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GIVING BACK TO SOCIETY: CORPORATE SOCIAL RESPONSIBILITY AT NALCO AND IMFA

Surama Mohanty, Research Scholar,

Department of Business Administration, Utkal University

&

Dr. Bidhu Bhusan Mishra, Professor,

Department of Business Administration, Utkal University

ABSTRACT

India is an emerging economy and manufacturing sector is contributing maximum towards its GDP. Since the manufacturing units are polluting the environment during their production process they need to be more responsive towards attenuating the adverse effect through appropriate community development or CSR activities. As Government of India was one of the world's largest experiments of introducing the CSR as a mandatory provision by imposing statutory obligation on Companies to take up CSR projects towards social welfare activities. This has made India the only country which has regulated and mandated CSR for some select categories of companies registered under the Act. This paper has made an attempt to study the various CSR activities of two manufacturing units of Odisha i.e. NALCO and IMFA. The study has extensively examined the CSR activities of both the organizations between FY of 2016 and 2020. The innovative CSR activities practiced by others companies have been suggested to protect the interest of stakeholders of the organisation.

Keywords: Corporate Social Responsibility, NALCO, IMFA, Odisha

INTRODUCTION

India is a country in great transition. India is a country in the midst of a major transformation. Manufacturing has emerged as one of India's fastest-growing industries. Mr. Narendra Modi, India's Prime Minister, initiated the "Make in India" programme to put India on the map as a manufacturing centre and to give the Indian economy international respect. By 2022, the government wants to create 100 million new employments in the sector. The gross value added (GVA) of the industry accounts for 19% of the country's real gross value added. Capacity utilization in India's manufacturing sector was 66.6 percent in the third quarter of FY21, according to the latest study. The manufacturing component of the IIP stood at 116.9 between April 2020 and March 2021. India's industrial production, as measured by the Index of Industrial Production (IIP), was 143.4 in March 2021, according to the Ministry of Statistics and Programme Implementation. While we have pocket of prosperity, a growing middle income class, we also have a large population living below poverty line and many of our development indicators are not up-to the mark they should be. The mandatory corporate social responsibility (CSR) provision within the companies act 2013 looks towards promoting strategic CSR and realizing the great potential these business entities hold in addressing social challenges. CSR in India has considerable potential for improving corporate environmental and social conduct. A successful organization knows the worth of their employees and their motivation. CSR refers to an organization's awareness of how its actions impact on stakeholders above and beyond shareholders as well as introducing policies that benefit primary stakeholders such as employees and customers. CSR broadly defined as a discretionary organizational wellbeing (McWilliams & Siegel, 2000; Schwart & Carron, 2003). Organization are increasingly investing in CSR approach to minimize the negative impact of their business activities on secondary stakeholders such as the environment and communities in which they are located with the aim of improving their corporate image (De Roeck & Delobbe, 2012). "BAPU" i.e. Mahatma Gandhi had once told that our mother Earth provides enough to satisfy every man's need, but not every man's greed." Human greed is unlimited in nature. It can't be satisfied at a particular point. But, we all are human beings the best creation of god. We are born and brought up in the society. So, in return of that, we ought to be responsive for the society.

Baker (2004) has defined corporate social responsibility as "CSR is about how companies manage the business processes to produce an overall positive impact on society." In the words of Khoury (1999), "Corporate social responsibility is the overall relationship of the corporation with all of its stakeholders. These include customers, employees, communities, owners/investors, government, suppliers and competitors. Elements of social responsibility include investment in community outreach, employee relations, creation and maintenance of employment, environmental stewardship and financial performance". India would qualify as the first country to have CSR spending through statutory provision. As per Companies Act, 2013, "Corporate having a net worth of Rs. 500 Crores or more or having a turnover of Rs. 1000 Crores or more or net profit of Rs. 5 Crores during the financial year, shall constitute a CSR committee of the Board and spend at least 2% of average net profit of immediately preceding three years, in pursuance of its policies". Almost all of India's major corporations

participate in corporate social responsibility (CSR) programmes in areas such as education, health, job creation, skill development, and empowerment of the poor. The Tata Group, Infosys, Bharti Enterprises, ITC Welcome Group, and Indian Oil Corporation have all made significant contributions.

OBJECTIVES OF THE STUDY

The present study is focusing on analysing the CSR practices among two manufacturing units of Odisha i.e. IMFA (Private Company) and NALCO (Public Sector Unit) with following objectives:-

1. To gather information on what were the intended activities these companies planned at NALCO and IMFA during financial year 2015-2016 to 2019-2020
2. To explore and compare specific activities, programs and strategies are being devised by these companies in order to pursue their interest in CSR during financial year 2015-2016 to 2019-2020.
3. To make recommendation on how corporate social responsibility can enhance corporate reputation and performance of these companies.

