Jharkhand Corporate Social Responsibility Council (JCSRC): A Detailed Study

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Abstract:
The mineral rich state of Jharkhand is a home to country’s major mining, steel and aluminium plants, cement and thermal power conglomerates. Jharkhand has a repository of iron ore, coal (32% of India), copper (25% of India), mica, bauxite, manganese, limestone, china clay, fireclay, graphite, magnetite, dolomite, kainite, chromite, asbestos, thorium, feldspar, quartz, uranium, silver, gold and several other minerals. The crucial reserves of the state play a key role in the Indian economy.

The abundant mineral resource of Jharkhand brilliantly contrasts with the dearth poverty of the people inhabiting it. Jharkhand has been for ages the homeland of aboriginal races such as the Mundas, Asurs, Santhals (they form the world’s largest indigenous tribal group numbering about 6 million), Oraons, Ho, Kharias, etc. These tribal groups have been mostly affected by the large scale exploitation of the natural reserves caused by the mining, deforestation, pollution and several industrial activities. The uneven mining has ruined the land, water, air and forests. The pollution caused by the industries has degraded the quality of people living in these areas.

The rural voice of Jharkhand amplifies various issues prevailing in the region. The problems like malnutrition, infant mortality rate, health, drinking water, sanitation, unemployment, education and other issues needs to be dealt by the government and corporate house in Jharkhand jointly. The state government has constituted Jharkhand Corporate Social Responsibility (JCSRC) to efficiently address numerous problems of the state.

Keywords: Corporate House in Jharkhand, CSR, Indian Economy, Jharkhand Corporate Social Responsibility, Tribal

1. INTRODUCTION

The ‘Land of Forests’- Jharkhand became an independent 28th state of India on 15th November, 2000. The traits of rich cultural, historical and artistic heritage are evidently found in the corners of the state. The natural greenery and purity of the place fascinates one and all. The abundance of wide variety of mineral resources calls investors and corporate houses.

The total area of Jharkhand is 79,716 sq. km. The density of the State is 414 per sq km which is higher than national average 382 per sq km. The total population of Jharkhand as per 2011 census is 32,988,134 of which male and female are 16,930,315 and 16,057,819 respectively. The female sex ratio of Jharkhand is 948 females per 1000 males. The literacy rate according to the 2011 census in Jharkhand is 66.41 percent of which male literacy stands at 76.84 percent while female literacy is at 52.04 percent. Tribals constitute around 28 % of total population of the state of Jharkhand, which is around 8% of total tribal population of India. The primitive tribal group (PTG) constitutes 3.9% of the total scheduled tribe population of India. 9 tribes have been identified as primitive tribal groups in Jharkhand.

A report of World Bank clearly cites that Jharkhand is the most populous state in India and home to 33 million people of which 13 million are poor. In other words, below poverty line population of Jharkhand is around 44% and more than 6% is still unable to get sufficient food. The state ranks high in terms of poverty in the country, predominantly southern and eastern districts of Jharkhand. The poverty ratio of Jharkhand is much higher than that of the country.

2. CSR in Jharkhand

Jharkhand is one of the richest mineral zones in the world and boasts of 40 per cent and 29 per cent of India's mineral and coal reserves respectively. Due to its large mineral reserves, mining and mineral extraction are the major industries in the state. The state has several industrial units which include automotive, metals, chemicals, electrical and electronic goods, cement, steel processing, bell metal, hard coke, forging and hand tool manufacturing clusters.
The total annual turnover of Central Public Sector Enterprises (CPSEs) operating in Jharkhand, majorly in steel, power, coal and other mining sectors amounts to Rs. 60,000 cr. in 2013. This sum is about one-third of the net state domestic product of Jharkhand in 2013.

The total annual Corporate Social Responsibility (CSR) budget in India was estimated to be Rs 20,000-25,000 cr. in 2014. Considering that the share of Jharkhand in the total CSR budget would be about 3-4%, the CSR funds of Jharkhand companies was then estimated to be at Rs 600-800 cr. per year.

The government of Jharkhand identified good CSR work done by many companies, especially CPSEs and some big private sector companies in the state. Besides, there are non-companies like charitable trusts/societies and also high value individuals who invest in CSR in the state. These companies have been doing CSR activities, even before the mandatory provisions on CSR incorporated in the Companies Act.

