwarded by CSR Dept. of concerned subsidiary after obtaining approval of its Board/CMD. If CIL approves the activity/project/programme, the activity shall be implemented by the concerned subsidiary whereas the expenditure will be accounted for by CIL (HQ) against its CSR budget. CIL would finance such project subject to approval of the competent authority at CIL and the same will be treated to be the project of the subsidiary whose implementation and monitoring will rest on the concerned subsidiary.

### **ALLOCATION OF FUND**

The following guidelines shall be followed for allocation of fund for CSR activities during the financial year:

- a). For subsidiaries of CIL, fund for CSR shall be allocated based on whichever is higher of the following two amounts:
  - i) 2% of average net profit of the company for the three immediate preceding financial years, as per Companies Act 2013 or
  - ii) Rs. 2.00 per tonne of coal production of immediately preceding financial year
- b). For CIL (HQ), fund for CSR shall be allocated based on whichever is higher of the following two amounts:
  - i) 2% of average net profit of CIL (standalone) for three immediate preceding financial years, as per Companies Act 2013 or
  - ii) Rs. 2.00 per tonne of total coal production of immediate preceding financial year of those subsidiaries of CIL which had not incurred net loss in the immediately preceding Financial year.

Example - CSR budget for FY 19-20 has been calculated as per the above provisions and is enclosed as Annexure 1.

- c). the unspent amount of CSR budget in a financial year would be accounted for as per the provisions of Companies Act 2013, as notified.

### SCOPE

A selection of CSR initiatives from the themes included in Schedule VII of the Companies Act 2013, as modified from time to time, would be carried out by CIL and its subsidiaries. The themes covered by CSR policy should be broadly construed to encompass the main points of the topics listed in Schedule VII of the Companies Act of 2013. Any revisions to Schedule VII of the Companies Act 2013 or directives from the DPE or MOC will likewise be considered to have been included into the CIL's CSR policy as of the date on which the government notifies them.

### INSTITUTIONAL ARRANGEMENT

A Board Level Committee on CSR, comprising three or more Directors, at least one of whom must be an independent, shall be formed by CIL and subsidiaries with net worth of Rs. 500 crores or more, turnover of Rs. 1000 crores or more, or a net profit of Rs. 5 crores or more during any financial year.

CSR department at CIL and subsidiaries shall act as nodal department for implementation of CSR activities in accordance with the CSR policy under the guidance of Director (P&IR), CIL and concerned Director (P) of subsidiary companies as the case may be.

Inter-disciplinary committees made up of top executives from CSR, Civil, Finance, Medical, and other departments will be formed by CIL and its subsidiaries to examine the CSR initiatives that the CSR department has reviewed and suggest that the appropriate authorities approve them. CSR project proposals, programs, and activities will be discussed in these committee meetings based on the department of CSR's suggestion. These committees will then review and recommend CSR projects, programs, and activities to the appropriate authorities for approval through Dir. (P&IR) or Dir. (P), as applicable. Subsidiaries may also establish such committees at the regional level.

Delegation of Power (DOP) to approve CSR projects/activities at subsidiaries of CIL shall be as under:

- Projects/activities to be undertaken by mining areas having value up to Rs. 5.00 lakhs shall be approved by concerned Area General Managers.
- Projects/activities to be undertaken by mining areas having value more than Rs. 5.00 lakhs but up to Rs. 1.00 crore and all projects/activities of HQ up to Rs. 1.00 crore shall be approved by CMD of the subsidiary company.
- Projects/activities having value more than Rs. 1.00 crore shall be approved by subsidiary Board on recommendation of CSR committee of Board.

Delegation of Power (DOP) to approve CSR projects/activities at CIL (HQ) shall be as under:

- Projects/activities having value up to Rs. 2.50 crores shall be approved by Chairman, CIL.
- Projects/activities having value more than Rs. 2.50 crores but up to Rs. 10.00 crores shall be approved by CSR committee of CIL Board.
- Projects/activities having value more than Rs. 10.00 crores shall be approved by CIL Board on recommendation of CSR committee of CIL Board.
- For North Eastern Coalfields (NEC), projects/activities having value up to Rs 5.00 lakhs shall be approved by General Manager (NEC). A monthly report is to be sent to Director (Technical), CIL for his review by NEC. Annual CSR action plan for NEC is to be cleared by director (Technical), CIL for inclusion in the annual plan and budget for CSR of CIL which is to be approved by CIL Board. Projects/activities of NEC having value above Rs. 5.00 lakhs shall be approved by concerned authorities of CIL (HQ) as per their DOP on recommendation of GM (NEC) and the functional director concerned.

