

# Corporate Social Responsibility: A case study on Satluj Jal Vidyut Nigam Limited

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## ABSTRACT

**Background/Objectives:** The main purpose of the study is to explore the CSR concept and practices adopted by the SJVNL (NathpaJhakri Hydro power Station) selected for the case study in Himachal Pradesh. This purpose was achieved by investigating how the company conceptualize the concept and identifying the CSR practices adopted in relation to the community. Moreover, the study explored the objectives by identifying the factors that motivate the companies to engage in the process of CSR and by identifying the processes that organizations are following to deliver the CSR practices.

**Methodology:** The study purposively selected NJHPS which is India's largest 1500 MW power station in Himachal Pradesh. The SJVNL (NJHPS) is a Hydro power station which is supposed to badly affect the environment and the ecosystem. The selected company also falls under the purview of Company's Act 2013 (section 135). The study used interview guide for semi-structured interviews. Questionnaires were used to collect the responses from the CSR managers. In the present study, the researcher used both the primary as well as secondary sources of data collection. The primary sources included original data collected from the CSR managers or representatives of the selected companies. Whereas, the secondary sources of data collection included CSR annual sustainability reports, CSR related documents, In-house journals and other CSR related progress reports of the company.

**Findings:** In NJHPS, Corporate social responsibility has always been an integral part of corporate business since the inception of the company. SJVN foundation has been engaged in addressing a whole gamut of emerging issues by designing and implementing intervention programs. The company has a separate department named SJVN Foundation with a manager devoted to plan and implement CSR activities in the community and society. The company is highly involved in various CSR practices with a focus on education, women empowerment, health and hygiene and other related issues. The company is also implementing various projects in line with the Government of India.

**Improvement/Applications:** The present study is new and has not been done before in the Himachal Pradesh on the same lines. The Topic might have been investigated before, but the topic has not been explored in Himachal Pradesh with respect to community as a stakeholder.

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## 1. Introduction

Companies today have integrated the community development goals in to the business goals by considering responsibilities for the impact of their activities on all stakeholders as well as environment. Business exists because society provides a resource pool and license to operate. Society provides various inputs in form of skilled and unskilled labour, natural resources, raw material for the growth and continuity of business. As a consequence, corporate management should take in to consideration societal expectations, and integrate it in to business practices in such a manner that business operates in accordance with societal values.

In the last one-decade Corporate social responsibility (CSR) has witnessed a paradigm shift in the nature of doing business from traditional private institutions to social institution. Traditionally the main purpose of any house is seen as profit maximization for the stakeholders but, today, organizations have experienced that weaving social and environmental considerations in to business strategy can result in cutting

edge innovation and competitive advantages. Kotler and Lee (2008) defined Corporate Social Responsibility as "a commitment to improve community wellbeing through discretionary business practices and contributions of corporate resources" [1]. In this definition discretionary refers to a voluntary commitment a business makes in choosing these practices and community wellbeing includes both the human conditions as well as environmental concerns.

### CSR and Company's Act, 2013

According to section 135 of Company's Act 2013, every company either private limited or public ltd having (a) a net worth of Rs.500 crore or more (b) a turnover of Rs.1000 crore or more, have to spend 2% of their net profit for the immediately preceding 3 financial years on CSR activities.

### CSR Committee

Companies are required to constitute committee consisting of three members, including one Independent Director. The board of directors shall be responsible for

approving the CSR policy; disclosing its contents in the board report; making it public on company's website and deploying the funds.

### **CSR Expenditure**

CSR expenditure shall include all expenditure including contribution to corpus on projects or programs relating to CSR activities, approved by the board on the recommendation of its CSR Committee, but does not include any expenditure on an item not in conformity or not in line with activities which fall in the purview of schedule VII of the Act. Activities undertaken in pursuance of the normal course of business of the company is not CSR and only CSR activities within India can be taken in to consideration. Activities exclusively for the benefit of employees and their families is not CSR.

### **CSR Reporting**

The companies can also prepare annual report of CSR activities mentioning the average net profit for the 3 financial years. In an annual CSR report, as per the template prescribed in the rules, the company needs to report the projects undertaken, the specific areas and also the amount spend on the individual projects.

### **Activities**

The Act also list out activities such as - Eradicating hunger, poverty and malnutrition, promoting preventive healthcare, education, gender equality, construction of homes for women, orphans and the senior citizens, reducing inequalities faced by socially and economically backward groups, environmental sustainability, animal welfare, protection of national heritage, art and culture, measures for the benefit of armed forces veterans, war widows and their dependents, organizing training to promote rural, nationally recognized, Paralympics or Olympic sports, contribution to the prime minister's national relief fund and welfare of reserved groups, women and minorities.

### **Local Area**

As per Company's Act 2013, the preference should be given to local areas and the areas where the company operates.

