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**STANDING COMMITTEE ON  
COAL AND STEEL (2018-2019)  
SIXTEENTH LOK SABHA**

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**MINISTRY OF STEEL**

**"CSR ACTIVITIES IN STEEL PSUs"**



**FORTY-EIGHTH REPORT**

**LOK SABHA SECRETARIAT  
NEW DELHI  
January, 2019/Pausha, 1940(Saka)**

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**(SIXTEENTH LOK SABHA)**

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**"CSR ACTIVITIES IN STEEL PSUs"**

**Presented to Lok Sabha on 03.01.2019**

**Laid in Rajya Sabha on 03.01.2019**



**LOK SABHA SECRETARIAT  
NEW DELHI  
January, 2019/Pausha, 1940(Saka)**

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**COMPOSITION OF THE STANDING COMMITTEE ON COAL AND  
STEEL(2018-19)**

**Chairperson- Prof. Chintamani Malviya**

**Lok Sabha**

2. Shri Idris Ali
3. Shri A. Arunmozhithevan
4. Smt. Jyoti Dhurve
5. Shri Nagesh Godam
6. Shri Shailesh Kumar (Bulo Mandal)
7. Dr. Banshilal Mahato
8. Shri Kamalbhan Singh Marabi
9. Shri Ajay Nishad
10. Smt. Riti Pathak
11. Smt. Ranjeet Ranjan
12. Dr. Ravindra Kumar Ray
13. Shri Chandulal Sahu
14. **\*Shri Tamradhwaj Sahu**
15. Shri Tathagata Satpathy
16. Shri Janardan Singh 'Sigriwal'
17. Shri Pashupati Nath Singh
18. Shri Rama Kishore Singh
19. Shri Sunil Kumar Singh
20. Shri Sushil Kumar Singh
21. Shri Krupal Balaji Tumane

**Rajya Sabha**

22. Shri Ranjib Biswal
23. Prof. Manoj Kumar Jha
24. Shri Ranvijay Singh Judev
25. Shri Ram Vichar Netam
26. Shri Samir Oraon
27. Shri Dhiraj Prasad Sahu
28. Shri Achyutananda Samanta
29. Shri Ram Shakal
30. Shri Sanjay Singh
31. Vacant

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\*Ceased to be a Member of this Committee w.e.f. 21.12.2018.

(ii)

## **SECRETARIAT**

1. Shri R.C.Tiwari - Joint Secretary
2. Shri Ajay Kumar Garg - Director
3. Shri Arvind Sharma - Additional Director
4. Smt. Vandana Pathania Guleria - Executive Officer

(iii)

## **INTRODUCTION**

I, the Chairperson, Standing Committee on Coal and Steel having been authorised by the Committee to present the Report on their behalf, present this Forty-Eighth Report of the Standing Committee on Coal and Steel (Sixteenth Lok Sabha) on "CSR Activities in Steel PSUs" relating to the Ministry of Steel.

2. The Standing Committee on Coal and Steel (2018-19) had selected the subject for detailed examination and report to the Parliament. The Committee took oral evidence of representatives of the Ministry of Steel and Steel PSUs on 15.10.2018. Based on the oral and written testimony submitted to the Committee, a report on the subject was prepared.

3. The Committee considered and adopted the Report at their sitting held on 20.12.2018.

4. The Committee wish to express their thanks to the officials of the Ministry of Steel and Steel PSUs for placing before them and in furnishing material/information from time to time as desired by the Committee.

5. The Committee place on record their profound appreciation for the valuable assistance rendered to them by the officials of the Lok Sabha Secretariat attached to the Committee.

6. For facility of reference and convenience, the observations and recommendations of the Committee have been printed in bold letters in Part-II of the Report.

**NEW DELHI;  
20 December, 2018  
29 Agrahayana 1940(Saka)**

**PROF. CHINTAMANI MALVIYA  
Chairperson  
Standing Committee on Coal and Steel**

(iv)

## **REPORT**

### **PART-I**

#### **A. INTRODUCTORY**

Corporate Social Responsibility (CSR) is a concept whereby organizations serve the interests of society by taking responsibility for the impact of their activities on customers, employees, shareholders, communities and the environment in all aspects of their operations. Harnessing of natural resources has a direct impact on the economy, environment and society at large. CSR is thus linked with the practice of Sustainable Development.

#### **CSR and Companies Act, 2013**

Government of India enacted the Companies Act 2013 in August 2013. Section 135 of the Companies Act 2013 deals with the subject of Corporate Social Responsibility (CSR). It lays down the qualifying criteria based on net worth, turnover, and net profit for companies which are required to undertake CSR activities and, inter alia, specifies the broad modalities of selection, implementation and monitoring of the CSR activities by the Boards of Directors of Companies. The activities which may be included by companies in their CSR policies are listed in Schedule VII of the Act. The provisions of Section 135 of the Act and Schedule VII of the Act apply to all companies, including CPSEs.

#### **Schedule-VII of Companies Act, 2013 enlists following Activities for CSR**

- Eradicating hunger, poverty, malnutrition, health care;
- Promoting education;
- Promoting gender equality;
- Sanitation, drinking water and environmental sustainability;
- Promotion of Sports;
- Contribution to PM relief fund/any other Central Govt. fund;
- Rural development etc.

Board of every Company is to ensure that the Company spends in every financial year, at least 2% of the average net profits of the Company made during the three immediately preceding financial years in pursuance of its CSR Policy

Every Company having net worth of Rupees Five Hundred crore or more, or turnover of Rupees One Thousand crore or more or a net profit of Rupees Five crore or more during any financial year shall constitute a Corporate Social Responsibility Committee of the Board (Section 135).

Company shall give preference to the 'Local Area' and the areas around it where it operates for spending the amount earmarked for Corporate Social Responsibility activity.

During oral evidence, a representative of SAIL further elaborated that as per the existing mandate under the Companies Act, the expenditure is to be made in the Plant periphery. But, apart from this, according to the need, some outside works can also be undertaken. Therefore, 80% of our CSR expenditure is spent in the periphery only wherein periphery means 20 km area around.

### **CSR RULES**

The Ministry of Corporate Affairs formulated CSR Rules under the provisions of the Act and issued the same on 27.2.2014. The CSR Rules are applicable to all Companies, including CPSEs w.e.f. 1.4.2014. Further, Department of Public Enterprises issued Guidelines on Corporate Social Responsibility and Sustainability in October, 2014. All the CPSEs have been directed to scrupulously follow the above mentioned Act/Rules/Guidelines while allocating and spending funds under CSR.

- CSR Rules provide for a CSR Committee to be formed to identify the projects to be carried out as per a policy to be formulated by the Company.
- The CSR Committee shall 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, recommend the amount of expenditure to be incurred and monitor the CSR policy.
- The Board of every Company shall consider the recommendations of the CSR Committee and approve the CSR Policy and display it on the website of the Company.



## **B. CSR POLICY FOLLOWED BY STEEL PSUS.**

When asked to give a brief profile on CSR Policy of PSUs under the Ministry of Steel, in a written reply, Ministry of Steel informed the Committee as under:-

"CSR Policy of CPSEs under administrative control of Ministry of Steel is as under: -

### **(i) Steel Authority of India Ltd. (SAIL)**

A comprehensive CSR Policy framed by Board sub Committee on CSR and approved by SAIL Board, encompasses the preamble, objectives, strategy, geographical coverage, broad areas in which CSR projects/schemes are to be undertaken in conformity to the Schedule-VII of the Act, resourcing, planning, execution & implementation methodology, monitoring mechanism and reporting.

Objectives of CSR Policy:

- Create value for the stakeholders and society that are fundamentally linked to SAIL's core business strategies and operations through its services, conduct & initiatives for their sustainable development.
- Enhance value creation for the community in which it operates by identifying with the hamlet and foster goodwill towards the Company from those living along the periphery by enhancing the quality of life of people in the direct impact zone.
- Support the community by assisting the underprivileged.
- Carry out developmental initiatives in order to meet the calls of the present without compromising the ability of future to meet its needs.
- Support local populace by building the image of SAIL as patron of diverse pastoral sports, art & cultures.
- To operate in a socially, environmentally and economically responsible manner, so as to succeed by seeking social license.

### **(ii) Rashtriya Ispat Nigam Ltd. (RINL)**

RINL had formulated its CSR Policy in February, 2006. Subsequently, the CSR policy was revised in the month of October 2014 in line with the Companies Act 2013 and further revised in March 2015 in accordance with the DPE Guidelines issued in October 2014 and rechristened as 'CSR & Sustainability Policy'. The salient features of the policy are furnished below:

- Formulated in line with Companies Act 2013, Companies (CSR policy) Rules 2014 and DPE Guidelines.
- Due emphasis on Inclusive Growth and Sustainability.

- Projects are identified through baseline survey and /or proposals received from different voluntary agencies or others with need assessment and estimates are considered for qualifying.
- CSR activities envisaged in the CSR&S policy are in line with Schedule -7 of Companies Act 2013.
- Local area for carrying out CSR activities is defined in the policy.
- Well laid process to identify, Implementation as well as monitoring of the projects.
- The implementation strategy with three different options of collaborating with an NGO, Government Organizations or doing it directly through RINL Trust.
- Board Sub Committee to carryout the functions of CSR Committee, specified in section 135(3) of the Companies Act 2013.
- Impact assessment for a project with a valuation of 50 lakhs and above.
- CSR activities are reported in the Annual Report of the Company.

(iii) NMDC Ltd.

NMDC's CSR policy which was formulated and adopted in the year 2016 has been drawn up in accordance with the provision of the Companies Act, 2013, Schedule VII thereof and CSR Rules 2014 and DPE guidelines issued there under. NMDC's CSR Policy lays down the following:

- Vision & Mission Statement with defined objectives and Scope of the Policy detailed there under.
- The Policy also encompasses the guiding principles & coverage of the areas under which the Company w.r.t. its CSR Programme.

While stipulating the mechanism, process and structure of the CSR Programme, the Policy has a unique inbuilt sunset clause providing for review of the Policy after three (03) years.

Besides the above, the CSR Policy incorporates provision w.r.t. Focus Areas of the CSR Programme of the Company, major on-going CSR activities, Fund Allocation, and Expenditure Strategies, Planning & Implementation methodologies, Procedures for consideration of proposals. In addition to the above, the Policy clearly provides for guidelines w.r.t. implementation, Monitoring & Evaluation Strategies, provisions for outlays for studies like Baseline Survey, Monitoring & Evaluation & Impact Assessment of CSR initiatives etc.

The CSR Policy of the Company has been drawn up by taking inputs from all Stakeholders, leading PSUs & Corporates, incorporating existing practices and based on the Company's perceived future requirements w.r.t. its CSR Programme viz. like setting up of NMDC CSR Foundation (NCF).

The above Policy is uploaded on the official website of the Company for information of the Stakeholders.

(iv) MOIL Ltd.

The company is taking up its CSR activities in lines with the provisions contained in the Companies Act, 2013, the Companies (Corporate Social Responsibility Policy) Rules, 2014 and DPE guidelines:

- (i) Company has formed Board Level CSR Committee headed by Independent Director
- (ii) The CSR Policy is approved by the Board and uploaded on its website
- (iii) Company is required to spend minimum 2% of the Profit on CSR activities as required under Companies Act
- (iv) Company has implemented applicable CSR Rules
- (v) The company has taken CSR initiatives as per Schedule VII of the Companies Act, 2013.
- (vi) Company is carrying out CSR activities as per the recommendations of the Board Level CSR Committee and with the approval of the Board.
- (vii) The company has also displayed its CSR activities on company's website i.e. [moil.nic.in](http://moil.nic.in).

MOIL Foundation” – A Society formed for CSR activities of MOIL

The Companies Act, 2013 provides that CSR and Sustainability activities may be undertaken through a registered trust or a registered society or a company established by the company or its holding or subsidiary or associate company or other agencies having established track record of three years in undertaking similar programs or projects.