3. JHARKHAND CORPORATE SOCIAL RESPONSIBILITY COUNCIL (JCSRC)

The Jharkhand Corporate Social Responsibility Council (JCSRC) was constituted on 24th April, 2015 by the government of Jharkhand. The Council comprises a team of representatives from government and industry representatives to monitor CSR schemes aligned with the state government’s vision. JCSRC aims to ensure maximum benefits for the masses and proper coordination of welfare projects of business houses in harmony with the state priorities.

JCSRC is one of its kind bodies in India that ensures the CSR funds are efficiently used with substantive results. The Council is there to monitor CSR spending in targeted areas and suggest ways for better coordination. This removes duplicacy of similar projects funded by the companies in a particular area.

3.1 Role of CSR Council

The CSR Council of Jharkhand government plays a crucial role in-

- Channelizing CSR activities of Companies, for facilitating comprehensive development of the village/gram panchayats in Jharkhand with clear outcomes/results by dovetailing/synergizing
- Ensuring that CSR amount as per the Companies Act - calculated on the basis of annual turnover and net profit of the Companies operating in Jharkhand - is fully invested in Jharkhand itself
- Advising Companies to take up select/specific interventions under CSR as per the Companies Act 2013 in the geographical areas of the company operation, as well as in the backward areas outside the areas of companies operation. As per Guidelines of the Government of India, Central Public Sector Enterprises (CPSEs) are expected to invest CSR funds in Backward Regions Grants Fund (BRGF) districts and consult the state government on government's priorities and area specific needs.
- Monitoring and reviewing CSR activities of the Companies.
- Ensuring the government departments at the state and the district administration are kept fully informed by Companies about the CSR activities
- Ensuring that Companies take up activities to fill the critical gaps and strengthen government schemes/programs and not duplicate activities (as far as possible).
- Channelizing CSR funds to improve services in the most marginalized communities like PTGs in the state.

3.1.1 CSR amount

With the new Companies Act 2013, it has now become mandatory for the companies to invest in CSR activities. As per section 135 of the Act, every company with net worth of Rs 500 crore or more, or turnover of Rs 1000 crore or more, or net profit of Rs 5 crore or more during a financial year is expected to spend 2% of the net profit on CSR activities. As per the "Guidelines on CSR and sustainability" issued by the Department of Public Enterprises of Government of India for CPSEs in April 2013, CPSEs with profit after tax (PAT) of less than Rs 100 crore should allocate 3-4% of PAT for CSR activities, 2-3% of PAT for CPSEs with PAT of Rs100-500 crore and 1-2% of PAT for CPSs with PAT of Rs 500 crore and above.
The Ministry of Corporate Affairs, Government of India has issued the CSR Rules, 2014 to guide the companies on CSR activities as per section 135 and schedule VII.

3.1.1 Activities identified under CSR

What constitutes CSR activities is listed in Schedule VII of the Companies Act (as amended on 27 February 2014). It has identified 10 broad areas for CSR programs. These are:

1. Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation and making available safe drinking water;
2. Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;
3. Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups.
4. Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water;
5. Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional arts and handicrafts;
6. Measures for the benefit of armed forces veterans, war widows and their dependents;
7. Training to promote rural sports, nationally recognized sports, paralympic sports and Olympic sports;
8. Contribution to the PMs National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women.
9. Contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government;
10. Rural development projects.

The areas identified in items 1 to 4 in the Schedule-VII of the Companies Act are the same as the 8 goals of the Millennium Development Goals (MDG) of the United Nations. Therefore, the focus of the CSR activities of companies in the state would be to achieve the MDG by helping improve the indicators on health, nutrition, education, women empowerment, water, sanitation and hygiene, and enhance the livelihood and income earning capacity of the people in Jharkhand.

Investment of CSR funds in these 10 areas will improve the ‘human capability’ (quality of human capital) of the people in the project areas which in turn will help in improved productivity and production. It will also help to build the image and credibility of the Corporates.

3.1.1.1 Objectives of CSR Council

The overarching objective of the CSR Council is to ensure that the CSR funds are effectively and fully used for the overall development of the state, with clear outcomes and outputs.