## **2. Company Profile and Company Characteristics**

SJVNL was established in 1999 as a joint venture of Government of Himachal Pradesh and Government of India. SJVN Limited is a Mini Ratna, Category-I and Schedule 'A' CPSE under administrative control of Ministry of Power, Govt. of India. The SJVNL NathpaJhakri Hydro Power Station was the first Project of the company which is India's largest in terms of power generation. The company has started and commissioned projects namely Rampur Hydro Power Station in Shimla District of Himachal Pradesh, Solar power project in Gujarat and Wind power project in Maharashtra. SJVN is presently implementing Power Projects in Himachal Pradesh, Uttarakhand, Gujarat and Bihar in India. Besides India, the company is also implementing projects in Nepal and Bhutan. The SJVNL CSR policy stands to provide support towards social and economic development of the communities [2].

## **3. CSR practices and CSR focus areas of the company**

### **Supporting education & providing scholarships:**

SJVN Foundations' education and skill development program is based on the principle of empowering the younger generation with skill sets that would enable them to earn a livelihood and live with dignity and honour. Under the SJVN's Silver Jubilee Merit Scholarship scheme, which aims at inculcating competitive spirit among students was launched in the FY 2012-13. The scheme is open for meritorious students of 12<sup>th</sup> standard for pursuing higher studies in different streams. Selected students are paid a scholarship for INR 2,000/- per month till the time they complete the course. Out of 170 students selected for the scheme in the FY 2015-2016, 100 students were selected from Himachal Pradesh and were awarded the school scholarship by the governor of Himachal Pradesh, Acharya Devvrat at a function held at Raj Bhawan, Shimla on 14th January 2016. SJVN Foundation contributed Rs. 10 Lacs towards Centre for Social Responsibility and Leadership, New Delhi for providing 11 months free residential coaching to 4 underprivileged but talented students from Himachal Pradesh to compete for admissions in IIT, NIT or other reputed institutes. During the financial year 2015-16, wards of six members of the NJHPS community were given merit scholarships of Rs. 1,48,500/-.

### **Women Empowerment:**

SJVN is also engaged in empowering the Women who belong to weaker sections of the community. SJVN has started a Woman and Child Development scheme in 2012-2013, under which all (BPL) women residing in the community governed by the project were given a financial benefit of Rs. 10,000/- in two instalments each during ante natal and post-natal periods to the mother for providing healthy nourishment to the new-born child. Besides this a pack of nutritional food items, soaps, and other hygiene related items for the care of the new-born are also given to these BPL women. In NJHPS during FY-2015-16, extended benefits were provided to all the women who applied under this scheme.

### **Health and Hygiene:**

SJVN Foundation has also conducted many health and hygiene camps which provided free check-up and treatment facilities at the project governed hospitals constructed at Jhakri. This initiative has enabled the local people to avail free medical care facilities and is providing a greater degree of relief. Under this initiative, people with disabilities get special attention. Free Health consultancy services are being provided to the community residing around NJHP through 'SatlujSanjeevaniSewa' scheme. It has been able to provide basic healthcare services at doorsteps of many rural households. Other than free consultancy, free medicines are also being provided by these clinics. This project is implemented by Help Age India, a well-known NGO, on behalf of SJVN Foundation for which Memorandum of Understanding was signed on 17th April 2013. A huge number of patients (around 41891), benefitted in 2015-16. They were mostly the community people, project affected families and other areas. In addition to this, NJHPA conducted 8 health camps in FY-2015-16 benefitting 2237 people.

**Infrastructure and community development:**

Under Sustainability program, a “sewerage Treatment plant” of one million litres per day (MDL) capacity has been constructed in the village of Jhakri in Distt Shimla under NJHPS in association with I & PH Department of GoHP at the cost of Rs.9.99 Cr. The scheme was inaugurated at Jhakri on 15th Nov 2015, benefitting 615 households of entire Jhakri area. The scheme is being monitored jointly by a committee consisting of HPIPH and NJHPS officials.

Swachh Vidyalaya Abhiyan-Sanitation: On 15th August Hon'ble, Prime minister made an historic announcement that all schools in the country should have toilets with separate toilets for girls. He called upon corporate sector to participate, something that could be undertaken by the expenditure incurred under mandatory CSR funds. He said that the targets listed out should be completed in one year. To support this mission, NJHPS, constructed toilets in the adjoining community schools, adhering to the guidelines issued by MOP in terms of quality and other parameters.

Rehabilitation of water bodies: In relation to rehabilitation of water bodies, NJHPS has constructed 2 water bodies.

**Awareness Programs:**

SJVNL (NJHPS) organized one awareness program on environmental protection during FY-2015-16. The foundation is also engaged in creating awareness about energy conservation through various national awareness campaigns. A state level painting competition with the theme of energy saving and environment was initiated by Ministry of Power at Raj Bhawan Shimla (HP) on 6th Nov 2015. The foundation also provides support to promote national and rural festivals.

