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STANDING COMMITTEE ON  
COAL AND STEEL (2019-2020)  
SEVENTEENTH LOK SABHA

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**MINISTRY OF MINES**

**“CSR ACTIVITIES BY PSUS UNDER MINISTRY OF MINES”**

**[Action Taken by the Government on the Observations/  
Recommendations contained in the Forty-Ninth Report of the  
Standing Committee on Coal and Steel (Sixteenth Lok Sabha)]**



**SECOND REPORT**

**LOK SABHA SECRETARIAT  
NEW DELHI  
DECEMBER, 2019/AGRAHAYANA, 1941(Saka)**

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**[Action Taken by the Government on the Observations/  
Recommendations contained in the Forty-Ninth Report of the  
Standing Committee on Coal and Steel (Sixteenth Lok Sabha)]**

**Presented to Lok Sabha on 04.12.2019**

**Laid in Rajya Sabha on 04.12.2019**



**LOK SABHA SECRETARIAT  
NEW DELHI  
DECEMBER, 2019/AGRAHAYANA, 1941(Saka)**

## **CONTENTS**

		<b>Page</b>
Composition of the Committee		(ii)
Introduction		(iv)
Chapter – I	Report..... .....	1
Chapter – II	Observations/Recommendations that have been accepted by Government.....	13
Chapter–III	Observations/Recommendations which the Committee do not desire to pursue in view of the Government's replies..... .....	22
Chapter– IV	Observations/Recommendations in respect of which replies of the Government have not been accepted by the Committee.....	23
Chapter – V	Observations/Recommendations in respect of which final replies of the Government are still awaited..... .....	25

## **ANNEXURES**

I	Minutes of the sitting of the Standing Committee on Coal and Steel (2019-20) held on 02.12.2019 .....	28
II	Analysis of Action Taken by the Government on the Recommendations contained in the Forty-Ninth Report of the Standing Committee on Coal and Steel (Sixteenth Lok Sabha) .....	29

**COMPOSITION OF THE STANDING COMMITTEE ON  
COAL AND STEEL(2019-20)**

**Chairperson - Shri Rakesh Singh**

**Lok Sabha**

2. Shri Balubhau Dhanorkar alias Suresh Narayan
3. Shri Vijay Kumar Hansdak
4. Shri Kunar Hembram
5. Shri Raghurama Krishnaraju Kanumuru
6. Shri C. Lalrosanga
7. Shri S. Muniswamy
8. Shri Ajay Nishad
9. Shri Basanta Kumar Panda
10. Smt. Riti Pathak
11. Shri Komati Reddy Venkat Reddy
12. Shri Chunni Lal Sahu
13. Shri Arun Sao
14. Dr. Beesetti Venkata Satyavathi
15. Shri Sushil Kumar Singh
16. Shri Pashupati Nath Singh
17. Shri Sunil Kumar Singh
18. Dr. Alok Kumar Suman
19. Dr. Thirumaavalavan Thol
20. Shri Shyam Singh Yadav
21. Shri Tokheho Yephthomi

**Rajya Sabha**

22. Dr. Vikas Mahatme
23. Shri Mukut Mithi
24. Shri Prashanta Nanda
25. Shri Ram Vichar Netam
26. Shri Samir Oraon
27. Shri Dhiraj Prasad Sahu
28. Shri Prabhakar Reddy Vemireddy
29. Vacant
30. Vacant
31. Vacant

(ii)

## **SECRETARIAT**

- |                        |   |                   |
|------------------------|---|-------------------|
| 1. Shri Manoj K. Arora | - | OSD               |
| 2. Shri Arvind Sharma  | - | Director          |
| 3. Shri Girdhari Lal   | - | Deputy Secretary  |
| 4. Smt. Madhu Tandon   | - | 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 Second Report (Seventeenth Lok Sabha) on Action Taken by the Government on the observations/recommendations contained in the Forty-Ninth Report (Sixteenth Lok Sabha) of the Standing Committee on Coal and Steel on "CSR Activities by PSUs under Ministry of Mines".