REVIEW OF LITERATURE

According to Bowen (2013), CSR refers to the obligations of businessmen to pursue those policies to make those decisions or to follow those lines of relations which are desirable in terms of the objectives and values of our society. Frederick (1960) stated “social responsibility means that businessmen should oversee the operation of an economic system that fulfills the expectations of the people” (p.60). Davis (1960) argued that social responsibility is a nebulous idea but should be seen in a managerial context. He asserted that some socially responsible business decisions can be justified by a long, complicated process of reasoning as having a good chance of bringing long-run economic gain to the firm, thus paying it back for its socially responsible outlook (p. 70).

In the current business situation corporate social responsibility has become a progressively significant issue. Business performance such as enhancement in profits and reputation could be a positive impact by CSR practices. People would prefer for a firm that pays attention to the employee, customer and general public. Many companies are now considering CSR as important and valuable strategic asset. Bashir et al. (2012) exhibited their study on the impact of CSR activities on the employees. They determined that organisations indulgence in CSR activities impacts employees attitude positively resulting into enhancing organizational belongingness and job satisfaction which improves the productivity. Pradhan (2016) opined the CSR is a buzzword in the corporate world today; more and more companies are waking up to the concept of social accountability rather than just overall financial success.

Now, the importance of CSR has grown to such an extent that even before the land is acquired and foundation stone is laid for a project, the Company launches its CSR activities in that area. Thus, it is assumed by the companies that a solid foundation of CSR is a precondition of building a strong business empire. Menon et al. (2003) observes that, today in India, there is a new army of volunteers’ who are emerging from offices, canines and boardrooms and spilling out on to the streets. Mohan (2005) observes that over 10 years, people have increasingly begun to appreciate that the success of a business is inextricably tied to the welfare and stability of

the community. 'People' and 'planet' also have a part to play alongside 'profit'. That view calls for a new corporate logic, in which caring for employees, communities and the environment is not only seen as morally correct, but also the best approach for continuity and profitability.

Corporate social performance affects the perceived image, attitudes and intended behaviour of employees (Peterson, 2004; Riordan et al., 1997). Rupp et al. (2006) also investigated the impact of employees' perception of CSR on their subsequent emotions and attitude. Subramanyam (2015) has explored his study in CSR and practices of Indian companies and they referred CSR as the set of policies, practices and programmes integrated into the business operations, supply chain and decision making process throughout the organization. Noronha et al. (2013) has studied employees' reactions towards CSR. They specifically portrays that employees make distinct judgments about organizations CSR efforts and social responsibility or irresponsibility on the part of the organization can affect employees subsequent attitude and behaviour. Elkington (1998) opined that a corporate organization must address, what calls the triple bottom line—companies being responsive not just to financial /economic interests, but to society, and the environment. CSR needs to focus on the social, environmental, and financial success of a company—the triple bottom line. Jonung and Malhotra (2007) studied the attitudes towards sustainable development and corporate social responsibility among future business leaders in Bangalore, India in 2007 found a positive attitude towards CSR and suggest that top students evaluate the attractiveness of a future employer partly through its CSR work.

Blowfield and Frynas (2005) suggested as the overall analytical and descriptive understanding of CSR “an umbrella term for a variety of theories and practices all of which recognize the following: (a) that companies have a responsibility for their impact on society and the natural environment, sometimes beyond legal compliance and the liability of individuals; (b) that companies have a responsibility for the behaviour of others with whom they do business (e.g. within supply chains); (c) that companies need to manage their relationship with wider society, whether for reasons of commercial viability, or to add value to society”. It is important for industries and the organization to understand the need of sustainability from the triple bottom line approach that is economical sustainability, Environmental sustainability and social sustainability need to be addressed .The research focuses on the three parameters as well.

RESEARCH METHODOLOGY

The study is based on the secondary data only. Since the aim of research paper is to make a comparative analysis of the CSR activities of IMFA and NALCO the data are mainly collected from secondary sources like journals, annual reports, CSR reports and website of the companies. The study has intended to analyse the average expenditure done by these two companies during the last five financial years i.e. from 2016 to 2020 in different CSR projects.

CSR INITIATIVES AT NALCO AND IMFA DURING FY 2016-2020

This section elaborately discuss various CSR activities undertaken by the both the companies during the financial year 2016-2020. The section also discusses the funds allocated and spent under different CSR activities in the respective organizations during the study period.

CSR initiatives by National Aluminium Company Limited (NALCO) during FY 2016 to 2020