In order to further strengthen its CSR activities especially in rural development, the Company has formed a separate Society/trust, viz. MOIL Foundation. As a step forward in the area of inclusive rural development, 21 villages have been identified in Nagpur, (5 villages) Bhandara (11 villages) districts in Maharashtra and Balaghat (5 villages) district in Madhya Pradesh which *inter alia* cover activities in the major areas such as livelihood, women empowerment, support to destitute persons, education, healthcare, cleanliness, sanitation, livestock development etc.

(v) MECON Ltd.

MECON is engaged in rural/community development activities in the nearby surroundings since 60's. In the year 1976, a dedicated group was formed and named “Community Development Committee (CDC)” and were assigned to look after the activities of “Corporate Social Responsibility”. Subsequently in the year 2010, “CSR Cell” was formed to

coordinate the CSR activities of the organisation in association with other employees drawn from various sections as per requirement.

The CSR & Sustainability activities are carried out for the development & welfare of SCs/STs/OBCs/Minorities & Weaker Sections” of the society in slum areas/ backward/ rural areas of Jharkhand.

MECON is carrying out the CSR activities as per the following act/rules/guidelines :

- Section 135 & Schedule-VII of The Companies Act, 2013
- The Companies (Corporate Social Responsibility Policy) Rules, 2014 issued by the Ministry of Corporate Affairs, Government of India vide notification dtd. 27.02.2014
- Guidelines on Corporate Social Responsibility and Sustainability for Central Public Sector Enterprises issued by Department of Public Enterprises, Ministry of Heavy Industries & Public Enterprises, Government of India, vide O.M. F.No. 15(13)/2013-DPE(GM) dated 21.10.2014.
- MECON's policy on CSR & Sustainability – March, 2014. The policy is available at Company's website [www.meconlimited.co.in](http://www.meconlimited.co.in).

(vi) MSTC Ltd.

- Company has formulated a CSR and Sustainable Development Policy in line with the Companies Act 2013 which has been recommended by duly constituted CSR Committee of the Board and thereafter approved by the Board. The policy is available at Company's website [www.mstcindia.co.in](http://www.mstcindia.co.in)
- Board has constituted a CSR Committee with an independent director as Chairman. Designated officers implement the decisions taken by the Committee.
- The Committee recommends budget, the projects to be taken up, and the method of implementation. The Committee and the Board ensure that at least 2% of the average net profit of preceding 3 years is the budget for the current year.
- Activities include all areas covered under Annexure to the CSR Policy of the Company which includes inter alia, items as provided under schedule VII of the Companies Act, 2013 and DPE guidelines. Additionally and Govt. guideline instructions are also considered by the Committee/Board.
- MSTC also encourages collaborative projects with other PSUs, Govt. agencies, NGOs, if required, on the basis of merit of the project.

(vii) KIOCL Ltd.

KIOCL has well defined CSR Policy approved by Board of Directors. The policy outlines broad parameters and guidelines for effective implementation and monitoring of CSR activities. The major objectives are helping the under privileged and weaker sections of the Society and to contribute for their growth and development. The focus areas are preventive health, sanitation, safe drinking water, promoting education, vocational training, conservation of resources, protection of national heritage, art and culture, encouraging rural sports, rural development projects and other need based projects.

The projects are selected for the development of people around our plant locations.

Annual CSR budget is sanctioned by the Company based on the Govt. guidelines and profitability of the Company. The CSR activities are planning based on needs of the local population and available budget. The activities are monitored by Board level Sub Committees for effective implementation."

**C. CSR BUDGET OF STEEL PSUS**

When asked to give PSUs wise account of allocation, expenditure & unspent funds, if any made under CSR during last five years, Ministry of Steel in a written reply informed the Committee as under:-

"Details of CPSEs under administrative control of Ministry of Steel is as under: -

(i) Steel Authority of India Ltd. (SAIL)

Details of expenditure on CSR activities during last five years:

(Amount Rs/Crore)

Sl. No	Year	% of ANP (as per Cos. Act, 2013)	CSR fund Allocation*	CSR Spent	Unspent forwarded to next FY
1	2014-15	2.02	78.00	35.04	42.96
2	2015-16	2.00	100.16 (57.20 + 42.96)	76.16	24.00
3	2016-17	Nil	29.34 (5.34 + 24)	29.05	0.29
4	2017-18	Nil	26.00 25.71 + 0.29)	25.70	0.30
5	2018-19	Nil	30.00 (29.70 + 0.30)	3.87 (upto Q1)	-

\* It may be noted that unspent amount is carried forward to succeeding Financial Year and included in its CSR Fund Allocation.

# It may further be mentioned that in addition to the allocated CSR budget, an expenditure to the tune of over Rs.350 crores is incurred annually towards providing Health, Education, Township, etc. facilities to non-SAIL population living in and around the Plant/Unit locations. The facilities created in the Steel Townships at Plants/Unit locations are accessed by the local non-SAIL population either free or at a very nominal cost.

In compliance of CSR provisions of the Companies Act, 2013, since April 1, 2014, the annual CSR fund is allocated for the Company as a whole, based on the criteria of at least 2% of Average Net Profits (ANP) of the preceding 3 fiscals for the Company as a whole.

(ii) Rashtriya Ispat Nigam Ltd. (RINL)

Details of CSR expenditure of RINL :

Sl.	Year	Allocation to be made as per Companies Act, 2013 (Rs.Cr)	Actual Allocation (Rs.Cr)	Carry forward of previous year unspent	Total Budget Allocation (Rs.Cr)	Expenditure (Rs.Cr)	Unspent if any (Rs.Cr)
1	2014-15	14.23	14.23	3.44	17.67	14.04	3.63
2	2015-16	6.53	11.37	3.63	15.00	8.73	6.27
3	2016-17	-Nil-	7.48	6.27	13.75	8.53	5.22
4	2017-18	-Nil-	7.78	5.22	13.00	9.60	3.40
5	2018-19 (up to Sep.18)	-Nil-	8.50	3.40	11.90	3.59*	8.31*

\* Provisional

(iii) NMDC Ltd.

Figures in Rs.Crore

YEAR	Budget Allocation	2% Minimum - As per Companies Act 2013 - 2% of Avg PBT of previous 3 years	Carry forward amt. from previous years	Budget including carry forward amt. of previous yrs	Actual Exp.	Unpsent Amount
2013-14*	126.85	126.85*	44.2	171.05	131.42	39.63
2014-15	210.56	199.89	39.63	250.19	188.65	61.54
2015-16	236.65	193.28	61.54	298.19	210.09	88.1
2016-17	160.22	160.22	88.10	248.32	174.18	74.14
2017-18	121.02	121.02	74.14	195.16	169.37	25.79

(iv) MOIL Ltd.

Rs. in lakhs

Year	Allocation	Expenditure	Unspent
2012-13	950.00	1055.94	0.00
2013-14	1000.00	1036.03	0.00
2014-15	1342.00	1357.57	0.00
2015-16	1430.00	1447.39	0.00
2017-18	922.00	961.63	0.00

(v) MECON Ltd.

(Rs in Lakh)

Year	Fund available for CSR			Total Expenditure	Un-utilised Amount
	Allocation (A)	Balance / Carry Over* (B)	Total (A+ B)		
2013-14	202.04	258.42	460.46	272.33	188.13
2014-15	280.10	188.13	468.23	144.46	323.77
2015-16	167.74	323.77	491.51	221.08	270.43
2016-17	0.00	270.43	270.43	67.31	203.12
2017-18	0.00	203.12	203.12	49.12	154.00
2018-19 (Up to Q1)	75.00**	154.00	229.00	3.05***	-

Note:

- (i) \* Unspent amount of ongoing projects of Previous year(s)  
(ii) \*\* Adhoc allocation as per the "Vision of Government of India for transformation of 117 Aspirational districts of India"  
(iii) \*\*\* Expenditure upto June 2018

(vi) MSTC Ltd.

MSTC's account of allocation, expenditure & unspent funds, if any, made under CSR during last 5 years.

(Rs. in Lakh)

Year	Allocation/Budget	Expenditure	Unspent fund
2017-18	214.00	215.39	0
2016-17	77.18	79.68	0
2015-16	145.00	146.49	0
2014-15	120.00	128.24	0
2013-14	487.75	487.75	0

(vii) KIOCL Ltd.

Year	Rs. in lakhs		
	Amount allocated	Amount spent	Unspent funds
2013-14	93.14	226.00	--
2014-15	109.92	101.00	8.92
2015-16	79.00	64.00	15.0
2016-17	43.5	38.2	5.3
2017-18	15.98	15.98	--

When enquired about the unspent funds under CSR funds of Steel PSUs, in a written reply, Ministry of Steel stated that the unspent fund are carried forward to the next financial year.

On being asked about the criteria adopted for calculating the funds earmarked to be spent for a particular year under CSR by different Steel PSUs, Ministry of Steel in a written reply informed that the criterion for calculating the funds for a particular year is as per the Section 198 of Company's Act 2013. 2% of the average net profit of the Company during the three immediately preceding years, will be allocated as CSR budget for the ensuing year.

When asked to clarify whether CSR funds are allocated by a PSU as a whole or for individual Plants/Units operating under it, Ministry of Steel stated that in compliance of CSR provisions of the Companies Act, 2013, the annual CSR fund is allocated for the Company as a whole, based on the criteria of at least 2% of Average Net Profits (ANP) of the preceding 3 fiscals for the Company as a whole.

As to how the PSUs ensure that CSR funds are spent in areas of operation of Individual Unit/Plant, the Ministry in a written reply informed the Committee as under:-

"Details in respect of CPSEs under administrative control of Ministry of Steel are as under: -

(i) Steel Authority of India Ltd. (SAIL)

In compliance of CSR provisions of the Companies Act, 2013, Section 135(5) and in terms of SAIL CSR Policy at Pt.6.1 & 7.2:



CSR initiatives are taken up primarily in the peripheral areas/direct impact zones of SAIL Plants & Units. Hence, at least 80 % of the annual expenditure is incurred on CSR projects undertaken by Plants/Units in their direct impact zone (periphery) with the remaining expenditure being made on Pan India basis.

(ii) Rashtriya Ispat Nigam Ltd. (RINL)

RINL ensures at least 80% spending of CSR funds in the 'local area' as defined by the CSR policy. The local areas covers all the areas of operation i.e. the Plant at Visakhapatnam and Mines at Jaggayyapeta and Madaram and other offices of RINL.

(iii) NMDC Ltd.

In line with the NMDC's CSR Policy guidelines around 88.27% of NMDC CSR Funds are being spent for CSR activities around its Projects and the established procedure ensures that the said funds are spend in the above Areas.

(iv) MOIL Ltd.

After receiving any proposal for the CSR work an internal Committee of executives carries out survey and ensures that the proposed CSR work is in the area of operation of the unit/Plant of the Company.

(v) MECON Ltd.

In MECON, CSR fund is allocated as a whole, as MECON does not have independent units, though we have regional and project/ site offices pan India. The CSR activities are generally carried out in and around our main area of operation i.e. our Head-quarter at Ranchi. Most of the projects are carried out in Ranchi and Khunti districts, which are in Aspirational Districts' list of Gol.

(vi) MSTC Ltd.

MSTC is a trading & service organisation and does not have any plant. Hence it can take up CSR project anywhere in the country if found suitable and implementable by the Company. MSTC gives preference to local areas where it operates.

(vii) KIOCL Ltd.

At the planning stage itself, care is taken to allocate the funds to the focus area for project implementation for the villages and locality around the area of operation of the individual plants."

#### **D. CSR ACTIVITIES UNDERTAKEN BY STEEL PSUS.**

In a Power Point Presentation made by Ministry of Steel before the Committee on 15.010.2018, the committee were apprised of various thrust areas like education, health care, women empowerment, income generation & livelihood, rural development, drinking water & sanitation, environment conservation, divyangs & senior citizens, sports, art and culture and heritage conservation in line with Schedule-VII of Companies Act, 2013 where Steel PSUs carried out CSR Activities.