2. The Forty-Ninth Report (Sixteenth Lok Sabha) of the Standing Committee on Coal and Steel was presented to Lok Sabha on 13.02.2019. Replies of the Government to all the observations/recommendations contained in the Report were received on 05.08.2019.

3. The Standing Committee on Coal and Steel considered and adopted this Report at their sitting held on 02.12.2019.

4. An analysis on the Action Taken by the Government on the observations/ recommendations contained in the Forty-Ninth (Sixteenth Lok Sabha) of the Committee is given at **Annexure-II**.

5. For facility of reference and convenience, the observations and recommendations of the Committee have been printed in bold letters in Chapter-I of the Report.

**NEW DELHI;  
02 December, 2019  
11 Agrahayana, 1941(Saka)**

**RAKESH SINGH  
Chairperson  
Standing Committee on Coal and Steel**

(iv)

## REPORT

### CHAPTER I

This Report of the Standing Committee deals with Action Taken by the Government on the observations/recommendations contained in the Forty-Ninth Report (Sixteenth Lok Sabha) of the Standing Committee on Coal and Steel(2018-19) on the Subject, "CSR Activities by PSUs under Ministry of Mines" which was presented to Lok Sabha and laid in Rajya Sabha on 13.02.2019.

2. The Report contained 10 Observations/Recommendations. The Action Taken Notes have been received from the Ministry of Mines on 05.08.2019 in respect of all the 10 observations/ recommendations contained in the Report. These have been categorised as follows:

- |       |  |                          |
|-------|--|--------------------------|
| (i)   | Observations/Recommendations which have been accepted by the Government:<br>Serial Nos. 1,4, 5, 6, 7, 8 and 9                      | Total: 07<br>Chapter-II  |
| (ii)  | Observations/Recommendations which the Committee do not desire to pursue in view of the replies of the Government :<br>Sl. No. Nil | Total: 00<br>Chapter III |
| (iii) | Observations/Recommendations in respect of which replies of the Government have not been accepted by the Committee:<br>Sl. No. 2   | Total: 01<br>Chapter IV  |
| (iv)  | Observations/Recommendations in respect of which final replies of the Government are still awaited:<br>Sl.No. 3 and 10             | Total: 02<br>Chapter V   |

**3. The Committee do hope and trust that utmost importance would be given to implementation of the Observations/ Recommendations accepted by the Government. In case, where it is not possible for the Ministry to implement the recommendations in letter and spirit for any reason, the matter should be reported to the Committee with reasons for non-implementation. The Committee**

**desire that Action Taken Replies on the Observations/Recommendations contained in Chapter-I and Final Action Taken Notes to the recommendations contained in Chapter-V of this Report be furnished to them within three months.**

4. The Committee will now deal with the Action Taken by the Government on some of their observations/recommendations made in the Forty-Ninth Report.

#### **RECOMMENDATION (SI.No.2 )**

##### **CSR POLICY FOLLOWED BY MINES PSUs**

5. The Committee noted that NALCO has been taking up CSR activities since its inception. However, after promulgation of Companies Act, 2013, a documented CSR policy duly approved by the Board is in place since 2015 which governs the CSR activities of the Company. The salient features of this policy covers the basic concept of CSR and its objective; scope of CSR activities; constitution of Corporate Social Responsibility & Sustainability Development (CSR&SD) Committee; budgeting and control of expenditure; modalities for implementation of CSR projects and their monitoring, feedback and evaluation; and impact Assessment of CSR interventions of the Company. The Committee were also given to understand that the CSR projects and programmes are selected relating to the activities specified in Schedule-VII of the Companies Act, 2013 which are then recommended by CSR&SD Committee before being approved by the Board of Directors. With regard to Hindustan Copper Limited, the Committee noted that the activities of Corporate Social Responsibility is planned taking into consideration the Company's capabilities, expectations of the communities living in and around the areas of its operation as well as where it has its presence and it is targeted to have a significant positive impact in the long term. As informed by the Ministry of Mines, Hindustan Copper Ltd. (HCL) Board's Sub-committee on CSR comprises of three or more Directors out of which at least one Director shall be Independent Director. Similarly, CSR Board level Committee is headed by an Independent Director. In respect of CSR activities in Mineral Exploration Corporation Limited (MECL), the Committee have been informed that the organization while conducting its business is also committed to participate and contribute towards development in the