Chairman, CIL/Subsidiaries are empowered to approve modalities/Standard Operating Procedures for implementation of CSR works as per CSR policy.

### IMPLEMENTATION

The following guidelines/modalities shall be followed while executing/undertaking CSR activities:

1. Every financial year, at the start of the fiscal year, the CSR departments of CIL and its subsidiaries create an Annual Action Plan that outlines the projects to be carried out during that year, taking into consideration company priorities, past commitments, budgetary constraints, and the viability of the projects, as well as any

- applicable government directives (e.g., annual theme, aspirational district). The Annual Action Plan will be implemented upon its approval by the Board of the relevant Company, based on the suggestion of the Board's CSR Sub-Committee.
2. Activities under CSR except those relating to contribution to funds specified in Schedule VII shall be in project mode and for every project, time framed periodic milestones should be finalized at the outset.
  3. In most cases, the project should be finished in 2 years from the start date; initiatives taking longer than three years from the start date should never be started. The first working day of the project or the release of the first instalment, whichever comes first, will be recognized as the start date, and that year will be recognized as the project start year.
  4. Activities identified under CSR shall be implemented either by CIL/subsidiaries departmentally or through implementing agencies which may include:
    - a. Trusts
    - b. Societies
    - c. Section 8 companies
    - d. Government, semi- government and autonomous organizations
    - e. Institute's/Academic organizations
    - f. Registered community based organizations
    - g. Registered voluntary/Not for profit organizations
    - h. Registered self-help groups
    - i. Contractual agencies for civil works
    - j. Professional consultancy organizations etc.
  5. Implementing agencies having only local presence shall only be considered by small value projects.
  6. It is necessary to determine the need for and rationale behind all CSR initiatives and actions. The need assessment process will be conducted either internally by the department with in-house resources or externally by reputable organizations, such as implementing agencies. The need assessment process can draw from a variety of sources, including previously completed web surveys, indices, research papers and reports, census reports, demographic and development study reports, DPE surveys, various Ministry/Govt. Reports & Publications, etc. When necessary, additional techniques like stakeholder interviews, baseline surveys, household surveys, and participatory research exercises can also be used.
  7. The suggestions given by the elected representatives/bodies shall be duly considered while finalizing the CSR activities
  8. Memorandum of Understanding (MoU) shall be signed with all implementing agencies for projects having value more than Rs.5.00 lakhs.
  9. Board level CSR committee of CIL and subsidiaries would decide from time to time, the projects for which impact assessment is to be done.
  10. CIL and its subsidiaries as per their need and till their internal expertise is developed may appoint consultants/reputed institutes/paid interns from reputed institutes following due process, for evaluation of proposals reckonable as CSR proposals, need assessment or impact assessment of CSR projects. The expenditure incurred on engagement of consultants for CSR works may be included in the administrative expenditure, subject to limits as prescribed in the Companies Act/CSR rules of Min. of Corp. Affairs from time to time.
  11. Assets created from CSR funds shall strictly be for the benefit of the intended beneficiaries and maintenance of such assets shall be the responsibility of the concerned implementing agency/state Government./local body /beneficiary community unless specifically taken up as a project component by CIL and subsidiaries.
  12. The surplus arising out of CSR projects or programmes or activities shall not form part of the business profit of CIL and its subsidiaries.
  13. In order to contribute to the establishment of educational institutions, CIL/Subsidiaries should only support government universities or public sector institutions. Normally, these supports would take the form of

matching grants, but in exceptional circumstances, the CIL/Subsidiary Board may choose to provide more funding than matching grants for reasons that must be documented in writing.

### DATA MANAGEMENT

All CSR-related data will be kept up to date in real time, with a built-in mechanism for the creation of periodic reports that will, to the extent possible, include information on project closure, expenditures, beneficiaries broken down by age group (Children, Senior Citizens, Others), gender, and category (SC, ST, OBC, PWD). To preserve the indications and data, all organizations must use a common format/data sheet. The information system's implementation is the responsibility of the heads of CSR departments at CIL and its subsidiaries.

### MONITORING AND REPORTING

The following guidelines shall be followed for monitoring CSR activities:

The CSR Committee of Boards at CIL and its subsidiaries is responsible for periodically and on a case-by-case basis monitoring the status of work on ongoing projects.

The implementing agency must produce a Utilization Certificate along with a statement of spending fully approved by a Practicing Chartered Accountant or Authorized Auditor for the CSR fund that is granted to them either in full or in instalments.