Incorporated in 1981, as a public sector enterprise of the Government of India National Aluminium Company Limited (Nalco) is Asia's largest integrated aluminium complex, encompassing bauxite mining, alumina refining, aluminium smelting and casting, power generation, rail and port operations. Commissioned during 1985-87, Nalco has emerged to be a star performer in production, export of alumina and aluminium, and more significantly, in propelling a self-sustained growth. NALCO is a Navratna CPSE under Ministry of Mines. The Company registered net-profit of Rs. 138 crore and sales turnover of Rs. 8,426 crore in financial year 2019-20. The export earnings have been recorded at Rs. 3,511 crore. Presently, Government of India holds 51.28% equity of NALCO. In 2010-11 fiscal, NALCO Board decided to set up a standalone Foundation for its CSR activities. Among other things, the Board decided to allocate an additional one percent of Nalco's total net profit every year to fund the schemes to be undertaken by this Foundation. The Foundation was registered on 28th July 2010, under the Indian Trusts Act 1882. The Foundation is based on the Guidelines on CSR for CPSEs, issued in March 2010 by the Department of Public Enterprises, Government of India. With the setting up of Nalco Foundation, the CSR budget of the company now stands doubled at 2% of the net profit. It has been recognized with 'Honourable Mention' for Excellence in the field of Corporate Social Responsibility (CSR) for its flagship CSR project 'NALCO Ki Ladli' at the National CSR Awards ceremony held in Vigyan Bhawan in New Delhi. The company has been selected for President's award for utilisation of Corporate Social Responsibility (CSR) fund in social development. NALCO was selected for its "AlialiJhia Scheme". Showing commitment and solidarity with the Nation and the home State where it operates in the fight against COVID 19 pandemic, NALCO donated Rs.7.6 crore to PM CARES Fund and Rs.2.6 crore to CM's Relief Fund, Odisha. The total contribution toward COVID-19 relief fund is Rs. 10.2 crore. The Company has funded a 200 bedded exclusive COVID-19 hospital with 10 bedded ICU and oximetry along with 24-hour diagnostic facility at Nabrangpur, Odisha. This hospital will cater to the need of tribal dominated district of Nabarangpur and other adjoining districts of southern Odisha, viz Rayagada, Koraput, Malkangiri and Kalahandi. Enhancing the stakeholders' wealth has remained the prime mover to steam Company's growth but nonetheless the driving spirit remains to bring smiles in the face of multitude of its stakeholders.

Table 1: The amount budgeted and spent towards CSR activities during financial year 2015-16 to 2019-20 at NALCO

Sl. No.	CSR Project or activity identified	FY	Amount budgeted	Amount spent
			in Rs. crore	in Rs. crore
1	Health outreach Program- Mobile Medical Units, Diagnostic & awareness building through Information, Education, Communication (IEC) activities	2015-2016	165	58.03
		2016-2017	425.18	163.59
		2017-2018	873.99	485.61
		2018-2019	361	143.85
		2019-2020	657.04	162.811
2	Construction of toilets under Swachh Vidyalaya Abhiyan and other purpose (Sanitisation) Additional Rs. 467 lakh allocated for Special project under Swachh Iconic place development but not utilized Additional Rs. 1343.33 lakh allocated for Special project under Swachh Iconic place development but only Rs. 641 lakhs were spent Additional Rs. 476.67 lakh allocated for Special project under Swachh Iconic place development but only Rs. 9.61 lakhs were spent Additional Rs. 361.21 lakh allocated for Special project under Swachh Iconic place development but only Rs. 192.64 lakhs were spent	2015-2016	500	160.3
		2016-2017	1078.46 (611.46+ 467)	101.57
		2017-2018	2402.23 (1058.90+1343.33)	1269.53 (628.07+641.46)
		2018-2019	576.67 (100+476.67)	144.81 (53.21+91.6)
		2019-2020	889.56 (583.35+316.21)	613.87 (421.23+192.64)
3	Providing safe drinking water to periphery villages of plants and during Nabakalebar at Puri (2015-16), Rathayatra at Puri (2016-17)	2015-2016	92.41	70.98
		2016-2017	164.81	68.37
		2017-2018	263.58	76.76
		2018-2019	366.47	301.64
		2019-2020	348.28	312.38
4	Promoting education, sponsoring formal education of tribal children in reputed residential schools	2015-2016	1450.07	2053.42
		2016-2017	2997.14	2131.83
		2017-2018	3494.8	573.34
		2018-2019	539.12	1,910.60
		2019-2020	875.01	2,144.65
5	Providing employment enhancing training to Persons With Disabilities (PWDs) students for their livelihood, support for skill enhancing training programmes	2015-2016	—	—
		2016-2017	283.2	—
		2017-2018	484.4	82.81
		2018-2019	707.93	172.41
		2019-2020	167.8	42.91
6	Assistance to Adruta Children Home for Orphans	2015-2016	55.15	55.15
		2016-2017	—	—
		2017-2018	—	—
		2018-2019	—	—
		2019-2020	25	5
7	Ensuring environmental sustainability, ecological balance through plantation	2015-2016	252	105.74
		2016-2017	389.34	131.7
		2017-2018	796.75	79.22
		2018-2019	251.76	110.22
		2019-2020	293.43	224.67
8		2015-2016	10	10