geographic area of its operation so as to provide opportunity for the economic, social, educational, infrastructural, health and hygienic cultural development of the people living in and around the working places through CSR initiatives. While observing that Mines PSUs undertake different welfare activities as per the DPE Guidelines effective from 1.4.2014 based on Section 135 of Companies Act 2013 which stipulates to spend at least 2% of the average net profit of the company for the three immediate preceding financial years, the Committee noted that NALCO, HCL & MECL have developed their own policy in this regard. While appreciating the Board level decision making CSR Committees of Mine PSUs in consonance with the Companies Act, 2013 and DPE Guidelines issued thereunder, the Committee desired that the Ministry of Mines should frame a uniform model CSR policy so that these are implemented by all three PSUs under its administrative control to bring uniformity in the process of planning and implementation of their CSR activities.

6. The Ministry in its Action Taken Reply *inter-alia* has furnished the following:-

"The CSR Committee constituted in the CPSEs also considers the suggestions/ proposals given by the local public representatives and the local MPs and also, the finding of needs assessment survey conducted before making their recommendations of CSR activities/projects in the CSR Policy to the Board of CPSE for its approval.

The three PSUs i.e NALCO, HCL and MECL have different types of operations. NALCO and HCL are mining PSUs involved in Mining of Bauxite and Copper ore respectively, whereas MECL is into exploration. HCL has units in Jharkhand, Madhya Pradesh, Rajasthan and Gujarat. Similarly NALCO has its mining & smelters operations at Dhamanjodi whereas refinery is situated in Angul. As CSR activities have to be planned keeping in view the socio economic needs of the affected area of operation it would not be practicable to have a uniform policy for all three PSUs.

Moreover, as noted by the Committee all the three PSUs have undertaken different welfare activities as per the extant guidelines and in consonance with Companies Act,2013."

**7. The Committee observed that Mines PSUs viz. NALCO, HCL and MECL undertake different welfare activities as per the DPE Guidelines and to this effect have developed their own policy. While appreciating the Board level decision making CSR Committees of**

**Mine PSUs in consonance with the Companies Act, 2013 and DPE Guidelines issued thereunder, the Committee desired that the Ministry of Mines should frame a uniform model CSR Policy so that these are implemented by all three PSUs under its administrative control to bring uniformity in the process of planning and implementation of their CSR activities. Ministry of Mines in their Action Taken Reply have stated that as CSR activities have to be planned keeping in view the socio-economic needs of the affected area of operation it would not be practicable to have a uniform policy for all these PSUs. The Committee are of the considered view that even though the PSUs i.e. NALCO, HCL and MECL have different types of operation, there are some common parameters which can be taken into account while framing a uniform model viz. identification and selection criteria of CSR activities /projects, composition of internal CSR Committees, involvement of public representatives like MLAs/MPs, etc. The Committee, therefore, while reiterating their recommendation to frame a uniform model CSR policy desire that concrete action may be taken to explore ways to bring uniformity in the process of planning and implementation of the CSR activities so that proper monitoring may be effected by the administrative Ministry.**