CSR departments at CIL and subsidiaries shall monitor the CSR projects/activities periodically and shall prepare the Annual Report on CSR Activities for placing the same before the respective Boards through CSR Committee of Board. Which of the CSR projects will be audited by an outside auditor who will be selected on the CSR subcommittee's recommendation? That decision will be made by the board-level CSR committee of CIL and its subsidiaries.

The expenditure incurred on such audit of CSR activities may be included in the administrative expenditure.

Carefully crafted documentation about CSR expenditures and activities must be created by CIL and its subsidiaries and posted on the appropriate platforms.

CIL and subsidiaries shall take CSR mileage by leveraging print, electronic and digital media.

### DUE DILIGENCE

All applicable statutory provisions on corporate social responsibility (CSR) and their periodic changes shall be complied with by CIL and its subsidiaries. All laws, rules, regulations, guidelines, instructions, directions, and other similar communications that the Central Government may from time to time issue shall be complied with by CIL and its subsidiaries.

### LIMITATION AND AMENDMENT

The CSR policy of company will be governed by provisions under Companies Act, 2013 or any other act that may be introduced, Government guidelines and any other govt. instructions applicable from time to time.

### ALLOCATION

During the last five financial years, a total of Rs. 2,625.26 cr. have been spent under CSR by CIL and its subsidiaries across the country including in Amravati, Maharashtra.

S. No.	Theme	CSR	CSR	CSR	CSR	CSR	Total
		Exp. FY 17-18	Exp. FY 18-19	Exp. FY 19-20	Exp. FY 20-21	Exp. FY 21-22	
		(Rs. Cr.)	(Rs. Cr.)	(Rs. Cr.)	(Rs. Cr.)	(Rs. Cr.)	(Rs. Cr.)
1	Healthcare, Sanitation & Nutrition	93.36	179.14	290.6	314.85	393.89	1,271.84
2	Education & Livelihood	256.96	121.44	155.25	83.32	91.58	708.55
3	Rural Development	51.71	73.18	42.26	77.19	56.86	301.2



4	Environmental Sustainability	66.07	20.7	17.69	16.95	14.68	<b>136.09</b>
5	Promotion of Sports	10.79	14.12	23.61	11.24	10.09	<b>69.85</b>
6	Disaster Management	0	0	51.05	23.23	9.82	<b>84.1</b>
7	Other themes	4.89	7.89	7.38	27.07	6.4	<b>53.63</b>
	<b>TOTAL</b>	<b>483.78</b>	<b>416.47</b>	<b>587.84</b>	<b>553.85</b>	<b>583.32</b>	<b>2,625.26</b>

The impact of development programmes on the socio-economic condition of people residing near the coal mines can be described as under:

S. No.	Project theme	Types of Interventions	Impact
1	Healthcare & Nutrition	Construction of hospitals, Health camps, Mobile Medical Units, Treatment support, Supporting anganwadis etc.	Improved healthcare facilities and access to healthcare & treatment
2	Sanitation & Water Supply	Construction of toilets, installation of hand pumps, piped water supply projects etc.	Improved sanitation and supply of potable drinking water.
3	Education & Livelihood	Construction of schools, classrooms and hostels, Installation of smart classes, Vocational trainings and livelihood enhancement programmes etc.	Improved access to education & vocational trainings,
4	Welfare of the differently abled	Providing aids and assistive devices, Supporting special education etc.	Improved the facilities for special education of differently-abled students.
5	Women Empowerment	Vocational trainings in trades such as Beautician, Nursing, Food processing, Handicrafts, Poultry etc., Maternal health improvement, Menstrual hygiene programmes etc.	Improved employability and avenues for self-employment
6	Rural Development	Construction of roads, community halls and other public utilities, Installation of solar lights etc.	Improved mobility of villagers including accessibility to nearby local markets.

### SUGGESTIONS

Here's a brief overview of suggested CSR policies for Coal India Ltd:

1. Environmental: Focus on land reclamation, clean coal tech, and renewable energy.
2. Education: Establish schools, provide scholarships, and offer vocational training.
3. Healthcare: Set up mobile clinics and support cancer screening programs.
4. Water Management: Invest in conservation and improve access to clean water.
5. Women Empowerment: Support self-help groups and skill development.
6. Infrastructure: Improve roads and community facilities in mining areas.
7. Biodiversity: Protect local ecosystems and support related research.
8. Agriculture: Promote sustainable farming practices in affected areas.
9. Digital Literacy: Establish computer centres and support e-learning initiatives.
10. Disaster Preparedness: Implement risk reduction and emergency response programs.

These policies aim to address key issues in mining-affected communities while promoting sustainable development.

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