	Contribution towards protection of national heritage and culture and development of traditional arts and handicrafts.	2016-2017	111.28	55.75
		2017-2018	186.28	61.84
		2018-2019	70	50.85
		2019-2020	202	46.62
9	Contribution to the Prime Minister's Relief Fund/ Central Govt. Fund for socio-economic development /welfare of SC/ST/OBC/Minorities/ Women/	2015-2016	—	—
		2016-2017	400	—
		2017-2018	400	—
		2018-2019	0	0
		2019-2020	0	0
10	Rural development activities in periphery villages and other areas.	2015-2016	584.45	203.03
		2016-2017	1326.28	310.63
		2017-2018	1665.55	183.63
		2018-2019	340.83	62.71
		2019-2020	201.66	67.18
11	Empowering women through distribution of Charkha to women weaver & spinner in villages	2016-2017	23.5	13.5
		2017-2018	0	0
12	Administrative Expenditure for carrying various CSR Projects/Programme	2016-2017	71.01	37.36
		2017-2018	206.01	75.16
		2018-2019	195	128.58
		2019-2020	195	151.41
13	Promotion of Rural Sports	2018-2019	9.25	9.25
		2019-2020	12	12.2
14	Disaster Management including relief, rehabilitation and reconstruction activities (Puri and Khurdha Districts after Phani Cyclone)	2019-2020	286.57	187.63

Source: Secondary data

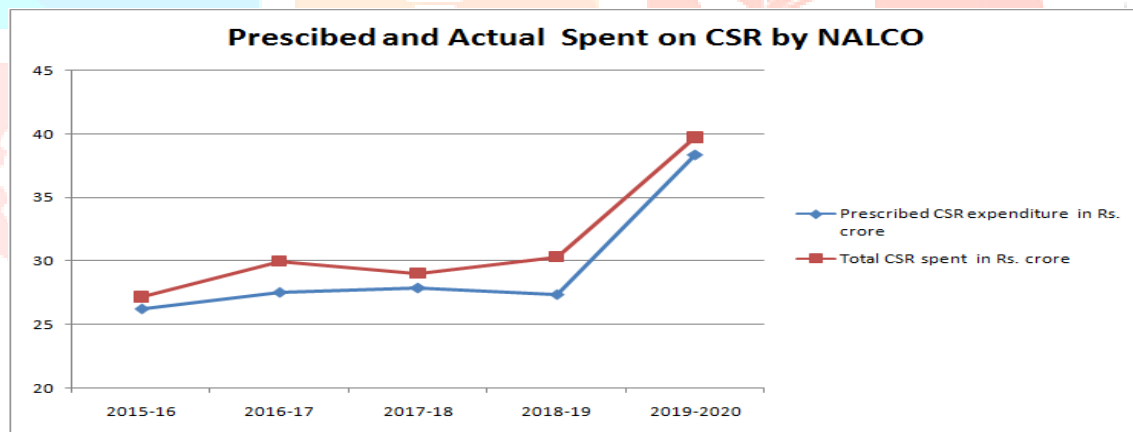
The above table discusses about the CSR budget and spending on various activities from 2015-16 to 2019-2020 at NALCO. The major focused areas are health, sanitization, education, training, assistance to orphan's, environmental sustainability, culture and arts, rural development and women empowerment. It is observed from the above table that in year 2015-16 and 2016-17 the company had contributed maximum fund towards promotion of education and around Rs. 20.5 crore and Rs 21.3 crore rupees were spend on uplift the standard of education and financial support to meritorious students in rural part of Odisha. Subsequently, in the year 2017-18 the company spent most of its CSR fund on sanitation of local people through construction of toilets and organizing Swachh Vidyalaya Abhiyan in different localities. During 2018-19, the company has spent Rs. 19.11 crore on promotion of education which was followed by Rs. 3.04 crore CSR spending on providing safe drinking water to periphery villages of plants. In 2019-20, again the company increased its CSR funding on promotion of education and spent on 21.45 crore. In the same year the company had spent Rs. 1.88 crore under the head of disaster management including relief, rehabilitation and reconstruction activities to help the cyclone affected people of Puri and Khurdha Districts after Phani Cyclone.

Table 2: Average net profit for last 3 FYs, Prescribed CSR expenditure, Total CSR spent, Amount unspent of NALCO

Financial year	Average net profit of the company for last 3 FYs	Prescribed CSR expenditure	Total CSR spent	Amount unspent
	in Rs. crore	in Rs. crore	in Rs. crore	in Rs. crore
2015-16	1312.1	26.24	27.17	Nil
2016-17	1378.1	27.56	30.01	Nil
2017-18	1393.8	27.88	29.01	Nil
2018-19	1369.1	27.00	30.35	Nil
2019-2020	1917.31	38.35	39.71	Nil

Source: Secondary data

The table 2 presents four important financial aspects related to the CSR activities. It can be observed that the profit of the companies has increased in this five year time period and subsequently, the spending and allocation of CSR funds has increased from 2016-2020. During these five financial years the total CSR spent has exceeded the prescribed CSR expenditures in each year. The spending is more towards promotion of education in the interior villages located in the company's peripheries. The facts given in the table are presented in the figure 1.