#### **Swachh Bharat Abhiyan**

When asked about the number of toilets constructed under Swachh Bharat Vidyalaya Abhiyan, the Ministry of Steel in their written reply submitted as under:-

"Details in respect of CPSEs under administrative control of Ministry of Steel is as under: -

#### **(i) Steel Authority of India Ltd.(SAIL)**

SAIL actively participated in the "Swachh Bharat Abhiyan" initiated by the Hon'ble Prime Minister of India. Under the campaign, construction of **672** toilets in schools falling within the periphery of its Plants & Mines was undertaken and completed, as detailed below:

<b>Plant /Unit</b>	<b>District</b>	<b>Block</b>	<b>Total Toilets</b>
<b>BSP(146)</b>	Durg	Patan	40
		Durg	31
	Kanker	Charama	2
		Koyalibeda	6
		Narhapur	17
		Kanker	2
		Bhnupratappur	14
	Balod	Daundilohara	2
		Gunderdehi	3
	Rajnandgaon	Chowki	3
		Churia	6
		Dongargaon	4
		Dongargarh	12

		Khairagarh	2
	Bilaspur	Bilha	2
<b>BSL(105)</b>	Bokaro	Chandankiyari	2
		Chas	103
<b>RSP(247)</b>	Sundergarh	Bisra	25
		Gurundia	130
		Nuagaon	10
		Rourkela MPL	82
<b>DSP (50)</b>	Bankura	Mejhia	36
		Barjora	<b>10</b>
	Bardhaman	Kanksa	1
		Durgapur-Faridpur	3
<b>SSP (7 T)</b>	Salem	Salem Rural	<b>7</b>
<b>RMD (117 Toilets)</b>	W.Singhbhum	Noamundi	<b>2</b>
		Sundergarh	Koira
	Lathikata		40
	Lahunipada		11
	Katni	Badwara	3
		Katni	14
Vijayraghavgarh		1	
<b>GRAND TOTAL</b>			<b>672</b>

(ii) **Rashtriyalspat Niqam Ltd.(RINL)**

Sl.No	No.of toilets constructed	District	State
1	160	Visakhapatnam	Andhra Pradesh
2	6	East Godavari	Andhra Pradesh

(iii) **NMDC Ltd.**

Details are as below:

<b>Number of Toilets constructed under Swachh Vidyalaya Campaign</b>		
Districts	Chhattisgarh	Madhya Pradesh
Bastar	914	-
Dantewada	111	-
Sukma	625	-

Bijapur	361	-
Narayanpur	38	-
Kondagaon	32	-
Panna	-	08
<b>Total</b>	<b>2081</b>	<b>08</b>

- Additionally, 70 toilet complexes have been constructed in Sukma Dist. Chhattisgarh

(iv) **MOIL Ltd.**

**State: Madhya Pradesh: 221 Nos.**

( 1-Balaghat District (M.P): 148

2-Betul District (M.P) : 16

3-Seoni District (M.P) : 57)

**State :Maharashtra : 422 Nos.**

(1-Nagpur District (M.S) : 152

2-Bhandara District (M.S) : 270 )

Note: from 2013 to 2018

(v) **KIOCL Ltd.**

State: Karnataka

Districts	No. of toilets constructed
Chickmagaluru	66
Bellary	17
Mangalore	45
Bangalore Rural	9
Dharwad	8
<b>Total</b>	<b>145</b>

(vi) **MECON Ltd.**

The details of number of toilets constructed, district-wise and state-wise are enclosed as follows:-

Details of number of Toilets constructed			
SL.No.	State	District	No. of Toilets
1	Jharkhand	Ranchi	47
2		Khunti	15
3		Deoghar	6
4		Hazaribagh	12

5		Lohardaga	24
		Total	104

**(vii) MSTC Ltd.**

MSTC has constructed 24 toilet blocks in Chhattisgarh, 10 toilet blocks in Madhya Pradesh and 21 toilet blocks in West Bengal during 2014-15 & 2015-16."

**CSR Activities for Divyangjan**

When asked about programmes under CSR being administered/run for the benefit of Divyangjan (differently/specially abled) and measures taken to ensure their employability after skill training, etc., the Ministry of Steel in their written reply informed the Committee as under:-

"Details in respect of CPSEs under administrative control of Ministry of Steel is as under: -

**(i) Steel Authority of India Ltd.(SAIL)**

Support to Divyangs(Differently Abled): Divyangs (children/people) are being supported through provision of equipments like- tricycle, motorized vehicles, calipers, hearing aids, artificial limbs, etc. SAIL supports various schemes and centers at SAIL Plants under CSR like "Sneh Sampada", "Prayas" and 'Muskaan" at Bhilai, "Schools for blind, deaf & mentally challenged children" and Home and Hope" at Rourkela, "Ashalata" at Bokaro, various programs like "Handicapped Oriented Education Program" (Hope) and "Durgpaur Handicapped Happy Home" at Durgapur, "Cheshire Home" at Burnpur. Support has also been provided to NGOs working in this field like TAMANNA, Deepalaya etc.

SAIL has adopted, developed and is maintaining a Lepers Colony at Kajora through Durgapur Steel Plant wherein all the social and infrastructure facilities have been maintained.

**(ii) Rashtriya Ispat Nigam Ltd.(RINL)**

Skill Development program for 200 Divyangjan residing in the surrounding villages of the Plant and other areas of Visakhapatnam was taken up through National Handicapped Financial Development Corporation (NHFDG). Training in various Skills viz. Tailoring, Computer Data Entry Operation, Beautician and Mobile Handset repair were provided to 100 'Divyangjan' during 2017-18. During the year 2018-19 also, training is being provided to another 100 Divyangjan from Visakhapatnam district.

To ensure employability after training an MoA is entered with the NHFDC wherein 30% employment guarantee (including self-employment) is provided

**(iii) NMDC Ltd.**

NMDC in partnership with the district Administration of Dantewada has established a 100% disability friendly residential schooling facility named as “Saksham” and the facility caters to about 100 boys & 100 girls with all 4 kinds of disabilities viz., visually Impaired, Hearing Impaired, Handicapped & Mentally retarded. It may be pertinent to mention that Hon’ble PM had visited the facility and was highly appreciative of the initiative.

**(iv) KIOCL Ltd.**

Hearing aids, tricycles and wheel chairs were distributed to differently abled persons in Kaliapani Project, Sukinda District,

**(v) MECON Ltd.**

The following projects have been carried out for the benefit of Divyangjan by MECON:

- i) Construction of Building : Office-cum-Training & Dormitory for Divyang (Blind Girls) at Brajkishore Netraheen Balika Vidyalaya, Dist – Ranchi (Jharkhand)
- ii) Construction of Boys Hostel Building for Divyangs (Blind Boys) of St. Michael’s School for the Blind, Dist – Ranchi, State – Jharkhand
- iii) Providing Computer hardware for training to the Divyangs (Blind Girls) of Brajkishore Netraheen Balika Vidyalaya, Bargain, Dist – Ranchi, State – Jharkhand for providing call centre operation
- iv) Construction of Dormitory at 2<sup>nd</sup> floor for Divyangs (Blind Girls) at Brajkishore Netraheen Balika Vidyalaya, Bargain, Dist – Ranchi, State – Jharkhand.

**(vii) MSTC Ltd.**

Programmes under CSR being administered/ run for the benefit of Divyangjan (differently/ specially abled). None of the programmes related to skill training.

Year	Name of organization	Purpose	Amt. paid (Rs.)	State
2017-18	Nimbark Math SevaSamiti Trust, West Midnapore	For purchase of 10 no. of Braille Computers	500000	West Bengal
2017-18	RajapurSevaNiketan, Howrah	Construction of ground floor of additional school	800000	West Bengal

		building for mentally challenged		
2017-18	DankuniAshwashInstitute for the Disabled, Hooghly	TLM & Resource Room equipment for Disabled Child	500000	West Bengal
2017-18	Vasantha Lakshmi Charitable Trust & Research Centre, Nellore	Construction of physio & neuro development block for multiple disabled	1000000	Andhra Pradesh
2016-17	Haripur AmraSabaiUnnayanSamiti, South 24 Parganas	Construction of Shelter Home for disabled children at Sunderban area	618626	West Bengal
2016-17	Asha Bhavan Centre, Kolkata	Aid and appliances support for persons with disabilities	460000	West Bengal
2016-17	HaldiaSamajKalyanParsad, West Midnapore	Construction of a Vocational Training Centre for deaf & dumb orphans	500000	West Bengal
2015-16	Institute for the Handicapped & Backward People, Kolkata	Purchase of Brainstorm Evocation Responsive Audio Metric Test Machine for physically & mentally retarded children of the primary / secondary special school.	609000	West Bengal

### **Skill Development Initiatives**

The Committee desired to know about the CSR activities undertaken by the Steel CPSEs to address the problem of unskilled human capital and whether any measures are taken by the CPSEs to ensure that people are gainfully

employed after getting necessary skill training under various programmes under CSR. The Committee were apprised in a written reply as under:-

(i) **"Steel Authority of India Ltd.(SAIL)**

Skill Development Initiatives during last 4 years

Skill Development is a major component of SAIL Corporate Social Responsibility (CSR) and is covered under item no. ii of Schedule VII of the Companies Act, 2013.

With a young demographic profile, the objective of Indian policy making is for increasing the skill level of our youth, making them suitable for employment including self-employment. **Under Govt's Skill India Mission**, it has been planned to train 500 million people by 2022. To align ourselves to the **"Make in India"** and **"Digital India"** initiatives, it is crucial that we train our youth in the employability-linked skill development programs. The enormity of the task of skilling Indian youth can be shared by different stakeholders of society including Corporates under their CSR programmes.

In SAIL, vocational and specialised skill development trainings targeted towards sustainable income generation are imparted in areas such as Nursing, Physiotherapy, LMV Driving, Computers, Mobile repairing, Welder, Fitter & Electrician Training, Improved agriculture, Mushroom cultivation, Goatery, Poultry, Fishery, Piggery, Pisciculture, Bee-keeping, Achar/Pappad/Agarbati making, Screen printing, Handicrafts, Sericulture, Yarn Weaving, Tailoring, Sewing & Embroidery, Smokeless Chullah making, etc. These Vocational Trainings are organised through various vocational institutes set up in the peripherals of SAIL Plants/Units, such as:

- "Bhilailspat Kaushal Kutir" and "Swayamsiddha" at Bhilai,
- "Swayam Siddha Trade Centre" at Rourkela.
- Skill Development and Self Employment Training Institute (SDSETI) at Durgapur;
- Garment Technician Training at Salem;
- JHARCRAFT Centre at Bokaro; and
- Self-Employment Centre "KIRAN" at Kiriburu Ore Mines

➤ These vocational trainings are benefitting rural, unemployed youths who are educated upto school-level, by way of financial inclusion/Self Help Groups (SHGs)/ training for income generation and then empowering them to be part of mainstream.

➤ Approx **601** youths & **1468** women folks during **2017-18**; **1848** local youths & **1401** women folks in **2016-17**, **947** village youths and **1785**



women folks (in 2015-16), 2842 village youths and 5090 women folks (in 2014-15); and 1063 village youths and 503 women folks (in 2013-14) of peripheral villages have been covered under such schemes.

➤ The unemployed youths from rural and remote regions in the periphery of Plants/Mines are sponsored to undergo vocational courses / skill development courses at different **Industrial Training Institutes (ITI)** at Bokaro, Rourkela, Bolani, Gua and Barsua, etc. SAIL has sponsored **845** local youths in 2017-18, **546** in 2016-17, **733** youths in 2015-16, **636** youths in 2014-15 and **638** in 2013-14 for ITI trainings in different trades (viz. Electrician, Fitter, Welder, etc.)

