

Corporate Social Responsibility with Special Reference to Cement Industry of Satna District (M.P.)

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ABSTRACT

The cement sector is taken as most polluting industry as compared to other industries in the world. The establishment of such industry has been creating varieties of severe problems and issues to the community and society. The current review deals with the initiatives considered by cement industries in context of CSR for the welfare and upliftment of the affected community in and around the area, where it is established. Societal and environmental sustainability are linked with development for economic sector. The most important vital element of any enterprise in long run can be maximizing or earning profit, but by safe-guarding environmental and also social issues. Thereof, enterprise need to set up a proper balance between economical benefits with social in addition to environmental contributions with proper execution of enterprise responsibility towards environment as such : Waste reduction, minimization of cost on fuels, material, environmental management as well as eco-efficiency. Through this paper an attempt is made towards CSR by cement companies analogously, provisions for New Companies Act, 2013. Data is collected through secondary data and also various compilation of unpublished and published sources, are also used as other sources of data.

Keywords : CSR, Cement Industry, Company Act 2013, Waste Management, Sustainability

INTRODUCTION

Corporate Social responsibility (CSR) refers to all duties and obligations of business directed towards upliftment of society. These duties can be a set of routine functions of carrying on business activity or they may be an additional function carrying out welfare and rehabilitation activities. The people engage in business to earn profit and profit making is not the sole function of the business. It performs a number of social functions, as it is an integral part of society. It takes care of those who are instrumental in securing its existence and survival of owners, investors, employees, consumers, and governments in particular and community in general. CSR acts as a loop between society and the enterprise. As an enterprise works in society and so uses all its resources. So, with regard of it enterprise should serve enterprises by giving back to the society, by acting as a resourceful agent. The enterprise must act responsible towards society and must fulfill environmental norms and should support its neighboring community. Besides all, an enterprise should run transparently in a way to be answerable to its competitor, in a responsible way, and as cement industry being a polluting industry; it must use eco friendly technology, which may reduce carbon gas and other toxic substances which in a way badly impacts the ozone layer leading towards climatic change.

LITERATURE REVIEW

Carroll (1979) argued that, because of his early contributions to social responsibility, Bowen should be called "the founder of corporate social responsibility." He presented a three- dimensional model for social success of corporate, to researchers as well as administrators, which are the social problems that organizations must solve,

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what the ideology of the organization is or what the model of social response is. The discretionary, legal, ethical and economical expectations of businesses in society at any time are segment if social responsibility for business. The company's credibility was achieved through CSR by McWilliams and Seigel (2010), suggesting that businesses offering persuasive products are part of CSR operations, leading to loyalty to the customer and increased sales.

According to Clarkson (1995), stakeholders are such entities which are primary or secondary stakeholders with or claim ownership, rights or interests in a company and its operations. Typical stakeholders include shareholders and investors, staff, consumers, vendors and government and market-based and infrastructure-building societies to which taxes are payable.

Hartmann (2011) has noticed that the food industry is still seeking to enhance customer discharging facilities. Consumers often favor food companies that prefer CSR practices. Pohle and Hittner (2008) proposed that business organizations use CSR as a growth opportunity, and 76 percent agreed that their CSR aspirations were not well known.

According to Swisher, Rezola and Sterms (2006), an environmentally friendly and socially sound society built on a sustainable basis is economically efficient.

Emergence of Corporate Social Responsibilities in Cement Industry

Production of cement comprises of huge quantity of raw materials, heat, energy which in turn results into solid waste and emission of certain gases. After iron and steel industry, cement industry is considered as the second largest construction industry. Cement industry has come up as the most polluted industry. Because of its large volume, the emission of CO₂ gases is under close inspection. Cement Kiln, a waste product which is produced from cement manufacturing, causes severe health problems resulting in respiratory health risks. Thus, it has become a concern for the cement manufacturers to reduce CO₂ emissions to 5% as world's complete emissions of green house gases, is caused due to cement production (Loreti Group, 2008).

SCOPE OF THE STUDY

Madhya Pradesh (MP) is the largest cement producer of India which has 23 Cement Plants, within the state. It is followed by Andhra Pradesh, Rajasthan with 19 and 15 plants respectively. The major cement producing centre of MP are Katni, Jamul, Satna, Durg, Maihar, Neemach.

8% to 9% India's total production of cement is from Satna. As this district lies in the limestone belt of India, Satna comprises of a total 10 cement industries which produces and exports cement to different parts of the country. Since there's an abundance of minerals i.e. limestone, dolomite, are required entity for production of cement, this making Satna the commercial capital of Baghelkhand. Poor roads, inadequate electricity and atmospheric wastes from cement unit that causes air pollution are some of the hurdles faced by the city. Though, the city went through a sharp growth during post liberalization era i.e. after 1993. Satna is counted as the rising city of Madhya Pradesh and is amongst one of the SMART City missions of Government of India, as it got selected in, third phase under 'SMART city mission'. 'Satna' is recognized as the 'Cement city' of India.