Figure 1: Prescribed CSR expenditure and Total CSR spent by NALCO

Source: Secondary data

CSR initiatives by Indian Metals & Ferro Alloys Limited (IMFA) during FY 2016 to 2020

Established in 1961 in the Eastern State of Odisha known for its rich natural resources, IMFA is India's leading fully integrated producer of value added ferro chrome with 190 MVA installed furnace capacity backed up by 204.5 MW captive power generation capacity (including 4.5 MW solar) and extensive chrome ore mining tracts. We are unique from the quality perspective due to comprehensive ISO 9001 Quality Management certification. IMFA is a world of enterprise and innovation inspired by its Founders Late Dr Bansidhar Panda and Late Mrs Ila Panda. What now stands before the world is a leading, fully integrated producer of ferro alloys straddling the value chain from mining to smelting and with plans for accelerated growth. While in India, the organisation have long standing relationships with Jindal Stainless, Shah Alloys and other producers, internationally have a partnership

with POSCO of South Korea (taking the lead in a 76:24 joint venture in India to produce ferro chrome with assured off-take commitment in addition to a long term contract) and Nisshin Steel (long term contract) besides supplying on a consistent basis to many large customers in China and Taiwan. The company's continuous focus on exporting and value addition to ferro chrome has won us many accolades including the 43rd National Awards for Export Excellence from EEPIC in 2010-11.

The initiatives under CSR were overseen by the founder Late Mrs Ila Panda and it is her guiding spirit that drives the organisation ahead. Her leadership of Indian Metals Public Charitable Trust (IMPACT), a philanthropic venture, resulted in many initiatives in education, healthcare, literature, culture, sports and social activities. Besides that thrust is also operating many schools and a technical training institute. The initiatives are also taken to provide basic healthcare to the community in and around the sites of the company and generally work towards uplifting the under-privileged sections of society.

The Bansidhar & Ila Panda Foundation (BIPF) was founded in 2011 and has its origins in the decades-long community service carried out by the founders of Indian Metals and Ferro Alloys Limited (IMFA). Late Dr. Bansidhar Panda, research scientist, returned from the United States and chose Therubali, a remote outpost in the erstwhile undivided Koraput district of Odisha, to embark upon his dream and IMFA came into being in 1961. Today, IMFA is a world of enterprise and innovation inspired by its founders - Late Dr. Bansidhar Panda and Late Mrs. Ila Panda. It has been set-up to focus on sustainable initiatives in the field of education, skill development, water & sanitation and women & child development with a focus on preventive healthcare. BIPF will not only take up activities on its own but will also partner with both government and private organisations to tackle myriad issues. The initial focus is on the communities where we have a presence through our operations as the availability of local infrastructure is a significant advantage. BIPF will not only take up activities on its own but will also partner with both government and private organisations to tackle myriad issues. The initial focus is on the communities where we have a presence through our operations as the availability of local infrastructure is a significant advantage.

Situated in the eastern state of Odisha, IMFA's founders' motto, "Touching Lives beyond Business", set the tone for working closely with local communities to empower them with initiatives in Education, Health, Women Empowerment, Skill Development, and Water & Sanitation. Today, BIPF continues to build on this legacy to carry out the Corporate Social Responsibility (CSR) initiatives in a more scalable and sustainable manner, targeting mostly marginalized communities. While it was only in 2013 that the Company Act mandated the CSR programs by corporate, IMFA and BIPF had already deployed significant resources to their focus areas. BIPF is currently working in the five districts of Odisha namely Keonjhar, Jajpur, Rayagada, Angul, and Cuttack. These are remote districts which are difficult to access, lack basic facilities, and have very limited livelihood opportunities. They are also susceptible to the natural calamities such as cyclones and floods. As IMFA runs its operations from these districts, it was a natural step for BIPF to focus its developmental work in these areas.

Table 3: The CSR spending of IMFA on priority areas during 2015-16 to 2019-2020

Sl. No.	CSR Project or activity identified	Financial Year	Amount outlay (budget) project	Amount spent on the projects
			in Rs. crore	in Rs. crore
1	Health Care & Community Development	2015-2016	0.82	0.82
		2016-2017	0.40	0.56
		2017-2018	1.03	1.32
		2018-2019	1.40	1.57
		2019-2020	1.80	1.42
2	Education & Skill Development	2015-2016	10.71	5.03
		2016-2017	5.82	4.45
		2017-2018	9.88	2.32
		2018-2019	2.78	2.70
		2019-2020	2.42	2.03
3	Women Empowerment & Gender Equality	2015-2016	0.04	0.01
		2016-2017	0.31	0.26
		2017-2018	0.01	0.01
		2018-2019	0.01	0.02
		2019-2020	0.02	0.01
4	Environmental Sustainability	2015-2016	0.03	0.02
		2016-2017	0.00	0.00
		2017-2018	0.00	0.00
		2018-2019	0.00	0.00
		2019-2020	0.01	0.01
5	Infrastructure Development	2015-2016	0.24	0.09
		2016-2017	0.01	0.02
		2017-2018	0.04	0.03
		2018-2019	0.41	0.40
		2019-2020	0.34	0.39
6	Promotion of Sports	2015-2016	0.09	0.07
		2016-2017	0.11	0.10
		2017-2018	0.11	0.11
		2018-2019	0.03	0.03
		2019-2020	0.05	0.05
7	Promotion of Culture	2015-2016	0.22	0.22
		2016-2017	0.30	0.06
		2017-2018	0.11	0.06
		2018-2019	0.01	0.00
		2019-2020	0.03	0.03
8	Contribution to Relief Fund	2015-2016	0.00	0.00
		2016-2017	0.00	0.00
		2017-2018	0.12	0.11
		2018-2019	0.01	0.01
		2019-2020	0.31	1.15