#### **RECOMMENDATION (SI. No. 5)**

##### **IMPLEMENTATION OF CSR PROJECT BY NALCO**

8. The Committee noted that all Mine PSUs have their own implementation and monitoring mechanism for CSR Projects at Board level. At the sub-levels, CSR Nodal Officer meets and reviews the execution of CSR works at periodic intervals and monitors the progress on continuous basis. However, from the information furnished by the Ministry of Mines, the Committee observed that against 88 projects approved by NALCO during 2016-17, only 49 projects could be completed during the year. Similarly, against 90 CSR projects which also included carry forward projects of the previous year and approved by the Company to implement during 2017-18, only 66 projects were completed. In the case of Hindustan Copper Ltd. (HCL), the Committee note from the year-wise detailed information furnished by Ministry of Mines that all CSR projects have been completed as

targeted during the last 4 years. While appreciating the completion of targeted CSR projects by HCL during the preceding 4 years, the Committee feel concerned at the sluggish performance of NALCO in completion of CSR projects during the years 2016-17 and 2017-18. The Committee liked to be apprised of the reason for non-completion of CSIR projects by the Company during the years 2016-17 and 2017-18 and also the steps taken to ensure full utilization and completion of all CSR projects during 2018-19. The Committee, therefore, recommended that NALCO should take adequate steps to clearly define the milestones with quarterly physical verification of the progress made so that the all CSR activities could be accomplished in time.

9. The Ministry in its Action Taken Reply has furnished the following:-

"NALCO undertakes CSR projects/initiatives on need based and on recommendation of Local Authorities, District Administration where multi stake holders are involved. During selection of the project and in execution process NALCO always seeks "No objection Certificate" from the District Administration to avoid any kind of duplication of activities within the area. Many a time, getting NOC from the concerned authority delays implementation/ completion of projects. Further, non-availability of suitable Project Implementing Agency for implementing various projects/programs in tribal dominated district of Koraput was a challenge all together. After promulgation section 135 of Companies Act, 2013, a lot many changes have been incorporated to bring pace on implementation of the projects/programs at different level. The policy, procedure, delegation of authority for execution of projects are being revisited and is being streamlined by the Company to address the different bottlenecks at organisation level for meeting the time line. Considering the above reasons, NALCO has adequately strengthened NALCO Foundation, the CSR arm of the Company by recruiting professionals from social and rural development background in Nov'2017. They have been continuously interacting with different stakeholders to overcome the barriers and timely implementation of CSR projects/programmes. Further, some of the CSR projects are either supplementing or complementing Government programme. Any change in Government Policy affects implementation time line of the project. Many a time ground level challenges like seasonal disparity, local unrest stretches execution process leading to non-completion of projects."

**10. Expressing concern at the sluggish performance of NALCO in completion of CSR projects during the years 2016-17 and 2017-18, the Committee had desired to be apprised of the reason for non-completion of CSR projects by the Company during the years 2016-**

**17 and 2017-18 and also the steps taken to ensure full utilization and completion of all CSR projects during 2018-19. The Committee had also recommended that NALCO should take adequate steps to clearly define the milestones with quarterly physical verification of the progress made so that all CSR activities could be accomplished in time during 2018-19. In their Action Taken Reply, Ministry has put forward reasons for non-completion of CSR projects during 2016-17 and 2017-18 which include "No objection Certificate" from the District Administration to avoid any kind of duplication of activities within the area during selection of the project and in execution process of NALCO; non-availability of suitable Project Implementing Agency for implementing various projects/programs in tribal dominated district of Koraput; effect of change in Government's policy in implementation time line of the project; many a time ground level challenges like seasonal disparity, local unrest stretches execution process, etc. As regards ensuring full utilization of funds and completion of all CSR projects during 2018-19, the Committee have been informed, that NALCO has adequately strengthened 'NALCO Foundation', the CSR arm of the Company by recruiting professionals from social and rural development background in November, 2017. They have been continuously interacting with different stakeholders to overcome the barriers and timely implementation of CSR projects/programmes. The Committee are hopeful that the steps taken by NALCO viz. revisit of policy procedures to address the different bottlenecks at organizational level, recruitment of professionals also from social and rural development, continuous interaction with different stake holders would bring pace on implementation of projects/programmes at different levels and for meeting the time line. The Committee are, however, concerned to note that the reply of the Ministry is silent on the recommendation of the Committee to take adequate steps to clearly define the milestones with quarterly physical verification of the progress made so that the CSR activities could be accomplished in time. The Committee are of the opinion that physical verification of the progress of CSR activities on quarterly basis by higher Officers of the Company will help in expediting completion of the CSR**