**CSR activities in relation to environment:**

The CSR representatives and managers undertake tree plantations every year in the community. In addition to this, they have also installed garbage bins at various locations in the community and society.

**4. Factors that motivate selected companies to engage in CSR activities**

Among the listed factors ethical and moral reasons, to comply with legal requirements, to improve relations with the community, to improve customer loyalty, to improve relationship with business partners, to improve economic performance, a commitment to reduce company's impact on the environment and to return back to the community turned out to be the highly prioritized factors according to the foundation's CSR manager. Whereas, to improve employee motivation, pressure from third parties, to avail public incentives and to improve or preserve the reputation of the company were considered insignificant for the concerned CSR manager.

**5. Processes used in planning and implementing CSR activities**

In this regard, the CSR manager responded that the company carries out its CSR activities with a manager devoted

to CSR engagement along with a separate department for CSR since the inception of the company. The company conducts the CSR assessments through impact assessment studies and through independent external agencies which further help the company to improve the plans and their implementation. The company publishes reports on the progress of CSR initiatives through in-house journals and through periodic progress reports to higher authorities.

The CSR manager provided that all their CSR activities are oriented towards community and society. Stakeholders are involved in various levels (planning, implementation and assessment stages) of CSR programs through village area development communities. The community members are engaged in CSR processes mainly through focus group meetings with community members in addition to community darbars and one to one discussion.

**6. Challenges involved in CSR implementation**

The manager responsible for CSR activities of the company responded that while implementing CSR activities the biggest challenge is the execution of the projects in rural areas and interior places and ultimately it increases the project cost. Second challenge is difficulty in finding authentic NGO partners while implementing CSR.

**7. Conclusion**

The conceptual understandings and the evolutionary shift in the concept of CSR clarified that it is not a discovery of modern times and cannot be credited only to developed countries. The basic question is: Is economic development a prerequisite for CSR or does economic development follow CSR? The answer to this question is not simple, as CSR is concerned with different stakeholders with their own set of needs and expectations. The uniqueness of the needs and expectation emerge from the fact that each stakeholder in the socio-economic scenario is an outcome of the scenario and, they reshape the scenario. That's why; CSR requires to be ingrained in the DNA of the organization so that organizations can institutionalize the concept and understand the dilemma presented by the CSR concept.

It is also clear that among listed factors, few factors act as motivators for the selected company's engagement in CSR activities and is confirmed by similar studies [3]. Specifically, in this study these factors are basically described outside the low domain or any other system. They can be traced from the Carroll's economic and ethical factors and as extended by [4] and [5].

One of the findings reflects that the selected company has constituted CSR committee and is spending on CSR activities, maintaining CSR sustainability reports annually. This finding is supported by the results of [6], [7], [8] because organizations are now required to produce annual sustainability reports covering issues related to CSR and sustainable development.

Another finding reflects that SJVNL have been actively engaged in fulfilling their responsibility towards community related CSR activities leading to socio-economic development and creation of self-sustainable society. Their participation

above the traditional philanthropic levels has provided the benefits of brand building and creation of goodwill among the community [9].

CSR has added a long-term benefit of brand building and goodwill among ACFs and SJVNL communities as community members were satisfied with their CSR. The CSR activities of the companies have positively impacted the community in terms of socio-economic development. The wider aim of CSR is to create higher standards of living while preserving the profitability of the corporations or the integrity of the institution both within and outside these entities [8], [7]. Therefore, in a nutshell, it can be concluded that CSR practices must be embedded in the strategies of the business for economic viability and social responsiveness.

### 8. Limitations of the Study & Scope for further research

The present study acknowledges a number of limitations, which in real sense forms the basis for further studies which corresponds to the methodology used and the resource challenges.

To achieve the objectives of the study, semi-structured interviews, descriptive survey method and content analysis methods have been adopted. These methods of collecting data have their own limitations which are reported in some studies.

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The present study agreed to the fact that these methods are complementary and support each other when applied together. Even then, there are some inadequacies in their usage. Several studies reported that the usage of interviews denies the study of evidence longitudinally on indicating how the companies have undertaken CSR practices over time to maximize competitive advantage.

In the present study, data is collected at a single moment at a particular time which may limit the accuracy of the research. The future research should include other dimensions like customer, employee, suppliers and other stakeholder issues.

It is also suggested to expand the focus of the research to include smaller and medium-sized firms and CSR in the context of globalization. Moreover, the CSR field needs a broader perspective that needs examining, not only the social responsibilities of the organisations and the companies but also requires responsibility from the community in the form of community participation and involvement for the accountability of the corporations. By using the same methodology that was applied in this study, the results can be tested in different industries to reproduce and generalise the results. Furthermore, the research could be extended to make a cross comparative or a cross-industry study.