➤ **“Shilpangan”** : A Skills Development Hub is being set up in vacant school building in DSP township. Sub-centres of Shilpangan are running in Durgapur Industrial Zone including peripheral villages. About **748** unemployed rural youths were trained in **2017-18**, **840** in **2016-17** has been trained through Shilpangan where trainings in following streams are ongoing :

a) **Industrial trades** : Fabrication, Electrician, AC & Refrigeration, Computer Hardware, Computer Software, Mobile Repair, Plumbing, Carpentry and

b) **Women Empowerment Programmes** on Silk Yarn Reeling & Spinning, Dress Making & Garment Design, Beautician, Hair & Skin-care, Handicraft making,

c) **Medical Related Vocational Programmes** (at Nivedita Sub-Centre): X-Ray Technician, Path-Lab Technician, Physiotherapy, ECG Technician, Bedside Attendant (*Sevika Programme*)

d) **Service sector Vocational Programmes**: Hospitality, Security Services, Retailing, etc.

➤ A Skill Enhancement and Placement Program in mission mode is running at **Bokaro** in association with **CIPET, Bhubaneswar**. **71** youths have undergone trainings in distinct plastic processing trades, viz. Plastics Processing Technology, Testing & Quality Control and Microprocessor based Injection Moulding Process & Trouble Shooting, etc.

➤ SAIL has set up an **ITI** at **Bokaro** where **300** (17-18) youths are getting training in Electrician, Fitter and Welder Trades. These courses are affiliated with National Council of Vocational Training (NCVT) under Director General of Employment and Trainee (DGE &T), Ministry of Labour, Government of India.

➤ SAIL is operating **Industrial Training Institutes** at **Bolani** and **Barsua** where **112** youths have been trained in 2016-17 & **91** in 2017-18.

➤ SAIL has signed an **MoU** with **National Skill Development Corporation (NSDC)** for collaboration to support skill development

initiatives. The scope of the collaboration includes establishing Skill Development Centres in the vicinity of Bhilai, Bokaro, Rourkela and Durgapur.

(ii) **Rashtriyalspat Nigam Ltd.(RINL)**

RINL is implementing Skill Development programmes under CSR to address the problem of 'unskilled human capital'. Various CSR programmes conducted during last 4 years is as follows:

Sl.	Year	Skill Development Program	No.of unemployed youth trained
1	2015-16	Vocational Training for unemployed youth in surrounding villages of the Plant & Mines / Skill Development programme for Youth belonging to SC community	459
2	2016-17	Vocational Training for unemployed youth in surrounding villages of the Plant & Mines / Skill Development programme for Youth belonging to SC community	631
3	2017-18	Vocational Training for unemployed youth in surrounding villages of the Plant & Mines / Skill Development programme for persons with disability( Divyangjan)	420
4	2018-19	Vocational Training for unemployed youth in surrounding villages of the Plant & Mines / Skill Development programme for persons with disability( Divyangjan)	420*

\* in progress

- While selecting programme emphasis is given to skill sets which can land the beneficiaries in gainful employment/ self-employment.

MoUs are inked with the training providers for guaranteed placement of the certain percent of the beneficiaries.

(iii) **NMDC Ltd.**

Skill Development initiatives undertaken during the last four (04) years

**National Mineral Development Corporation (NMDC)** under its CSR programme has been pursuing skill development Activities to impart employment/ livelihood oriented skills to Non NMDC stakeholders like Contract Labour/ Unemployed Youth of areas surrounding NMDC Projects etc.

Apart from the above, NMDC has also established a **Polytechnic College and two (02) ITIs in Bastar Division of Chhattisgarh** to bring Diploma and Trade level technical education to the door step of the region thereby helping local students to pursue formal technical education.

**ITI Bhansi has been ranked as 1<sup>st</sup> amongst all the ITIs in the State of Chhattisgarh.**

As part of its contribution to Central Govt.'s Skill India Mission, NMDC has taken up the mantle of being founding member of Mining sector & Iron and Steel Sector Skill Councils under National Skill Development Corporation (NSDC).

Continuing its efforts in this direction, NMDC has initiated Skill Development Programme in partnership with National Skill Development Corporation (NSDC) by signing an Memorandum of Understanding (MoU) on 29.02.2016 (addendum on 08.09.2016) for training **1600 Non NMDC stakeholders in Mining & Steel sector related skillsover a period of three (03) years.**

Mining sector related training:400 trainees have been covered in the first year i.e. 2016-17 in three (03) NSDC accredited Training Centres viz. Bacheli, Kirandul in Chhattisgarh State, Donimalai in Karnataka State. Total 800 trainees have been covered during 2016-17 & 2017-18 respectively. Similarly, till Sept 2018, 248 trainees have been covered in 2018-19.

Steel Sector related training:71 trainees have been covered in the 1st year i.e. 2016-17 in the NSDC Accredited Training Centre at NISP, Nagarnar. 57 trainees have been covered during the year 2017-18.

Particulars	No. of trainees covered			Total
	2016-17	2017-18	2018-19 (till Sept,2018)	
Skill Development program in Mining sector related skills	400	400	248	1048
Skill Development program in Steel sector related skills	71	57	*	128
Total	<b>471</b>	<b>457</b>	<b>248</b>	<b>1176</b>

\*As reported by NSDC, due to non availability of service providers in the region, the remaining trainees to be covered in steel sector related skill development programme have been shifted to mining sector related skill development programme.

#### **Other initiatives**

- Training programme in partnership with M/s Urbo Rural Integrated Development Association (URIDA), New Delhi in trades viz. Industrial Garmenting, Woodcraft and Domestic Electrician for 270 persons from socio-economically disadvantaged sections of society residing around

NMDC Projects in Bailadila, Dantewada Dist. Chhattisgarh. Total 90 persons have been covered so far.

- Training programme in partnership with Construction industry development Council (CIDC), New Delhi in construction Industry related trades to 200 persons from around NMDC Projects in Bialadila, Dantewada Dist. Chhattisgarh. Total 28 persons have been covered so far.

- NMDC implemented a Skill development Programme through M/s MPCON Limited to train unemployed youth in Gwalior, Datia & Shivpuri Districts of Madhya Pradesh. 250 unemployed youth were covered under the programme. The courses covered were:

1. Basic Electrical & Appliance Repairs
2. Basic Masonry
3. Motor Winding
4. Welder

Sl. No	Activity	Total no. of Beneficiaries
1	Skill Development training for tribal youth of Bastar in Repairs & maintenance of Hand pumps conducted in 2013-14&2014-15	1260
2	Skill Development training under Integrated Village Development Programme – Training in tailoring, broom making etc).  Started in the year 2009-10 and continued till 2016-17	292

(iv) **MOIL Ltd.**

Skill development report for last two years,  
2016-17 (Local youth & Contractual workers)

Sr.No.	Trade	No. of participants
1	Mine mate	66
2	Blaster	30
3	Logistic skill	30
4	Material handling and safety	153

2017-18(Local youth & Contractual workers)

Sr.No.	Trade	No. of participants
1	Mine mate	31
2	Blaster	88
3	Mazdur(Asst. Support-Open/ U/G)	127

(v) **KIOCL Ltd.**

KIOCL has developed the infrastructure at its Blast Furnace unit in Mangalore and established KIOCL Skill Academy. The Infrastructure has main training building which has 4 class rooms with ultra modern facilities like computers, projectors, etc. we have also developed laboratory and workshop with working models of conveyors and other major equipments.

The facility can be used to train about 120 trainees in two batches. The academy was started in April 2016. So far, about 130 youth are trained. The skill training for local youth has been taken up as additional activities apart from CSR budget.

(vi) **MECON Ltd.**

In MECON, we are presently undertaking the following activity under CSR for empowerment of the under-privileged:

- Free Stitching Training Centres for under-privileged Women in backward areas in and around Ranchi and Khunti districts, to empower them

(vii) **MSTC Ltd.**

Details of the CSR activities undertaken by MSTC in skilling human capital during the last 4 years.

Year	Name of organization	Purpose	Amt. paid (Rs.)	State
2017-18	SintheeSikha Welfare Society, Kolkata	IT Skill Development Programme for 40 youths	500000	West Bengal
2016-17	SintheeSikha Welfare Society, Kolkata	Skill development and computer education for 30 persons of economically backward community	498500	West Bengal

All persons completing skilling programme in 2016-17 batch are gainfully employed as reported by the organization. The 2017-18 batch has concluded training in September, 2018."

## **CSR Funds for Mid Day Meal by SAIL**

Since the Central and State Government share the cost of mid day meal scheme, the Committee desired to know the reason/justification to spend CSR funds on mid day meals in schools at Bhilai and Rourkela by SAIL.

During the oral evidence, a representative of SAIL informed that SAIL alongwith State Government and The Akshaya Patra Foundation (TAPF) is providing Mid Day Meal to 23000 children in 211 schools in Bhilai wherein the contribution to the total cost of Rs. 9.92 per meal is divided as Rs. 2.75 by SAIL, Rs. 5.10 by State Government and Rs. 2.07 by TAPF. Similarly, in RSP, Odisha, mid day meal is provided to 45000 children where cost of one meal in Primary School comes to Rs. 12.58 and in upper primary school comes to Rs. 14.83 per meal wherein the contribution by SAIL State Government & TAPF in Primary School is Rs. 2, Rs. 4.98 and Rs. 6 respectively and Rs. 2, Rs. 6.83 and Rs. 6 respectively in Upper Primary School. In the Post Evidence Replies furnished to the Committee, SAIL further elaborated as under:

"It has been specifically mentioned in the "Clarifications w.r.t. provisions of CSR under Sec.135 of the Companies Act, 2013" issued by Ministry of Corporate Affairs vide General Circular No.21/2014 dated 18/6/2014 at the Pt.10 of Annexure referred to at para(i) that :

'Supplementing of Govt. schemes like mid-day meal by corporates through additional nutrition would qualify under Schedule VII, item no.(i) under "poverty and malnutrition".

Further, FAQs w.r.t. CSR u/s 135 of Cos. Act, 2013 issued by Ministry of Corporate Affairs vide General Circular No.01/2016 dated 12/1/2016 at the Pt.20 stipulate that :

'Under CSR provision of the Act and rules made thereunder, the Board of the eligible company is competent to take decision on supplementing any Government Scheme provided the scheme permits corporates participation and all provisions of Sec.135 of the Act and rules there under are complied by the company'.

In the wake of above interpretation of the provisions of Sec.135 of the Act and rules thereunder, and ensure larger multiplier effect of the Mid-Day Meals scheme; SAIL shared the cost of mid-day meals in schools at Bhilai and Rourkela (with the approval of SAIL Board) under its CSR programme. The Program aims to boost universalization of primary education by

increasing enrolment and retention while simultaneously having positive impact on health/nutrition intake of students in schools.

**Impact of this CSR convergence initiative of SAIL :**As per the version of students, teachers, villagers and community leaders :

- There is significant improvement in food quality as the hot and fresh food in desired quantity is delivered from centralized kitchen, in air tight containers. Children are happy with food quality.
- Regularity and timeliness of service delivery of the programme has improved significantly. Uncertainty of funds has been erased as SAIL stands by its commitments.
- **Reduction in Dropout rate:** The children of economically backward families are getting allured to cooked meals during school hours for which they are attending schools regularly, especially in the tribal belts of **Chhattisgarh and Odisha.**
- **Relief to teachers** as they are concentrating on teaching curriculum; rather than cooking meals.
- **Overall healthy and balanced growth** of children has been observed. Incidence of absenteeism due to frequent fever and infections has reduced. Children are showing interest and concentration in studies.
- **Freedom from Child labour:** With the regular availability of nutritious Mid-day Meals in schools, poor peasants and labourers are diverting the destiny of their children from work sites/farms to schools.
- SAIL's initiative to ensure that no child is left without attending school and hungry in the peripheral area has been fulfilled."