**projects in a time bound manner. As recommended earlier the Committee would, therefore, like NALCO to undertake a physical verification of CSR projects on quarterly basis and apprise them in this regard.**

#### **RECOMMENDATION (SI. No. 7)**

##### **SELECTION OF EXTERNAL AGENCIES FOR IMPACT ASSESSMENT STUDIES**

11. With a view to assess the impact of CSR activities undertaken by the Company on the local people and areas around it where it operates, the Committee noted that CPSEs are getting Impact Assessment Studies conducted by engaging the external agencies. The Committee had been apprised that in case of NALCO, an impact study for overall CSR activities of the Company was carried out by Utkal University, Odisha. Specific survey on utilization of toilets constructed under Swachha Vidyalaya Abhiyan was carried out in 154 schools of Angul&Damanjodi by a 3rd party i.e. Gram Vikash. As regards the findings of these agencies, the Committee observed that NALCO CSR interventions have received social appreciation and had fulfilled the objectives of CSR philosophy & policy. There were some issues that need immediate response like drinking water supply to peripheral villages. Further, Gram Vikash had found that out of 154 schools, the survey recommended to provide water supply in 128 schools to improve the sanitation level. In case of HCL, the social impact assessment was carried out by external agencies. In the recent past, the Third-Party evaluation of CSR projects had been done by Management Development Institute, Gurgaon and M/s Dexter Consultancy Private Limited, Ahmedabad. As regards MECL, the Committee note that Impact Assessment Study for execution of CSR was carried out by MECL itself. The Committee had been given to understand that based on the findings/ recommendations, inclusiveness of the project was ascertained and deviations, if any, were identified and corrective actions are taken by the Mine PSUs. The Committee strongly believed that the CSR activities of CPSEs help in achieving the sustainable development of the economy and therefore, emphasized the need for immediate corrective action on the findings coming out of these Impact Assessment Studies. In the light of importance of the external agencies in transparent assessment of the CSR projects on various

parameters, the Committee would like to be apprised of the methodology adopted by CPSEs for selecting Independent Third Party for evaluating their CSR activities. The Committee also liked to be apprised of the Impact Assessment Studies conducted for the years 2016-17 and 2017-18 for these three PSUs under Ministry of Mines.

12. The Ministry in its Action Taken Reply has furnished the following:-

"Selection external agency for assessment of CSR Projects is done through tender process. Impact Assessment study for the FY 2016-17 and FY 2017-18 is presently underway.

MECL has conducted Impact Assessment of its' CSR Activities till the year 2013-14 by engaging DattaMeghe Institute of Management Studies, Nagpur by tendering process. Further, MECL intends to undertake Impact Assessment of its' CSR Activities by engaging Tata Institute of Social Sciences.

For transparent assessment of the CSR projects on various parameters, NALCO has entered into a MoU with Utkal University, a premier institute in the State of Odisha on nomination basis during the year 2017.

The institute has assessed study of the projects implemented since 2010. The recommendations are as below.

- i. Scaling up residential education project to attract more tribal students.
- ii. Infrastructure in other residential schools at par with Kalinga Institute of Social Sciences (KISS), Bhubaneswar.
- iii. Scaling up the project-Operation of Mobile Health Unit with more nos. of MHUs with increased frequency of operation.
- iv. Creating awareness to induce behavioural change for using toilets in schools
- v. Shifting the focus from asset building to asset maintenance.
- vi. Curative healthcare may be supplemented with preventive health care.