Other objectives are to:

- **Channelize** CSR funds for the development of Jharkhand, for making the state swasth, swatch, shikshit and vikasit.
- **Channelize** CSR funds in the most backward areas and for the most marginalized communities in the state.
- **Advises companies on utilization of CSR funds and on CSR activities:** CSR funds are to be used a) on the priority areas of the state government; b) in areas to supplement the government programmes; c) to fill gaps in the government program; d) based on annual CSR work plan of companies which have a convergence with the state government on activities to be undertaken.
- **Formulate policies and guidelines relating to CSR**
Monitor CSR activities and CSR fund: State government will monitor the use of CSR funds to ensure that they are a) fully utilized within the state; b) effectively utilized to achieve results; and c) invested in backward areas.

3.1.1.1.1 CSR GOVERNING BODY

The main functions of the Governing Body at the state level are to advise, monitor and guide on CSR activities in Jharkhand and formulate policies and strategies on CSR.

Constitution of CSR Governing Body

The constitution of CSR Governing Body will be as follows:
Chief Minister of Jharkhand - Chairperson
Chief Secretary - Member
Secretary, Industry - Member
Secretary, Department of Women & Child Development - Member
Secretary, Department of Health & Family Welfare - Member
Secretary, HRD - Member
Secretary, Drinking Water & Sanitation - Member
Secretary, Planning & Development - Member
Secretary, Rural Development - Member
Secretary, Welfare - Member
Secretary, Sports, youth affairs and culture - Member
Secretary, Forest & Environment - Member
Project Director, Skill Development - Member
Regional head, State Lead Bank - Member
Chairperson, CII Jharkhand Chapter/FICCI/ASSOCHAM/JCCI - Member
Chief, UNICEF State Office - Member
Director, Industry - Member Secretary
Representative of 5 private sector companies & 5 CPSE/State PSUs - Nominated by state government

The Governing Body can extend a special invite to representatives from other departments and companies/CPSEs/State PSUs as required

The Governing Body will meet twice in a year or as required.

Functions of CSR Governing Body

The main functions of the Governing Body at the State are:

- Review the annual CSR expenditure of Companies in Jharkhand based on the CSR Report of the Companies as per Section 8 of the CSR Rules, 2014
- Advise the companies on the CSR activities and suggest them to take up interventions as per Companies Act 2013.
- Honour companies for outstanding CSR work at state and district level.
4. ACTION TAKEN BY JCSRC

After the formation of Jharkhand Corporate Social Responsibility Council in 2015, numerous works have been done based on the priority areas of the state. The various decisions/actions taken by the Council are:

- It has been decided in the Council meeting to ensure Jharkhand become an open defecation free state by 2019, 30 lakh toilets will be constructed. The Centre’s Swach Bharat Mission is not mere cleanliness and sanitation problem but a matter of human dignity.

- Focusing on skill development the Union Ministry of Skill Development & Entrepreneurship and Coal India Limited (CIL) signed a Memorandum of Understanding (MoU) on 03rd May, 2015 to impart skill training to 1.7 lakh people. The tripartite MoU was signed between the National Skill Development Corporation, the National Skill Development Fund, and Coal India Limited. This programme aims to train workers associated with the coal sector which is likely to improve the overall efficiency and production of state-owned mines. This also emphasizes on building economic capacities of women and youth by introducing vocational courses in schools assisted by Coal India Limited (CIL) and enhance the quality of 102 training centres of CIL. Thus, a skilled work force will help Jharkhand become a skilled state.

- One of the state’s highest priorities is providing health-care facilities.

- The Council’s focal point concentrates on providing drinking water in naxal-affected areas.

- In Jharkhand the pipe water supply scheme hardly cover 23 percent of the population in rural areas and 50 percent in urban areas which need to be developed.

- As per the recent directive, JCSRC has asked companies to submit 1 percent out of 2 percent (of total profit in a financial year) to the governing council. The amount will be spent on various heads as per the state’s priority area. This will streamline the CSR spending by the state government.

- Safety and security of the citizens is important, particularly in extremist-hit areas is the need of the hour. The Chairperson of the JCSRC, the state’s Chief Minister has directed to recruit 5000 assistant police personnel in naxalite areas. He also focuses on appointing youth in the police department.

- 32 Industrial Training Institutes (ITIs) should be taken up and run by companies.

- An expenditure of Rs. 754 crores in FY 2015-16 has been recorded against the proposed CSR budget of Rs. 919.27 Crores by 27 companies in Jharkhand. The amount spent by the companies in FY 2015-16 is almost three times of the fund spent in FY 2012: amounting to Rs. 247.04 crores. This is a big achievement of JCSRC. The allocation for CSR fund in FY 2016-17 is Rs. 602.14 crores by 26 companies in Jharkhand.

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