## **E. SELECTION OF CSR PROJECTS**

On being asked to furnish PSUs-wise, the methodology adopted/ criteria followed at the ground level for identifying the areas for CSR activities including consultation with the local people/ Panchayat/ Gram Sabha/ Area Legislators/representatives, MPs etc. Ministry of Steel in a written reply informed the Committee as under:-

"Details of methodology adopted by CPSEs under administrative control of Ministry of Steel is as under: -

(i) Steel Authority of India Ltd. (SAIL)

- A) In terms of CSR Policy of the Company, identification of CSR projects/activities at Plants & Units/ Corporate level is done by any one or combination of the following parameters:

- i. In-house planned projects.
- ii. Proposals from District Administration/local Govt. body/public representatives etc.
- iii. Proposals/Requests from a registered & specialized body for providing financial assistance for carrying out specific CSR initiative subject to the condition that it fulfils the criteria as prescribed in the statute in this regard. A CSR activity through this mode is only permissible when it is planned to be carried out in project mode. These Proposals are considered only after checking the credibility of the associated agency and the quality of its job as per the following procedure:
  - i. Evaluation of necessary documents.
  - ii. Site visits are necessarily made for projects having financial implication above Rs. 5 Lacs and only when the visit report is found to be favourable; such projects are processed ahead.
  - iii. For projects exceeding Rs. 25 Lacs, the site visit is conducted by a cross functional group of officials of the concerned Plant/Unit consisting of at least one representative each from the CSR and Finance departments for assessing the performance of the agency in terms of value for money. It is ascertained that whether similar projects have earlier been carried out by the agency or not.
  - iv. With reference to point (iii) above, if similar projects have been/are being carried out by the agency at other location(s), the officials of the Plant/Unit processing the proposal should visit such site and shall record in writing the location, the organisation which is supporting the project, a brief regarding the pre project status of the target beneficiaries, the improvements brought out during implementation/after completion of the project gathered through interaction with the beneficiaries, comments of concerned official of the donor organisation regarding the performance of the agency, in the visit report.
  - v. With reference to point (iii) above, if similar projects have not been carried out by the agency earlier, then the quality of the work done by the agency in the past would be assessed by the same process as mentioned at point (iv) above by visiting any other appropriate project carried out by the agency.
  - vi. The visit report (With reference to point (iii) above) would be accompanied with relevant facts, figures, comments of the beneficiaries (mentioning name & other details) & donor's representative (mentioning name & designation) regarding the quality of the work done, photographs, etc. establishing the quality/credibility of the job carried out by the agency.



B) Further

- On the basis of identified CSR activities/projects, the CSR Annual Plan is prepared by the CSR department of Plants/Units well in advance.
- After moderation and compilation of proposed Annual Plans received from respective plant/unit, a consolidated Annual Plan is put up to the CSR Committee constituted under Section 135 (1) of the Companies Act 2013 and Section 5 of the Companies (CSR) Rules, 2014 for its consideration and necessary modification, if any.
- The Annual Plan thus finalized is then placed before the SAIL Board for its consideration and approval. Once approved by the Board, the Annual CSR Plan is incorporated in the CSR Policy of the respective year.

C) Involvement of Grass Root level agencies :

Under the guidance of CSR Committee (Board level) the CSR activities/projects listed in the approved Annual Plan of SAIL, are implemented using internal resources or through an identified suitable agency or through providing financial assistance to NGOs/specialized agencies/institutions/societies as per the provisions of Companies Act, 2013, its rules and SAIL CSR Policy.

- Since CSR projects are long term/continuous in nature like providing education, healthcare, mid-day meals, sustainable livelihood generation through Self Help Groups (SHGs) etc, some of the projects are implemented through specialised agencies, depending on expertise available with them like Mid-day meals project through Akshaya Patra Foundation at Bhilai & Rourkela, *Comprehensive Water & Sanitation Project in the peripheral villages of Rourkela in association with Gram Vikas*, Sustainable livelihood generation projects at Rourkela & Ranchi through BAIF & Society for Rural Infrastructure (SRI, Ranchi) and different projects at various plant/unit locations through Ramakrishna Mission etc.
- Except in cases, where financial assistance is provided for a specific CSR project proposed by a specific agency, the external implementation partner having strong credentials & track records, are identified for undertaking CSR projects, as defined in the Companies Act-2013.

D) Sensitization of Project Affected locals.

SAIL plants/units conduct informal stakeholder engagements for identification of local issues requiring attention and intervention.

E) Consultation with Public Representatives

SAIL plants/units conduct informal stakeholder engagements for identification of local issues requiring attention and intervention.

Public representatives are being informally consulted at times. However due to the constrained financial condition and the statutorily CSR budget being “Nil” SAIL at present is continuing mainly with the ongoing core CSR activities.

F) Identification of CSR Thrust Areas and Geographical areas

SAIL’s CSR activities are mostly carried out in and around steel townships, mines and few locations across the country in the areas as stipulated under Schedule-VII of the Companies Act, which are Education, providing Medical and Health Care facilities, Rural development, Access to water facilities, Infrastructural development in peripheral rural areas, Environment conservation, Women Empowerment, Assistance to Sr. Citizens & people with disabilities, Sustainable Income Generation, Promotion of Sports, Art, etc.

- The above CSR activities are mostly identified on the basis of the Baseline Survey conducted in 2012-13 at Integrated Steel Plants by various reputed institutes, such as Society for Rural Industrialisation, Ranchi, NABARD Consultancy Services, Indian Statistical Institute, Kolkata, Xavier Institute of Social Service, Ranchi, etc. The majority of CSR projects recommended for implementation in the peripheral areas of Plants/Units are valid for a period of 10 years.

(ii) Rashtriya Ispat Nigam Ltd. (RINL)

CSR initiatives in RINL are taken up through a well laid process which spells out the treatment of project proposals in a transparent and comprehensive way as summarized below:

- The projects, identified through baseline survey and /or proposals received from different voluntary agencies or others with need assessment and estimates will be considered for qualifying.
- While selecting CSR activities priority will be accorded to projects which can be monitored through in-house expertise.
- The proposals covered in the scope of CSR Policy must be submitted in the prescribed format (Project Proposal Format) which will be available on the RINL–CSR portal.
- Preferably, projects whose outcome could be measured quantitatively and/ or qualitatively will be identified.
- The projects will be taken up based on the relevance to societal needs, outlay, beneficiaries, reach and coverage in the Companies Act 2013.
- As per budget (recommended by Board Sub-Committee and approved by Board once in a Year) availability, the proposals will be

processed by CSR Department for approval of the Competent Authority

At the time of identification and selection of various activities under CSR, consultations are held with all stakeholders including the local people / Panchayat / Gram Sabha / Area Legislators / Representatives. RINL has not engaged any consultants for identification/selection of CSR activities.

(iii) NMDC Ltd.

NMDC as per its Policy guidelines accords priority to CSR activities around its Project, the developmental needs of the area as ascertained through its Stakeholders Consultation Mechanism and the developmental priorities set by the state Government are the primary criteria for identifying areas of its CSR activities.

To elaborate further, NMDC has a comprehensive stakeholder consultation mechanism w.r.t identification & selection of CSR activities.

During the above process, inputs are gathered from various stakeholders comprising of:

- a) Local Villagers/Gram Panchayats.
- b) Interactions with District Collectors.
- c) In Chhattisgarh, where a substantial portion of NMDC's CSR investment is being made, the Commissioner, Bastar Division, under whose purview the development of the Seven Districts of Bastar Division comes, is the Nodal Officer for the High Power Committee constituted to aid selection of CSR initiatives to be taken up in partnership under NMDC's CSR Programme. The High Power Committee is headed by the Chief Secretary, Govt. of Chhattisgarh.
- d) People's Representatives of the Local Areas concerned also form part of the Stakeholders Consultation Mechanism. Specifically in the case of Chhattisgarh State the Bastar & Southern Region Tribal Development Authority, headed by the Chief Minister, Chhattisgarh State and comprising of Peoples Representatives are also taken into account.

(iv) MOIL Ltd.

All the projects taken up under CSR. A Consultative process is adopted wherein feedback is taken from Local People/ Panchayat /Gram Sabha, etc., before taking up the Project.

(v) MECON Ltd.

All the requests/applications from Villagers/Gram Sabhas/ Panchayat/ Ward Members/NGOs/Trusts/Societies/Beneficiaries, etc. are scrutinised and screened by CSR team of MECON. No external agencies/ Consultants are engaged by MECON for the process of identification/ selection of CSR activities. All the identified CSR & Sustainability projects/activities are put up to CSR Board Level Sub-Committee for approval, which are subsequently ratified by Board of Directors.

(vi) MSTC Ltd.

Management of MSTC decides the projects which may be considered keeping in view the merits, budget provisions, Government directions, etc. Thereafter the project is analysed with visit to the premises/ sites/ offices by a team of officers decided by the management. If the same is found to be acceptable detailed information on the project along with recommendations is put up to the CSR Committee. Consultation with local people is done at the time of identification and selection of various activities under CSR. No consultants are engaged. Our officers are engaged in the process of identification/ Selection of CSR activities. The Committee thereafter recommends the same to the Board of Directors.

(vii) KIOCL Ltd.

Plant level CSR Committee will survey in the villages surrounding the plant for identification of projects. We also receive proposals from the local bodies, schools, MLAs, Service Organisations, for assistance through CSR funds. The activities are planned on the needs of the beneficiaries and a comprehensive plan is put up for consideration and approval of the Board. After approval of the Board, projects are implemented as per the allocated budgets."

## **F. MONITORING OF CSR PROJECTS**

When asked about the monitoring mechanism adopted by various PSUs for timely completion of CSR projects and ensure that funds earmarked for the purpose are being gainfully utilized, Ministry of Steel in a written reply informed the Committee as under:-

"Details of mechanism adopted by CPSEs under administrative control of Ministry of Steel is as under:

(i) Steel Authority of India Ltd. (SAIL)

Monitoring Mechanism

The monitoring mechanism of CSR projects has been put in place as per the provisions of Companies Act, 2013, its rules and SAIL CSR Policy as follows:

i) Primarily the CSR Nodal Officer, who is also group head of CSR department at each Plant & Unit, is responsible for monitoring of CSR activities at every stage. The Cross functional CSR Groups formed at Plants/Units at various levels of authorities also keep a check and take stock of the progress of CSR projects/programs from time to time and take necessary corrective measures, if required.

ii) To ensure effective implementation of the CSR programmes undertaken at each Plant & Unit, a monitoring mechanism is put in place by each Plant & Unit. The progress of CSR programmes under implementation is reported to Corporate Office.

iii) For all the projects, the base line/pre-implementation phase data/status in terms of measurable parameters is documented along with relevant photographs (if possible) before commencement of the project. In case the project is being implemented through external agencies, the base line data is collected through in house resources/by engaging a third party.

iv) The CSR projects include well defined milestones in terms of measurable parameters (preferably in line with the parameters defined for base line study). For projects having duration of one year or more, the time interval between two successive milestones is not more than 3 months.

v) The payments to the external agencies, as the case may be applicable, are made in instalments which are inter-twined in appropriate proportion with the achievement of the milestones. However, in case of job being done through Govt. Agencies, the mutually agreed payment terms is applicable as decided on case to case basis.

vi) The Nodal Officers of the CSR departments of Plant–Unit, inter-alia; keep track of the progress of the CSR projects/activities on a regular basis through status check against the predefined milestones of the project. If possible, the peripheral area is divided into zones and a Project Manager is made responsible for progress of CSR project of the concern zones. A regular site visits and feedbacks from the targeted beneficiaries are prerequisites.

vii) The impact created by the project is documented and includes the development/up-gradation achieved in respect of the parameters corresponding to baseline data and intermediary milestones (wherever possible) along with relevant photographs. To assess the impact of strategic and high value CSR schemes/projects, specialised independent professional

institutions/agencies are preferred.

viii) To maintain transparency, details of every project i.e. base line data, targeted beneficiaries, intermediate milestones, targeted outcomes, completion schedule, payment plan, fund utilisation certificates, project completion certificates, Impact assessment etc. are maintained as prescribed under the Company's rules.

ix) A consolidated progress report of CSR activities at Plant/Unit [in reporting format as prescribed under Companies (CSR Policy) Rules, 2014] are provided by the Nodal Officers to the Corporate CSR on a quarterly basis which are then put up for information of the CSR Committee. On the basis of progress report, the CSR Committee recommends appropriate action with respect to any project/activity of the Policy.

x) Plants-Units also propose any addition /deletion/modification (with proper justification) of project/activity after getting it duly recommended from the respective competent authorities for inclusion in/removal from the CSR Policy/Plan. On receipt of such proposals, CSR Committee considers recommending suitable modification in the CSR Policy/Plan for approval of the Board.