Source: Secondary data

From the above table it is depicted that IMFA has made extensive work in promoting education in rural areas of Odisha and compared to other focused area of CSR activities they have spent considerable amount towards on this sector. In 2015-16, Rs.5.03 crore was spent on education & skill development activities where BIPF works to provide quality education is limited or non-existent areas. In the 2015-16 the company had also spent Rs.0.82 crore in providing healthcare infrastructures by way of clinics/ healthcare centers, frequent inoculation drives, behavioral change campaigns, and strengthening the medical center through BIPF's interventions program. Similarly, in 2016-17 the company has spent Rs.

4.45 crore towards promotion of education and skill development. The second highest spending of Rs. 0.56 was done on health care & community development in the same financial. Similar trend was observed in the next year 2017-18 where Rs. 2.32 crore was allocated in the field of educational development and Rs.1.32 crore was allocated for healthcare and community development. Subsequently, Rs.2.7 crore was spent for education and skill development and Rs.1.57 healthcare and community development 2018-19. Ultimately, in the 2019-20 Rs. 2.03 crore has been spent on education and skill development, whereas, Rs. 1.42 crore was also spent on education. Similarly, Rs.1.15 crore was contributed towards victims of disaster in the forms of relief fund.

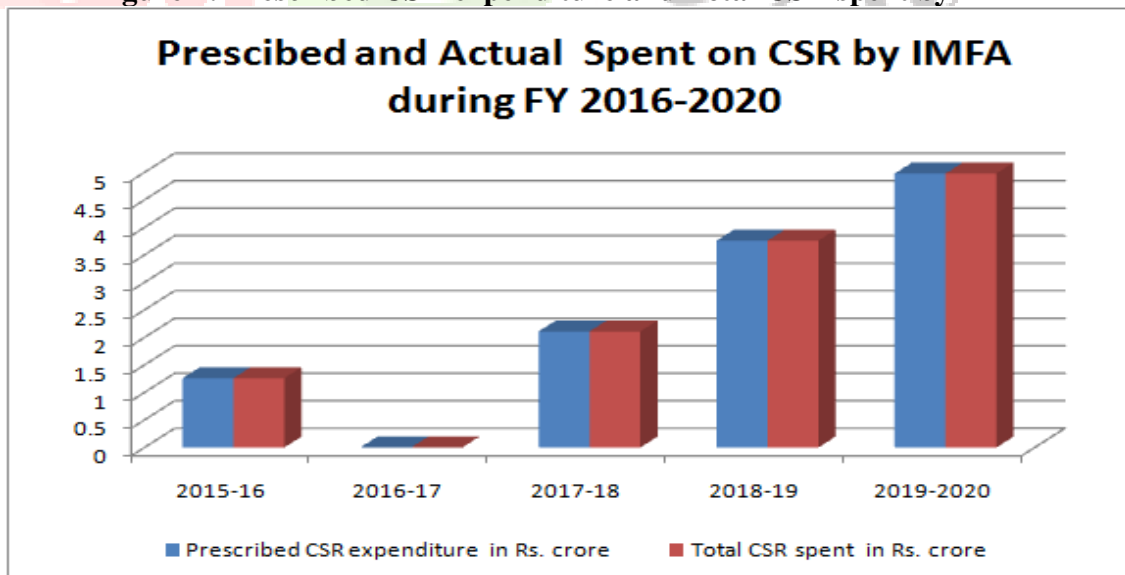
Table 4: Average net profit for last 3 FYs, Prescribed CSR expenditure, Total CSR spent Amount unspent of IMFA.

Financial year	Average net profit of the company for last 3 FYs	Prescribed CSR expenditure	Total CSR spent	Amount unspent
	in Rs. crore	in Rs. crore	in Rs. crore	in Rs. crore
2015-16	63.12	1.26	1.26	NIL
2016-17	0.19	0.004	0.004	NIL
2017-18	105.29	2.11	2.11	NIL
2018-19	187.84	3.76	3.76	NIL
2019-20	248.96	4.98	4.98	NIL

Source: Secondary data

The three important statistics about CSR funding of IMFA i.e. average net profit for last 3 FYs, prescribed CSR expenditure, total CSR spent amount are discussed in the above table 4. As per the above table, the average net profit has reduced from Rs.63.12 in year 2015-16 to Rs. 0.19 in the year 2016-17 resulting in a very small amount of CSR fund allocation for extension activities. But gradually the average net profit has increased from Rs.105.29 in the year 2017-18 to Rs.248.96 crore in 2019-20. It can be also observed from the table 3.8 that there is no difference between the prescribed CSR expenditure and total CSR spent for five consecutive years. The data given in the above table is presented in the figure 2 given below.