OBJECTIVES

The Objectives are classified as under:

1. To have an understanding of CSR laws under the Company Act, 2013
2. To understand the present scenario of Corporate Social Responsibility

CORPORATE SOCIAL RESPONSIBILITY NORMS UNDER THE COMPANIES ACT, 2013: AN OVERVIEW

The ministry of corporate affairs had explained under section 135, schedule VII under the Company Act 2013 regarding the provisions under company rules 2014, and policies regarding CSR which came with effect from April 1, 2014. The activities of Corporate Social responsibilities is applicable to all those companies irrespective of being public or private having a turnover of Rs. 1000 Crores or net worth of Rs. 500 Crores or a Net profit of Rs. 5 Crores which in requires to spend at least 2% its average income that is net profit for antecedent of three financial years. Certain obligation under CSR activities which a company needs to undertake may include – eradication of hunger, poverty as well as under-nourishment, promotion of gender equality, proper health care facilities, providing education, providing livelihood facilities as setting up home/ providing shelter for senior citizens, women and orphans. Steps are being continuously taken for the reduction of disproportion faced by economically and socially backward troops which in turn ensures sustainability for the environment and ecological stability along with protection for animals, Conservation of Natural beauties and art & culture. Certain other steps are taken for taking care of Military troops, Widows of martyr's along with their dependents' contribution are being made to provide funds to prime ministers national relief funds. Certain training programmes are conducted to encourage rural as well as nationally renowned paraolympic and also Olympic sports conducted by central government for development of society leading towards socio economic development as well as upliftment of reserved quota's and minorities.

However, preferential treatment is given to the area surrounding in order to shape the CSR activities. Area surrounding which in turn shapes the CSR aboard constituting of CSR commity must be prepared to keep an eye on ongoing CSR activities. Accordingly, Section and monitor the company's CSR policies, a CSR Committee of the Board requires to be created. According to section 135 of the 2013 Companies Act, constituting of CSR Committee should comprise of at least three directors out of which one as an independent director. Organizations can too work together with one another jointly to undertake a CSR activity, providing each of the companies and update report of their projects. Board of directors annual reports on the CSR activities with along the company yearly financial statements detailing lastly financial years average net profits and CSR expenditure could also required to be included as per the format which is specified under the CSR rules outlined by the CSR policy.

CSR AS PER NEW COMPANIES ACT, 2013

CSR is no more a new phenomenon in the country as mentioned before. Corporations have been active in the service of the community since their foundation such as the Tata Group, the Aditya Birla Group, Indian Oil Company, etc., to address a few. Many other companies have also played a part in society through donations and charitable activities. CSR's fundamental mission today is to increase efficiently the cumulative effects on the businesses on the Indian society and its respective stakeholders. An upgrowing digits of businesses incorporate CSR strategies, procedures and services in their organizational pursuit and processes increasing number of businesses beliefs that CSR is not only a method of indirect expenditure, it is necessary to preserve goodwill and credibility, to protect attacks and increase market competitiveness. Companies are made up of CSR teams which create and allocate budgets to the procedure, policies and strategies and objectives of there CSR programs. The social ideology of these services is also straightforward and well developed and aligns them with conventional business. The programs, which are essential to this process, are enforced by the employees. CSR services include economic development, educational, environmental and health development, etc. Moreover, businesses are gradually joining forces with NGOs and using their resources to build projects to solve larger social issues. CSR activities within India have undergone various different phases.

The business has clearly shown the potential to have a positive difference in society and to enhance universal standard of life. Not one company but everyone should strive to make an alteration in the present socio condition in India, so that social issues are resolved effectively and permanently. Partnerships must be provided between businesses, NGOs and the government in order to allow India's socio-economic innovations to be rapidly implemented by combining skills, strategic thinking, staffing, and money for comprehensive social change.

CONCLUSION

As per law-Under the Companies Act, 2013, any of the company with a net worth of Rs. 500 crores or more or a turnover of Rs. 1,000 crores or more or a net profit of Rs. 5 crores or more has to spend 2% of their net profits per fiscal on CSR activities which is a mandate. The laws and rules came into existence from 1 April, 2014. According to the above new provisions of companies act 2013, the corporate socio activities are very essential for any business organization to make a good impression to all related stakeholders. The CSR playing the major role in goodwill creation of any business organization so cement industry also using the CSR activities for legal compliance of companies act. As per the company act 2013 the CSR is mandatory for certain type of companies. The cement industry also covered in these new provisions of company's act, so cement industry also make efforts for CSR in the provision of activities of education, health, infrastructure development, women empowerment etc. The role of CSR for any organization is very important for goodwill creation and also legal requirements of new provisions of this new act. According to our theoretical analysis of role of CSR, provisions of companies act 2013; all companies to work for the upliftment and betterment of the space where they work for the betterment of the society as per the provisions of companies' act 2013.

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