#### A) Impact Assessment of CSR Projects undertaken in SAIL

The impact assessment/social audit of the Company's CSR & Sustainability initiatives has been done through external professional agencies as detailed below:

- The impact assessments of Bhilai and Rourkela Steel Plants' CSR projects in 2014-15 have been carried out by NABARD Consultancy Services (NABCONS).
- The impact assessment of Salem Steel Plant's CSR projects in 2014-15 has been carried out by Madras School of Social Work, Chennai.
- The impact assessment of Raw Materials Division's CSR projects in 2014-15 covering 129 villages of 7 mines in States of Odisha and Jharkhand has been carried out by Institute of Social Sciences, Bhubaneswar (ISS).
- In addition, SAIL has a strong internal mechanism to monitor the activities/ initiatives undertaken under CSR & Sustainability. The Board Sub Committee on CSR reviews/monitors CSR & Sustainability activities on regular basis.

#### (ii) Rashtriyaspat Nigam Ltd. (RINL)

The projects are monitored for timely completion. Maximum efforts are put in to utilize the funds allocated in the same year. However, expenditure related to on-going projects may spill over subsequent year based on the nature of work.

(iii) NMDC Ltd.

While the Board Level CSR & Sustainability Committee is the Apex Monitoring Body for monitoring of its CSR activities of the Company, the Company has a dedicated CSR Department both at Head Office and Projects/Units of the Company to monitor the progress of the various CSR Activities/Works.

To elaborate further, the Monitoring of CSR activities is an in-built proviso in all Memorandum of Understandings/Agreements/Work Orders signed by NMDC with the Implementation Partner which stipulates clauses w.r.t. clearly defined milestones, milestone based verification of progress and mechanism for identification of variances in the implementation of CSR activities and corrective action in connection therewith.

To further strengthen the Monitoring Mechanism, since 2016-17, all CSR activities have been assigned Unique IDs for tracking of Progress. Besides this, a comprehensive Monitoring & Evaluation Study of the CSR activities of the Company has been commissioned by signing an MoU with Institute of Human Development, New Delhi, an ICSSR recognized Institution empanelled with Govt. of India.

For use of technology in Monitoring CSR activities, a Computer/ Mobile based App is under development and is likely to be functional shortly.

(iv) MOIL Ltd.

A monitoring mechanism is in place for ensuring timely completion of the project as well as the allocated CSR funds for the year. The detailed Monitoring mechanism is part of the CSR Policy of the Company.

(v) KIOCL Ltd.

The CSR activities are monitored by the Board Sub Committee at regular intervals. The Corporate CSR Committee working below the Board will monitor the activities on a continuous basis for effective and timely implementation of projects. Funds allocated are utilized in the same year.

(vi) MECON Ltd.

The Board Level Sub-Committee for CSR & Sustainability constitutes of two Functional Directors and headed by an Independent Director. The implementation and monitoring of the CSR & Sustainability activities is overseen by the Board Level Sub-Committee.

The day-to-day implementation is carried out by CSR team of MECON under the overall supervision of a senior level executive, who is the Nodal Officer.

The Nodal Officer submits reports regarding the progress in implementation of CSR activities and utilization of annual budget to the Board Level Sub-Committee. The Committee, in turn, submits the reports to the Board of Directors for their information, consideration and necessary directions. The submission of reports is generally on quarterly basis.

Additionally, with effect from FY 2014–15, an Annual Report on CSR & Sustainability activities is included in the Board's Report as notified by Ministry of Corporate Affairs, as part of the Companies Act, 2013.

(vii) MSTC Ltd.

Monitoring is done with key indicators, timeline, budget and corrective actions taken, if required. The monitoring is done by internal officers. The agency engaged for baseline/need assessment study may, if required, be used for monitoring and evaluation. The implementation and monitoring of the CSR activities is overseen by the CSR Committee apart from the dealing officer. The Minutes/recommendations of the CSR Committee is placed in the Board Meeting held immediately after the CSR Committee Meeting."

## **G. OVERLAPPING OF DMF AND CSR**

i) To ensure that the welfare of host population are protected and the benefit of the economic activity in the mining sector equitably flows to those directly affected, provision has been made in the MMDR (Amendment) Act, 2015 for the establishment of District Mineral Foundation (DMF) in any district affected by mining related operations. The objective of DMF is to work for the interest and benefit of persons in and areas affected by mining related operations. DMF is funded by way of contributions at the prescribed rates from holders of mining lease.

ii) Ministry of Mines framed the Mines and Minerals (Contribution to District Mineral Foundation) Rules, 2015 which were published in the Official Gazette on 17.9.2015.

iii) The rates of contribution to DMF have been prescribed as follows: a) 30% of the royalty for leases granted prior to 12.1.2015; and b) 10% of the royalty for leases granted on or after 12.1.2015.



iv) The manner in which the DMF shall work for the interest and benefit of persons and areas affected by mining; as also the composition and functions of the DMF shall be prescribed by the State Governments.

v) Directions have also been issued to all States to incorporate the 'Pradhan Mantri Khanij Kshetra Kalyan Yojana' in the rules framed by them for the District Mineral Foundations.

vi) The Pradhan Mantri Khanij Kshetra Kalyan Yojana (PMKKKY) will be implemented through Legislative Framework, Mineral Policy and Implementation by the DMFs of the respective districts using the funds accruing to the DMF. At least 60% of PMKKKY funds will be utilized for: (i) drinking water supply; (ii) environment preservation and pollution control measures; (iii) health care; (iv) education; (v) welfare of women and children; (vi) welfare of aged and disabled people; (vii) skill development; and (viii) sanitation. Up to 40% of the PMKKKY funds will be utilised for: (i) physical infrastructure; (ii) irrigation; (iii) energy and watershed development; and (iv) any other measures for enhancing environmental quality in mining district.

vii) 12 major mineral rich states of the country [i.e. Goa, Karnataka, Chhattisgarh, Odisha, Jharkhand, Madhya Pradesh, Rajasthan, Telangana, Andhra Pradesh, Gujarat Maharashtra and Tamil Nadu have framed DMF rules and DMF has been set up in 338 districts of these states.

**PART-II**  
**OBSERVATIONS/RECOMMENDATIONS OF THE COMMITTEE**

**CSR AND COMPANIES ACT, 2013**

1. The Committee note that Section 135 of the Companies Act, 2013 lays down the qualifying criteria for Corporate Social Responsibility (CSR) based on net worth, turnover and net profit for Companies which are required to undertake CSR activities and, inter alia, specifies the broad modalities of selection, implementation and monitoring of the CSR activities by the Boards of Directors of Companies. The activities which may be included by companies in their CSR policies are listed in Schedule VII of the Act. The provisions of Section 135 and Schedule VII of the Act apply to all companies, including CPSEs. The Committee also observe that Corporate Social Responsibility (CSR) is a concept whereby organizations serve the interests of society by taking responsibility for the impact of their activities on customers, employees, shareholders, communities and the environment in all aspects of their operations. The Ministry of Corporate Affairs has formulated CSR Rules under the provisions of the Act and issued the same on 27.2.2014. The CSR Rules are applicable to all Companies, including CPSEs w.e.f. 01.04.2014. Further, Department of Public Enterprises has issued Guidelines on Corporate Social Responsibility and Sustainability in October, 2014. All the CPSEs have been directed to scrupulously follow the above mentioned Act/Rules/Guidelines while allocating and spending funds under CSR. The Committee find that harnessing of natural resources has a direct impact on the economy, environment and society at large. CSR is thus linked with the practice of Sustainable Development. The Committee's observation and Recommendations in connection with examination of the subject are contained in subsequent paras of the Reports.

**CSR POLICY OF STEEL PSUs**

2. The Committee note that all the steel sector Central PSUs namely, Steel Authority of India Limited (SAIL), Rashtriya Ispat Nigam Limited (RINL),

NMDC Ltd., MOIL Ltd., KIOCL Ltd., MECON Ltd. and MSTC Ltd. have separately formulated their CSR and Sustainable Development Policy in line with the provisions of the Companies Act, 2013, the Companies (Corporate Social Responsibility Policy) Rules, 2014 and Department of Public Enterprises (DPE) guidelines. The Committee also find that although CSR projects/schemes by all Steel sector PSUs are reported to be undertaken in conformity to the Schedule VII of the Companies Act, but each Company has adopted different planning, execution and implementation methodology and monitoring mechanism. The Committee also note that although each Company is reported to have constituted a dedicated 'CSR Cell', yet in MOIL Ltd. and MSTC Ltd., this Cell is headed by an Independent Director and designated officers implement the decisions taken by the CSR Committee. The Committee also observe that the CSR Policy of NMDC Ltd., while stipulating the mechanism, process and structure of CSR programme also has a unique inbuilt sunset clause providing for review of the Policy after every three years. The Committee while appreciating that the broad CSR policies of Steel PSUs are in consonance with the provisions of the Companies Act, 2013, Schedule VII thereof and CSR Rules, 2014 and DPE guidelines issued thereunder, desire that the Ministry of Steel should consider framing of a uniform CSR policy for all Central Public Sector Enterprises (CPSEs) coming under its administrative control to ensure uniformity in their CSR activities in the focused areas as enumerated in Schedule VII of Companies Act, 2013.

#### **UTILIZATION OF CSR FUNDS BY SAIL**

3. The Committee are concerned at lower utilization of allocated funds for CSR activities by SAIL during the year 2014-15. As against the allocation of Rs. 78 crore, the actual spending was only Rs. 35.04 crore. Similarly, during 2015-16, the Company could spend only Rs. 76.16 crore against total fund allocation of Rs. 100.16 crore including carried forward unspent balance amount of Rs. 42.96 crore during the year. Taking note of the fact

that SAIL had not made any net profit during 2016-17 and 2017-18, the Committee find that the Company had still spent funds for CSR activities and Rs. 29.05 crore and Rs. 25.70 crore respectively which were spent during these two years. The Committee are also given to understand that in addition to the allocated CSR budget, an expenditure to the tune of over Rs.350 crores is incurred annually towards providing Health, Education, Township, etc. facilities to non-SAIL population living in and around the Plant/Unit locations. The facilities created in the Steel Townships at Plants/Unit locations are accessed by the local non-SAIL population either free or at a very nominal cost. While appreciating the allocation of funds to the tune of Rs. 29.34 crore, 26 crore and Rs. 30 crore for CSR activities by SAIL during 2016-17, 2017-18 and 2018-19 respectively despite the fact that Company did not make any net profit, the Committee would like to be apprised of the negative impact on implementation of ongoing CSR activities by SAIL due to lower allocation of CSR funds on account of dwindling profits of the Company.

4. The Committee also note that there are 5 Integrated Steel Plants, 3 Special Steel Plants and one Subsidiary under SAIL. According to Ministry of Steel, in compliance of CSR provisions of the Companies Act, 2013, since April 1, 2014, the annual CSR fund is allocated for the Company as a whole, based on the criteria of at least 2% of Average Net Profits (ANP) of the preceding 3 fiscals for the Company as a whole. In this regard, the Committee would like to be apprised of the reasons for not allocating Plant-wise funds for CSR activities, to ensure justified allocation in the affected areas. The Committee would also, like to be informed of the percentage share of CSR funds allocated for spending in each Plant Area of SAIL.