Figure 2: Prescribed CSR expenditure and Total CSR spent by IMFA

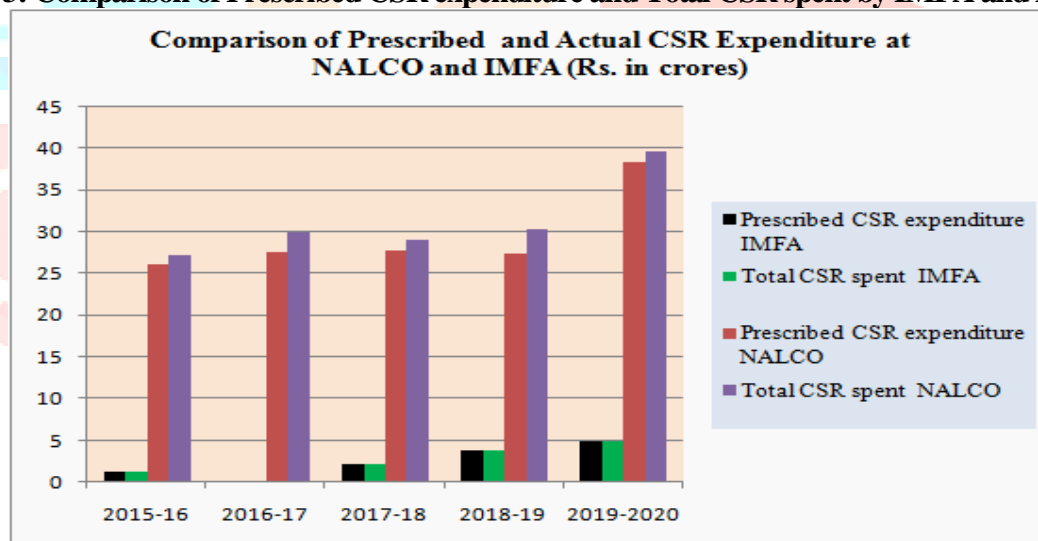


Source: Secondary data

Comparison of CSR spending of NALCO and IMFA

IMFA and NALCO are located in interior part of Odisha and committed to sustainability and community welfare in the locality. Though both are manufacturing units but vary in terms of profitability and allocation of funds towards CSR activities. NALCO as a Navaratna company carries a huge potential to generate relatively more profit than IMFA. Thus, this huge profit allows NALCO to allocate and spend higher amount of funds towards community development and environmental sustainability in comparison to IMFA. If we observe the figure 3, it is evident that the NALCO continuously follows a trend of spending more amounts of funds towards CSR than their yearly allocated funds. It may be perceived as a good gesture by demonstrating high degree of commitment towards social welfare and could help organization to improve its brand image. But, on the other hand side, IMFA's actual expenditure on CSR is equal to prescribed CSR funds. Another thing is that the amount allocated for CSR by IMFA is only 10 per cent of the funds allocated by the NALCO which allows NALCO to expand the scope of CSR activities in compare to IMFA. NALCO had a carried out wider sphere of CSR activities and they allocate funds for preservation of national heritage like "Konark temple", doing relief, rehabilitation and reconstruction activities at Puri and Khurdha Districts after Phani Cyclone in 2019. Further, NALCO is contributing handsome amount of funds for social sanitation and it actively participated in Swachh Bharat Abhiyan by constructing 479 toilets in various districts of its operating areas and has also taken up a noble initiative to make 11 periphery villages completely open defecation free (ODF) in Damanjodi and Angul sector out of which 8 villages have been made ODF.

Figure 3: Comparison of Prescribed CSR expenditure and Total CSR spent by IMFA and NALCO



