

Executive Summary

Iron and Steel industry is the most polluting and resource intensive industry. As it consumes huge amount of natural resources like coal, iron ore, etc., as raw material, it has to be responsible towards environment protection and peripheral development. SAIL and RINL being profit making companies have adequate resources to discharge these responsibilities.

Performance audit of these companies was conducted with a view to assess whether they were discharging their corporate social responsibility (CSR) in an effective and efficient manner towards environmental protection, safety of its employees and social development.

CSR Policy Framework

SAIL has a CSR policy, however it was not comprehensive as it did not cover objectives, scope, strategy and areas of focus of CSR activities like that of RINL. While the companies were providing two per cent of their distributable profit for CSR activities but the same was not transferred to a 'separate fund' due to which the unspent funds lapsed at the end of the year. In fact RINL was able to utilise only 45 percent of the budget provided by it during 2006-07 to 2009-10, while SAIL, by and large, utilized the budget.

Environmental Responsibilities

SAIL and RINL were implementing Environment Management Systems (EMS) to evaluate and continually improve their environmental performance at their different plants and units for environmental protection. EMS certification, i.e., ISO 14001 has been accredited to RINL and only to one¹ plant of SAIL, out of total five² plants.

According to the International Energy Agency (IEA), the iron and steel industry accounts for approximately 4-5 per cent of total world carbon dioxide (CO₂) emissions. On an average, 1.9 tonnes of CO₂ is emitted for every tonne of steel produced globally. The average CO₂ emitted by SAIL and RINL during 2008-09 was 2.99 t/tcs³ and 3.18 t/tcs respectively as against the average of 2.09 t/tcs of CO₂ emitted by Tata Steel. SAIL and RINL have not fixed any target for reduction of CO₂ whereas Tata Steel set a target of reduction in CO₂ emission to less than 1.7 t/tcs by 2012. SAIL and RINL were found not to have even analysed the reasons for their higher CO₂ emission.

¹ Bhilai Steel Plant

² Bokaro Steel Plant (BSL) in Jharkhand, Bhilai Steel Plant (BSP) in Chattisgarh, Rourkela Steel Plant (RSP) in Orissa, Durgapur Steel Plant (DSP) and IISCO Steel Plant (ISP) in West Bengal.

³ tonne per tonne of crude steel

As against the world average of energy consumption of 4.5 to 5.5 giga calories per tonne of crude steel (G.cal/tcs), the consumption was 6.72 G.cal/tcs in SAIL, 6.84 G.cal/tcs in RINL and 6.17 G.cal/tcs in Tata Steel during 2009-10.

The world average for raw material used to produce one tonne of crude steel is 2.6 tonne. The consumption of raw materials in SAIL ranged between 3.26 t/tcs and 3.38 t/tcs and in RINL it ranged between 3.04 t/tcs and 3.10 t/tcs.

Water consumption in SAIL (except ISP) & RINL was within the prescribed norms. The RSPM⁴ level which may pose higher risk for respiratory diseases was higher than the norm in three plants of SAIL and RINL whereas SPM⁵ level was within the prescribed norm.

Utilisation of solid waste {Blast Furnace (BF) & Steel Melting Shop (SMS) slag} in SAIL during the year 2009-10 was 82.02 per cent and 75.25 per cent respectively. In RINL, utilisation of SMS slag during the year 2009-10 was 54 per cent. Two⁶ plants of SAIL did not have proper facility for disposal of hazardous waste though other plants of SAIL and RINL have proper facilities for disposal of the same.

Trees are a natural sink for CO₂ gas. On an average, a tree can absorb CO₂ at the rate of 6 kg/year and SAIL and RINL emit 40 million tonne and 10 million tonne of CO₂ per year respectively. Therefore, on an average 6700 million trees are required for absorbing CO₂ generated by SAIL and 1645 million trees are required for RINL against which inventory of trees in SAIL was 14.32 million and 4.59 million in RINL.

Safety

Despite substantial utilisation of the budget for this purpose by both SAIL and RINL, the number of fatal accidents began to rise during 2008-09 and 2009-10.

The companies did not achieve the target of 'zero accidents' fixed by them due to inadequate house-keeping and safety equipment.

Though SAIL and RINL have occupational health centres at their plants, the companies were not complying with the rule of periodic medical examination (once in every 12 months) of employees. Further, the percentage of employees turning up for health check up was very low.

Social Development

Both SAIL and RINL have been contributing to social development through community welfare programmes, medical camps, vocational training, sports facilities, medical facilities, free education in the company's schools to the steel township and neighbourhood children. SAIL adopted 79 villages in eight states for comprehensive development as Model Steel Villages (MSVs). RINL adopted seven villages in its periphery for development as MSVs.

⁴ Respirable Suspended Particulate Matter

⁵ Suspended Particulate Matter

⁶ BSP and RSP

The companies were not doing any need assessment survey in the periphery of their plants to assess their requirements and were not planning for CSR activities in a structured manner to utilise the funds efficiently. Also the companies were not evaluating the impact of the CSR activities on the society.

Recommendations

Significant recommendations to improve the performance of the Companies on CSR front are:

- *The Companies should fix specific targets for reduction of CO₂ emission.*
- *Both companies must put in place a reliable and eco-friendly mechanism for disposal of hazardous wastes.*
- *SAIL should set and implement specific targets for afforestation.*
- *Awareness should be created among employees about safety and medical examination through various measures, e.g., trainings, hoardings, showing films, etc.*
- *The companies should evolve a system of need assessment and impact assessment while undertaking CSR activities in a particular area.*