#### **UTILIZATION OF CSR FUNDS BY RINL**

5. As regards the CSR expenditure by RINL, the Committee note that the Company's total budget allocation during the year 2014-15 as per

Companies Act, 2013 was Rs. 14.23 crore and with Rs. 3.44 crore as carry forward of previous year unspent, the total budget allocation was Rs. 17.67 crore. The Committee also note that during the years 2016-17 and 2017-18, though RINL's allocation as per requirement of the Companies Act, 2013 for CSR activities had been 'NIL', still an allocation of Rs. 7.48 crore and Rs. 7.78 crore respectively was made during these years. The Committee are, however, perturbed to note that, against the total allocation of Rs. 15.00 crore, Rs. 13.75 crore and Rs. 13.00 crore, during 2015-16, 2016-17 and 2017-18 (including unspent balance of previous years), the expenditure during these years had been Rs. 8.73 crore, Rs. 8.53 crore and Rs. 9.60 crore respectively. Taking note of this huge money lying unspent year after year on CSR activities by RINL, the Committee strongly recommend that Ministry of Steel and RINL Board should go into the details of the reasons for the same and the Committee be apprised of the corrective measures taken by them to ensure full utilization of CSR funds at least from current financial year onwards.

#### **UTILIZATION OF CSR FUNDS BY NMDC LTD.**

6. The Committee observe that NMDC Ltd. had allocated Rs.210.56 crore, Rs.236.65 crore, Rs.160.22 crore and Rs.121.02 crore for CSR activities during the years 2014-15, 2015-16, 2016-17 and 2017-18 respectively. The Committee also note that although NMDC Ltd. had allocated 2% of average Profit Before Tax (PBT) during 2016-17 and 2017-18, the Company had allocated more funds than required under Companies Act, 2013 for CSR activities during 2014-15 and 2015-16. The Committee are, however, unhappy at the unspent CSR funds during the years 2014-15, 2015-16, 2016-17 and 2017-18 which were to the tune of Rs.61.54 crore, Rs.88.1 crore, Rs.74.14 crore and Rs.25.79 crore respectively. In view of the low expenditure by NMDC Ltd. on CSR activities against the budgeted provisions made during the years from 2014-15 to 2017-18, the Committee cannot but deplore the way CSR activities are being executed by the

Company. The Committee, therefore, strongly urge the Ministry of Steel and NDMC Ltd to review their planning and implementation methodologies of CSR activities and desire that they be apprised of the reasons for low utilization of budgetary allocation by the Company in the past and corrective measures being taken to ensure full utilization of CSR funds during 2018-19.

**UTILIZATION OF CSR FUNDS BY MOIL LTD., MECON LTD., MSTC LTD. AND KIOCL LTD.**

7. The Committee are happy to note full utilization of CSR funds by MOIL Ltd. from 2012-2013 to 2017-18. Against the Budgetary allocation of Rs.14.30 crore during 2015-16, the Company's expenditure on CSR activities during the year was Rs.14.47 crore. Similarly, during 2017-18, against Budgetary allocation of Rs.9.22 crore, the actual expenditure was Rs.9.61 crore by MOIL Ltd. Similarly MSTC Ltd. also expended 100% of its budget allocation for CSR activities from 2013-14 to 2017-18. The Committee are, however, concerned to note the declining CSR fund allocation by MOIL Ltd. and MSTC Ltd. on account of their decreasing net profits. As against Rs.10.36 crore and Rs.14.30 crore allocated for CSR by MOIL Ltd., during 2013-14 and 2015-16 respectively, CSR allocation during 2017-18 declined to Rs.9.22 crore. Similarly allocation of CSR funds by MSTC Ltd. during 2017-18 was only Rs.2.14 crore against Rs.4.87 crore during 2013-14. The Committee are, however, unhappy to note that although meager funds were allocated by MECON Ltd. and KIOCL Ltd. during 2017-18 and 2018-19, the Companies could not utilize the unspent balance of previous years for CSR activities. The Committee while observing that although there has been a decline in CSR fund allocation of MOIL Ltd. and MSTC Ltd. on account of their decreasing profits, these Companies were able to fully utilise their allocated funds on CSR activities. At the same time, the Committee deprecate the performance of MECON Ltd and KIOCL Ltd. on account of their failure to fully spend even the meagre

funds allocated for CSR activities. The Committee, therefore, recommend that MECON Ltd. and KIOCL Ltd. should take appropriate remedial steps to ensure full utilization of funds earmarked for CSR activities.

### **CSR ACTIVITIES**

#### **A. SWACHH BHARAT ABHIYAN**

8. The Committee note that Steel PSUs are expending their CSR budget for activities like education, women empowerment and Skill Development, Swachh Bharat Abhiyan, healthcare, rural development, development of aspirational districts, etc. As regards Swachh Bharat Abhiyan, the Committee note that SAIL has constructed 672 toilets in schools run in various locations in vicinity of its plants and mines. Similarly, the number of toilets constructed in schools under the Swachh Bharat Vidyalaya Abhiyan by NMDC Ltd., RINL, MOIL Ltd., KIOCL, MECON Ltd. and MSTC Ltd. are 2089 (2081 in Chhatisgarh and 08 in Madya Pradesh), 166 (160 in Vishakhapatnam and 06 in East Godavari), 643 (221 in Madhya Pradesh and 422 in Maharashtra), 145 (Karnataka), 104 (Jharkhand) and 24 (10 in Madhya Pradesh, 24 in Chhattisgarh) and 21 in West Bengal respectively. While appreciating the steps taken by all Steel PSUs, the Committee find that no Steel PSU has spent on toilet construction in schools under Swachh Vidyalaya Abhiyan outside their area of operations. The Committee therefore recommend that Steel PSUs should also consider constructing toilets in schools outside their plants or mining areas operations out of 20% allocated by them for Pan India budget. The Committee would also like to be apprised of the steps taken by the Companies to ensure that these toilets are hygenic and functional.

#### **B. CSR PROGRAMME FOR DIVYANGJAN**

9. The Committee note that various Steel PSUs which include SAIL, RINL, NMDC Ltd., KIOCL Ltd., MECON Ltd. and MSTC Ltd. are implementing different programmes under CSR for the benefit of Divyangjan. Divyangs

(children/people) are being supported through provision of equipment like tricycle, motorized vehicles, calipers, hearing aids, artificial limbs, etc. SAIL supports various schemes at SAIL Plants under CSR like “Sneh Sampada”, “Prayas” and ‘Muskaan” at Bhilai, “Schools for blind, deaf & mentally challenged children” and Home and Hope” at Rourkela, “Ashalata” at Bokaro, various programs like “Handicapped Oriented Education Program” (Hope) and “Durgpaur Handicapped Happy Home” at Durgapur, “Cheshire Home” at Burnpur. The Committee also note that Skill Development program for 200 Divyangjan residing in the surrounding villages of the RINL Steel Plant and other areas of Visakhapatnam has been taken up by RINL through National Handicapped Financial Development Corporation (NHFDC). Training in various Skills viz. Tailoring, Computer Data Entry Operation, Beautician and Mobile Handset repair were provided to 100 ‘Divyangjan’ during 2017-18. During the year 2018-19 also, training is being provided to another 100 Divyangjan from Visakhapatnam district. To ensure employability after training, a Memorandum of Association is entered into with the NHFDC wherein 30% employment guarantee (including self-employment) is provided. While appreciating the steps taken by Steel PSUs to ensure training programmes for Divyangjan in different fields and 100% disability friendly residential schooling facilities by NMDC Ltd. in Naxal infected Dantewada District of Chhattisgarh, the Committee are of the view that these programmes should ensure employability (including self employment) after training and therefore desire that PSUs should take required steps in this direction.

### **C. SKILL DEVELOPMENT ACTIVITIES BY STEEL PSUS**

10. The Committee note that Skill Development is a major component of CSR responsibility of Steel PSUs and is covered under item no (ii) of Schedule VII of the Companies Act, 2013. According to Ministry of Steel, under the Government's Skill India Mission, it has been planned to train 500



million people by 2022 in the employability linked Skill Development Program in alignment with the "Make in India' and 'Digital India' initiatives. In this regard, the Committee find that NMDC Ltd. has provided Skill training in Mining Sector to 400 persons each during 2016-17 and 2017-18 and 71 and 57 persons in steel sector during these years. Similarly, RINL had given training to 631 persons during 2016-17 and 420 persons during 2017-18 and MOIL Ltd. had trained 153 persons during 2016-17 and 127 persons during 2017-18. As regards SAIL's Skill Development Initiative, the Committee note that approx 601 youths and 1468 women folks during 2017-18, 1848 local youths and 1401 women folks in 2016-17, 947 village youths and 1785 women folks during 2015-16, 2842 village youths and 5090 women folks during 2014-15, and 1063 village youths and 503 women folks during 2013-14 of peripheral villages have been covered under such schemes. The unemployed youths from rural and remote regions in the periphery of Plants/Mines are sponsored to undergo vocational courses/skill development courses at different Industrial Training Institutes (ITI) at Bokaro, Rourkela, Bolani, Gua and Barsua, etc. SAIL has also sponsored 845 local youths in 2017-18, 546 in 2016-17, 733 youths in 2015-16, 636 youths in 2014-15 and 638 in 2013-14 for ITI trainings in different trades (viz. Electrician, Fitter, Welder, etc.). A Skills Development Hub is being set up in vacant school building in DSP township. Sub-centres of Shilpangan are running in Durgapur Industrial Zone including peripheral villages. About 748 unemployed rural youths were trained in 2017-18 and 840 in 2016-17 through Shilpangan where trainings are imparted in Fabrication, Electrician, AC & Refrigeration, Computer Hardware, Computer Software, Mobile Repair, Plumbing, Carpentry, Silk Yarn Reeling & Spinning, Dress Making & Garment Design, Beautician, Hair & Skin-care, Handicraft making, X-Ray Technician, Path-Lab Technician, Physiotherapy, ECG Technician, Hospitality, Security Services, etc. The Committee while appreciating various vocational training programmes run by Steel PSUs benefiting the rural, unemployed youths by way of financial inclusion and empowering

them to be the part of mainstream also desire that the Steel PSUs should try to increase the number of youths being trained/sponsored at various Institutions/Self employment Centres taking into account the 500 million people target for skill training by 2022. The Committee also feel that only such programmes be selected which can land the beneficiaries in gainful employment/self employment. The Committee also recommend that all Steel PSUs should enter into MOUs with training providers for guaranteed placement of certain percentage of beneficiaries.

### **SUPPLEMENTING MID DAY MEAL SCHEME BY SAIL THROUGH CSR**

11. As regards reason for spending CSR funds on Mid-day meals in schools in Bhilai and Rourkela by SAIL, the Committee note that the Company shared the cost of mid-day meals in schools at Bhilai and Rourkela (with the approval of SAIL Board) under its CSR programme in accordance with "Clarifications w.r.t. provisions of CSR under Sec.135 of the Companies Act, 2013" issued by Ministry of Corporate Affairs, according to which "Supplementing of Government schemes like mid-day meal by corporates through additional nutrition would qualify under Schedule VII, item no. relating to poverty and malnutrition." While taking note of the justification for spending CSR funds by SAIL for Mid-day meals, the Committee feel that it is also necessary to scientifically assess the impact of such initiative by SAIL on factors like reduction in dropout rate, overall healthy and balanced growth of children, relief to teachers, improvement in food quality, freedom from child labour etc. for which a formal study needs to be conducted by SAIL. The Committee also observe that the justification by SAIL for spending on mid day meal seems to imply that without fund contribution by SAIL under CSR scheme, this Central and State Government funded scheme would not have been successful. The Committee, therefore, desire that SAIL should review it's CSR contribution for Mid-day Meal and explore the possibility of fully funding the mid-day

meal scheme by adopting some schools in vicinity of Steel Plants / iron ore mine areas. The Committee would like to be apprised of the impact of this CSR initiative after full contribution to selected school towards Mid-day Meals.