Source: Secondary data

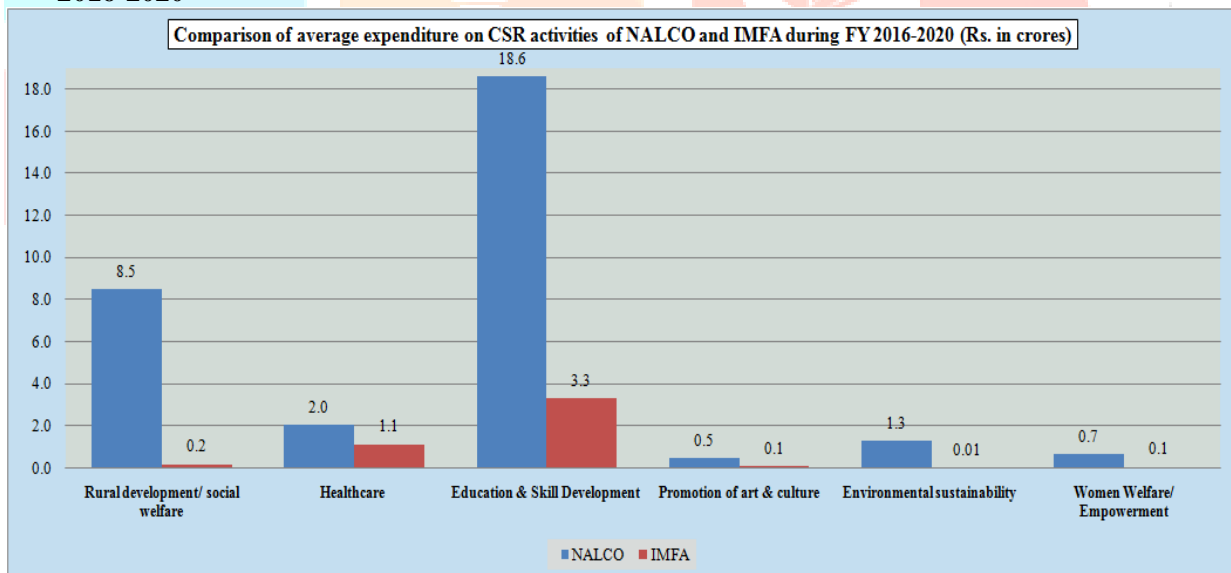
While comparing average expenditure on different CSR activities for the period FY 2016-2020 we can clearly observe that the spending on CSR activities by NALCO is relative more in compare to IMFA. The major focus for both the companies was on improving the educational quality and maximum funds were allocated for the same. NALCO had spent an average of INR 18.6 crores towards education and skill development, whereas, IMFA had spent INR. 3.3 crores. Next, NALCO had spent INR. 8.5 crores but IMFA had spent only INR. 0.2 crores on rural development and social welfare activities.

Table 5: Comparison between IMFA and NALCO on average CSR spending towards different areas from FY 2016-2020

CSR activities	Average CSR expenditure from FY 2016-2020	
	NALCO	IMFA
	in Rs. crore	in Rs. crore
Rural development/ social welfare	8.5	0.2
Healthcare	2.0	1.1
Education & Skill Development	18.6	3.3
Promotion of art & culture	0.5	0.1
Environmental sustainability	1.3	0.01
Women Welfare/ Empowerment	0.7	0.1

Source: Secondary data

Similarly, healthcare is found to be second priority sector for IMFA and on an average INR. 1.1 crores were allocated during FY 2016-2020 but NALCO had made an allocation of INR. 2.0 for better healthcare facilities in the localities. Regarding environmental sustainability, IMFA found to be having no significant allocation of funds and on an average only INR.0.01 crores were allocated, whereas, NALCO had allocated an average of INR. 1.3 crores for environmental sustainability make it more responsible organization towards environmental imbalance. Being a manufacturing unit IMFA should increase its fund allocation on environmental sustainability to compensate the environmental damage occurred during manufacturing process.

Figure 4: Comparison between IMFA and NALCO on average CSR spending towards different areas from FY 2016-2020

Source: Secondary data

MAJOR FINDS AND RECOMMENDATIONS

The study has revealed that both the organisations are committed toward mitigating social and environmental issues in their locality. Both the organisation had form foundation dedicated to carry the appropriate CSR activities in the needed areas. The projects are completed either direct mode or through implementing agencies. Since, CSR funding are highly depending upon the organizational profits here NALCO's allocation and spending towards community developmental activities are relatively more than IMFA. The NALCO as a Navaratan CPSE unit found to be more responsible and engaged in wider range of CSR activities in comparison to IMFA. Further,

the amount spent by NALCO is ten times more than IMFA that allows the former organisation to operate CSR initiatives in a larger geographical area that is beyond its location of plant. It is observed that IMFA being a manufacturing unit shows no serious concerns towards environmental sustainability and it lacks drastically in addressing the issues related this area particularly. It is suggested that IMFA should improve its spending on environmental sustainability like green energy, plantation and afforestation, rain water harvesting, waste water treatment etc. Similarly, NALCO can diversify its CSR funds on other important social and environmental issues like farmers' education, women empowerment, rain water harvesting, sustainable farming techniques and waste management programs in prime cities.

CONCLUSION

India has the longest history of corporate social responsibility in the world (CSR). In ancient times, CSR was done informally as a sort of philanthropy to the impoverished and underprivileged. The necessity of sharing one's earnings with the poor has been highlighted in Indian texts on multiple occasions. Sharing and caring are deeply ingrained in our culture. Since, CSR is dynamic in nature the company should alter their strategies and must uptake activities in new emerging domains that can be beneficial for the organizational perspective. The innovative CSR initiative will enable the organizations to protect the interest of its stakeholders. It is believed that it is very much important for any profit generating company to hold this responsibility to augment and foster strong relationships with the community. A well committed organisation can conduct CSR operations in a socially responsible way through community involvement and optimum resource utilisation.

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