Similarly, during the year 2018-19, impact assessment study of CSR projects was conducted through Madras School of Social Work (MSSW), Chennai on limited tender basis inviting tender from reputed institutes like Tata Institute of Social Science (TISS), Mumbai; Xavier Institute of Management, Bhubaneswar (XIMB) and Madras School of Social Work (MSSW), Chennai.

The institute has undertaken impact assessment of four projects namely, Swachh Bharat Abhiyan (Swachh Vidyalaya Abhiyan), Sponsoring Residential Education, Financial assistance to meritorious girl students under Nalco Ki Ladli Scheme and operation of Mobile Health Units. Some of the key recommendations are as below.

- i. Adopting methodology for regular cleaning and maintenance of school toilets and sensitizing children and staff to use toilets.

- ii. School toilets should be kept under lock and key beyond non-school hours to keep them in safe condition.
- iii. Engagement of school social worker to overcome psycho-social problems of children enrolling for residential education.
- iv. Creating a database for students who have completed 10<sup>th</sup> standard, guidance/ career counseling for higher studies.
- v. NALCO may use selected residential school passed out students as agent for social change in the vicinity.
- vi. NALCO may organise Annual cultural and sport meet for school children in periphery villages.
- vii. Use of visual media through mobile van in villages for spreading mass awareness on health issues.
- viii. Patients' waiting sheds may be provided for senior citizens in the case of MHU operation.
- ix. Designing long term CSR plans with integrated development."

**13. Highlighting importance of the external agencies in transparent assessment of the CSR projects on various parameters, the Committee had desired to know the methodology adopted by CPSEs for selecting Independent Third Party for evaluating their CSR activities and also about the Impact Assessment Studies conducted for the years 2016-17 and 2017-18 for three PSUs under the Ministry of Mines viz. NALCO, HCL and MECL. As regards the methodology for selecting Independent Third Party for evaluating CSR activities, the Committee observe from the reply of the PSUs under the Ministry that selection of external agency for assessment of CSR activities is done through tender process. Regarding the Impact Assessment Studies for the years 2016-17 and 2017-18, the Committee are concerned to note that MECL has conducted Impact Assessment Studies of CSR Activities till the year 2013-14 only, while HCL's Impact Assessment Studies for the year 2016-17 and 2017-18 is presently under way. The Committee also observe that NALCO has engaged Utkal University for assessing the CSR projects for the year 2017 and Madras School of Social Works for the year 2018. The Company has received some recommendations for corrective actions which inter-alia include scaling up residential educational projects to attract tribal students; supplementing curative health care with preventive health care; adopting methodology for regular cleaning and maintaining of school toilets and sensitizing children and staff to use toilets; keeping school toilets under locks and keys beyond non-**

**school hours to keep them in safe conditions, etc. With a view to ascertain the effectiveness of CSR activities on the local people and the areas of operation of these companies on regular basis, the Committee feel that based on the findings of these Impact Assessment Studies by independent agencies, concerted efforts should be made to implement the CSR projects in a time bound manner. As the Government has not furnished latest information on Impact Assessment Studies by PSUs under Ministry of Mines, the Committee would also like to be apprised of the updated status of independent Impact Assessment Studies by all the three PSUs during the last 3 years.**

