

Chapter 6

Community and Peripheral Development

6.1 Community and Peripheral Development

CIL has a 'Community and Peripheral Development' policy that lays down guidelines for taking up development and welfare activities in the adjoining areas of mining operations.

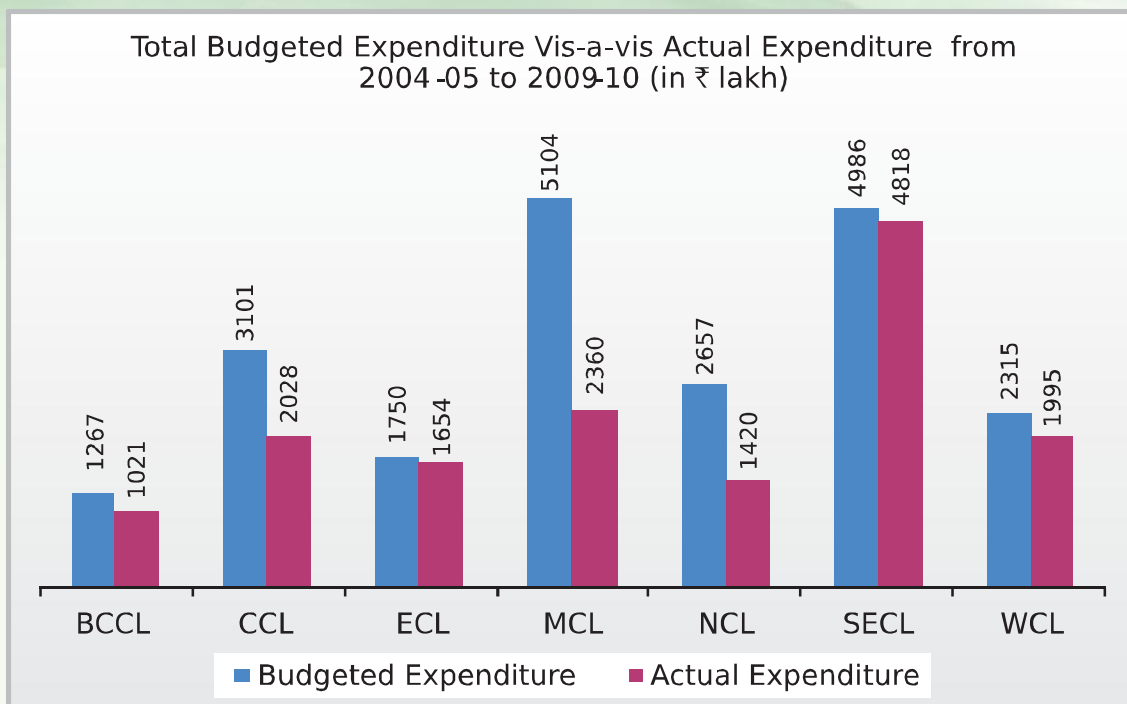
6.2 Expenditure on Community and Peripheral Development

CIL and its subsidiaries have been carrying out community and peripheral development programmes such as creation of infrastructure in adopted villages; health care to local community by means of mobile medical van, health camps and free outpatient checkups; and relief camps at the time of natural calamities like flood, drought, cyclone etc. In addition, special programs like 'Operation Jyoti' (to restore eyesight) were being run.



Audit, however, observed that allocation of funds for community and peripheral development was below the norms of ₹ one per tonne of coal produced in four years from 2006-07 to 2009-10 in BCCL, NCL, MCL and SECL and in few years, in the case of CCL, ECL and WCL.

In fact, the budget allocation of ₹ 211.80 crore for community and peripheral development during the period 2004-10 was only 0.7 per cent of the aggregate net profit of ₹ 31062.36 crore over the same period. The subsidiary-wise details of budgeted and actual expenditure on community and peripheral development are shown in the graph below.



(₹ in crore)

Company	Budget allocation (2004-10)	Actual expenditure (2004 -10)	Percentage of actual expenditure to Budgeted allocation
BCCL	12.67	10.21	80.58
CCL	31.01	20.28	65.40
ECL	17.50	16.54	94.51
MCL	51.04	23.60	46.24
NCL	26.57	14.20	53.44
SECL	49.86	48.18	96.63
WCL	23.15	19.95	86.18
Total	211.80	152.96	72.22

The utilisation of funds during the period 2004-10 fell short of budgeted allocation in all the subsidiaries and was least in MCL followed by NCL and CCL thus, allowing their CSR activities to remain unfulfilled. In fact, while the budget allocation itself was less than one per cent of the profits, even then, the Company failed to utilize this meager allocation fully.

The Managements replied (June-July 2010) that the shortfall in expenditure was due to non-availability of approved list of activities from district administration, delay in tendering and other procedural delays.

Audit is of the opinion that these are procedural lapses which could be taken care of through suitable planning and effective monitoring.

6.3 Rehabilitation and Resettlement of People Affected by Projects

CIL has a well defined Rehabilitation and Resettlement Policy on the lines of the National Rehabilitation and Resettlement Policy, 2008.

Audit observed that money for land acquisition was promptly deposited to the concerned State government authorities and any delays in land acquisition were not attributable to the subsidiaries. By and large, the subsidiaries were prompt in releasing the compensation and other benefits to the People Affected by Projects.

6.4 Planning for CSR activities

A long-term Corporate Social Responsibility Plan needs to be prepared matching with the long term business plan. This may be broken down into short term and medium term plans, specifying activities to be undertaken, budgets allocated, responsibilities and authorities defined, and measurable results expected. The plans should be prepared after conducting need assessment of the targeted community/area.

The CSR Committee of CIL examines the proposals received and accordingly proposals are finalised based on the needs of the society.

Audit observed that the CIL was not carrying out any need assessment / survey of the society for preparing the CSR plan.

The companies should map their CSR plan after assessing the needs of the society in order to fulfill the essential requirements of the society.

6.5 CSR Monitoring and Impact Assessment

Audit observed that CIL and its subsidiaries were not evaluating CSR projects undertaken by it and was also not doing any overall impact assessment of the CSR activities undertaken by it.

The Management stated (May 2011) that CSR policy has come into operation from the year 2010-11, hence the overall impact assessment and evaluation of CSR projects/activities would be taken up through an outside agency.

The companies should evaluate impact on the society of these CSR activities which would also help the Companies in future planning of CSR initiatives.

Conclusion: CIL and its subsidiaries have been taking up development and welfare activities in the adjoining areas of mining operations as per their 'community and peripheral development' policy. However, allocation of funds and expenditure on community and peripheral development was below the norms. CIL and its subsidiaries need to spend constructively on community and peripheral development as per their norms. The company was not carrying out any need assessment survey in its periphery to assess the requirements of the society. The company was also not evaluating the impact on the society of their CSR activities.

Recommendation # 7

CIL and its subsidiaries should plan and spend constructively on community and peripheral development after assessing the needs of the society.

The Ministry stated (May 2011) that CIL has formulated a CSR Policy in which fund has been allocated at the rate of 5 per cent of the retained earnings of the last year subject to a minimum of ₹ five per tonne of coal production. This fund shall not lapse but shall be transferred to CSR fund for the next year. This has ensured that the fund allocated for CSR activity shall be spent on the activities earmarked only.