### **SELECTION OF CSR PROJECTS**

12. The Committee note that in terms of their CSR policy, various Central Steel Sector PSUs have adopted different methodology/ criteria for indentifying the areas of their CSR activities. For instance, in the case of SAIL, the identification of CSR projects/activities at Plants and Units/Corporate level is done by any one or combination of parameters like In-house planned projects, proposals from District Administration/local Govt. body/public representatives etc., and proposals/Requests from a registered & specialized body for providing financial assistance for carrying out specific CSR initiative subject to the condition that it fulfils the criteria as prescribed in the statute in this regard. In the case of RINL, the CSR projects are identified through baseline surveys and/ or proposals received from different voluntary agencies or those which need assessment and estimates, etc. while in the case of NMDC Ltd., the developmental needs of the areas around its projects as ascertained through stakeholders and the developmental priorities set by the State Government as the primary criteria for identifying areas of CSR activities. As regards the consultation with public representatives for selection of CSR activities is concerned, the Committee note that some of the Steel PSUs conduct informal stakeholder engagements for identification of local issues requiring attention and intervention. Public representatives are being informally consulted at times whereas in case of some of PSUs, no external agencies/ Consultants are engaged for the process of identification/ selection of CSR activities. The Committee feel that the very objective of CSR activities is to enhance value creation for the community

in which it operates by identifying with the hamlet and foster goodwill towards the Company from those living along the periphery by enhancing the quality of life of people in the direct impact zone and therefore elected public representatives like local MLA/MPs should invariably be involved for identification and selection of CSR activities as they are in a better position to identify the needs and requirement of local populace. The Committee, therefore, recommend that instead of holding informal talks with public representatives like MLAs/MPs, the Steel PSUs should incorporate necessary provision in their CSR policy mandating representation of local MLAs/MPs in their CSR Projects Selection Committees. The Committee would like to be apprised of the action taken by Ministry of Steel/Steel PSUs in this regard.

#### **MONITORING OF CSR ACTIVITIES**

13. The Committee note that all Steel PSUs have put in place the monitoring mechanism for CSR projects at the Board level or Board Sub-Committee which meets at regular intervals to monitor the activities on continuous basis for effective and timely implementation of the CSR projects. However, going by the information provided by the Ministry of Steel where PSUs including RINL, NMDC Ltd., MECON Ltd. and KIOCL Ltd. the Committee note that on many occasions these companies could not fully utilize the CSR funds allocated during a year. As a result, the targeted milestones for CSR activities could not be achieved by the Companies during a particular year. The Committee, therefore, recommend that all Steel PSUs should incorporate a provision in Agreements / Work orders with implementing / executing Agencies clearly defining the quarterly milestones with regular verification of progress and a mechanism also needs to be established for identification of variances in the implementation of CSR activities and taking corrective action in connection therewith. While appreciating the initiatives taken by NMDC Ltd. to further

strengthen the Monitoring Mechanism since 2016-17 by assigning Unique IDs to all CSR activities for tracking of the progress and initiating the process for development of a Computer / Mobile based App which is likely to be functional shortly; the Committee desire that these initiatives be replicated in all Steel PSUs and they be apprised of the action taken by the Ministry in this regard.

#### **OVERLAPPING OF DMF AND CSR**

14. The Committee note that for protecting the interests of host population and ensuring the flow of the benefits of the economic activity in the mining sector in an equitable manner to the people directly affected by the mining activities, provision has been made in the MMDR (Amendment) Act, 2015 for the establishment of District Mineral Foundation (DMF) in the district affected by mining related operations. The prime objective of DMF is to work for the interest and benefit of persons in and around areas affected by mining related operations. DMF is funded by way of contributions at the prescribed rates from holders of mining lease. The rates of contribution to DMF have been prescribed as a) 30% of the royalty for leases granted prior to 12.1.2015; and b) 10% of the royalty for leases granted on or after 12.1.2015. Directions have also been issued to all States that the Pradhan Mantri Khanij Kshetra Kalyan Yojana (PMKKKY) will be implemented by the DMFs of the respective districts using the funds accruing to the DMF. It has also been prescribed that at least 60% of PMKKKY funds will be utilized for: (i) drinking water supply; (ii) environment preservation and pollution control measures; (iii) health care; (iv) education; (v) welfare of women and children; (vi) welfare of aged and disabled people; (vii) skill development; and (viii) sanitation. Up to 40% of the PMKKKY funds will be utilised for: (i) physical infrastructure; (ii) irrigation; (iii) energy and watershed development; and (iv) any other measures for enhancing environmental quality in mining district. The Committee also note that according to Schedule VII of the Companies Act, 2013, activities like eradicating hunger,

poverty, malnutrition, health care; Promoting education; Promoting gender equality; Sanitation, drinking water and environmental sustainability; Promotion of Sports; Contribution to PM relief fund/any other Central Govt. fund; Rural development etc. are major thrust areas specified for disbursing of CSR funds by a Company including CPSEs. The Committee note that as on August, 2018, Rs. 15547.83 crore have been collected and disbursed to States to implement Welfare Schemes under PMKKKY. The Committee, therefore, feel that in case of Districts where DMF funds are disbursed, the requirement of utilization of CSR funds in the same area for the same purpose require deeper analysis for its prudent diversion to other need areas. To avoid this unnecessary overlap, the Committee desire that the Government should review the mandatory provision of spending 80% of CSR funds in mining areas where DMF funds are also spent so that under such circumstances, funds of CSR can be spent by PSUs in other areas where these would be more gainfully utilized. The Committee, therefore, recommend that the Ministry should take up the matter at appropriate level in the Government and the guidelines for utilization of CSR funds be reviewed at least for those companies involved in mining operations.

**NEW DELHI;  
20 December, 2018  
29 Agrahayana 1940(Saka)**

**PROF. CHINTAMANI MALVIYA  
Chairperson  
Standing Committee on Coal and Steel**

**MINUTES OF THE SITTING OF THE STANDING COMMITTEE ON COAL AND STEEL HELD ON 15TH OCTOBER, 2018 IN COMMITTEE ROOM NO. '2', PHA EXTENSION BUILDING, NEW DELHI.**

The Committee sat from 1100 hrs. to 1430 hrs.

**PRESENT**

**Prof. Chintamani Malviya - Chairperson**

**LOK SABHA**

2. Shri Idris Ali
3. Shrimati Jyoti Dhurve
4. Smt. Ranjeet Ranjan
5. Dr. Ravindra Kumar Ray
6. Shri Janardan Singh 'Sigriwal'
7. Shri Pashupati Nath Singh
8. Shri Rama Kishore Singh

**RAJYA SABHA**

9. Prof. Manoj Kumar Jha
10. Shri Samir Oraon
11. Shri Ram Shakal

**SECRETARIAT**

1. Shri Ajay Kumar Garg - Director
2. Shri Arvind Sharma - Additional Director

**WITNESSES**

**MINISTRY OF STEEL**

1. Shri Binoy Kumar, Secretary (Steel)
2. Smt. Rasika Chaube, Additional Secretary (Steel)
3. Ms. Ruchika Chaudhry Govil, Joint Secretary, M/o Steel
4. Shri Puneet Kansal, Joint Secretary, M/o Steel
5. Shri T. Srinivas, Joint Secretary, M/o Steel
6. Ms. Promodita Sathish, Economic Adviser, M/o Steel
7. Shri Mahabir Prasad, Director, M/o Steel

**STEEL PSU's**

1. Shri Anil Kumar Chaudhary, Chairman, SAIL
2. Shri Pradosh Kumar Rath, CMD, RINL
3. Shri N. Baijendra Kumar, CMD, NMDC Ltd.
4. Shri B.B. Singh, CMD, MSTC Ltd.
5. Shri M.P. Chaudhari, CMD, MOIL Ltd.
6. Shri M.V. Subbarao, CMD, KIOCL Ltd.
7. Shri Atul Bhatt, CMD, MECON Ltd.

2. At the outset, the Chairperson welcomed the Members and representatives of Ministry of Steel and Steel PSUs to the sitting of the Committee convened to have briefing in connection with examination of two subjects, (i) "The Indian Steel Sector : Development and Potential"; and (ii) "CSR Activities in Steel PSUs ".

3. The Committee first held discussions on the subject: "The Indian Steel Sector : Development and Potential". The Chairperson raised specific queries like Major initiatives taken in the Steel sector during last 5 years, Performance of Private/Public Sector, Major Steel investments in the country during last 5 years; Physical & financial performance of Indian Steel Industry, Export & import policy affecting the sector, policy on Domestically Manufactured Iron & Steel Products (DMI&SP) and its effects, Steel Demand & Consumption, Reduction in cost of Transportation & Production, Promotion of Steel Usage etc. The representatives of the Ministry of Steel responded to the queries made by the Hon'ble Chairperson and also briefed the Committee on all these issues by way of a power point presentation.

4. Members then raised specific queries on the related issues arising out therefrom and sought responses from the representatives of Ministry of Steel and Steel PSUs on the subject. The representatives of Ministry of Steel responded to some of the queries raised by the Members.

5. The Committee then discussed the subject "CSR Activities by Steel PSUs in Steel Sector". The Chairperson raised specific queries like the methodology adopted/criteria followed for identifying the areas for CSR activities; the reasons for decline in allocation/expenditure, if any; monitoring mechanism put in place to ensure timely completion of CSR projects, findings of any impact assessment study carried out on execution of CSR projects by Steel PSUs and corrective action taken thereon, etc. In a power point presentation on the subject, the Ministry of Steel responded to the queries raised by the Chairperson and also apprised the Members about the CSR Policy of Steel PSUs.

6. The Members also raised queries and sought responses from the representatives of Ministry of Steel and Steel PSUs on the subject which were responded to by the Ministry of Steel.

7. The Chairperson, thereafter thanked the witnesses for appearing before the Committee and directed them to furnish written replies to the points on which the Ministry could not respond during the sitting, within 10 days.

A copy of verbatim proceedings of the sitting of the Committee has been kept on record.

***The Committee then adjourned.***



**MINUTES OF THE SITTING OF THE STANDING COMMITTEE ON COAL AND STEEL HELD ON 20 DECEMBER 2018 IN CHAIRPERSON'S CHAMBER (ROOM NO. '210'), B-BLOCK, PARLIAMENT HOUSE ANNEXE EXT. BUILDING, NEW DELHI**

The Committee sat from 1500 hrs. to 1530 hrs.

**PRESENT**

**Prof. Chintamani Malviya - Chairperson**

**Lok Sabha**

2. Shri Godam Nagesh
3. Dr. Banshilal Mahato
4. Shri Ajay Nishad
5. Smt. Riti Pathak
6. Smt. Ranjeet Ranjan
7. Shri Chandulal Sahu
8. Shri Tathagata Satpathy
9. Shri Janardan Singh 'Sigriwal'
10. Shri Pashupati Nath Singh
11. Shri Krupal Balaji Tumane

**Rajya Sabha**

12. Shri Ranvijay Singh Judev
13. Shri Samir Oraon
14. Shri Achyutananda Samanta
15. Shri Ram Shakal
16. Shri Sanjay Singh

**SECRETARIAT**

1. Shri R.C. Tiwari - Joint Secretary
2. Shri Arvind Sharma - Additional Director

2. At the outset, Chairperson welcomed the Members to the sitting of the Committee.

3. The Committee thereafter took up for consideration the following Draft Reports of the Committee:

- (i) \*\* \*\* \*\* \*\* ;and
- (ii) CSR Activities in Steel PSUs.

4. The Committee considered and adopted the Report at Para 3(i) above with minor modification in Recommendation at SI No. 3 by suitably incorporating the line that "all the projects/schemes under DMF be approved by DMF Trust"

The Report at Para No. 3(ii) was considered and adopted without any changes/modifications. The Committee then authorized the Chairperson to finalize the Reports after making the consequential changes, if any, arising out of the factual verification of the reports by the concerned Ministries and present the same to both the Houses of Parliament.

**The Committee then adjourned.**

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\*\*Do not pertain to this Report.