### **RECOMMENDATION (SI. No. 8)**

#### **MAINTENANCE OF ASSETS**

14. The Committee noted that under Swachh Vidyalaya Abhiyan, NALCO constructed 479 toilets in 227 schools in Odisha and Andhra Pradesh benefitting 13,575 students. Similarly HCL and MECL also constructed 203 and 68 toilets in Government Schools respectively. Besides this, under Swachh Bharat Abhiyan (SBA) programme, Mine PSUs are also constructing Individual House Hold Latrines, community toilets etc. to ensure more and more Open Defecation Free villages. The Committee also took note of fact that out of 203 toilets constructed/repared by HCL, it had been found that 96% of the toilets were functional with 92% under use. The Committee also noted that CPSEs after carrying out these CSR activities, hand over the charge to the Municipalities! Nagar Palika for their maintenance. In the opinion of the Committee, a mechanism for proper maintenance was also necessary with a view to optimally utilize these assets for a long term. For this purpose, the Committee felt that in addition to local bodies, CPSEs should take concerted efforts to initially maintain these assets and also make a provision for the same in their CSR budget. The Committee were of the considered opinion that before handing over these assets to the local bodies, these should mandatorily be managed by CPSEs for a minimum of three years. The Committee, therefore, recommended that necessary guidelines be framed for compliance by the CPSEs in this regard.

15. The Ministry in its Action Taken Reply has furnished the following:-

"All assets are handed over to local bodies on its completion. Small repairs are being undertaken by the local committees, however when bigger expenditures are required, HCL has been contributing for the same.

MECL has undertaken the work of maintenance of toilets constructed by it. The amount spent on maintenance work under CSR during the previous 3 years by MECL is tabulated as under:

SI. No.	CSR Activity	Location/ Project Site	FY	Amount Spent (Rs. Lakhs)
1	Maintenance of Toilets	Singrauli&Khammam	2016-17	0.48
2	Maintenance of Toilets	Tikri Village, Burhar (ODF)	2016-17	0.60
3	Maintenance of Toilets	LabjiPushla	2017-18	0.11
4	Maintenance of Toilets	Burhar	2017-18	0.30
5	Maintenance of Toilets	Urga	2017-18	0.45
6	Maintenance of Toilets	Khammam	2017-18	0.31

As per the opinion of the committee, MECL will endeavour to undertake maintenance of the assets created by it under CSR for a period of 3 years.

NALCO is taking adequate efforts for initial maintenance of the projects depending on the technicality of the projects. In this regard, project like operation of Battery Operated Vehicles at Puri for senior citizens, divyangjan and ladies with infant children and RO based drinking water post, five year operation and maintenance is in built in the contract to ensure trouble free operation as well as proper upkeep of assets. Projects like provision of safe drinking water, rural infrastructures, school infrastructure which are being created by the Company, subsequently handed over to Government line departments, local bodies and other respective authorities and communities with sensitisation wherever required for utilisation and upkeep of assets in the best possible manner. [Presently, the Company does not have any such guidelines on this matter]."

**16. Emphasizing the requirement of a mechanism for proper maintenance of the assets created under CSR activities with a view to optimally utilize them for a long term, the Committee, in their original report had recommended that before handing over the assets to the local bodies, these should mandatorily be managed by CPSEs for a minimum of three years and necessary guidelines be framed for compliance by the CPSEs in this regard. From the Action**

**Taken Reply of the Ministry of Mines, the Committee observe that all the three PSUs viz. HCL, NALCO and MECL has followed a different criteria for maintenance of assets. While HCL is stated to be contributing for maintenance of assets when huge expenditures are required, NALCO takes into consideration the aspect of technicality of the projects. According to MECL, it has undertaken the work of maintenance of toilets constructed by it. As regard the recommendation of the Committee regarding mandatory maintenance/ management of assets by CPSEs for a minimum of three years, the reply of the Ministry of Mines is silent. The Committee feel that in the absence of clear cut guidelines, PSUs have undertaken the maintenance work as per their own convenience. While reiterating their earlier recommendation, the Committee desire that necessary guidelines may be framed so as to ensure maintenance of assets for a specified period.**

## **CHAPTER –II**

### **OBSERVATIONS/RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT**

#### **RECOMMENDATION (SI. No.1)**

##### **ROLE OF ADMINISTRATIVE MINISTRY**

The Committee note that the Government of India enacted the Companies Act 2013 making it mandatory for all Companies fulfilling the specified criteria to undertake CSR activities. In accordance with provision of the Act, the Ministry of Corporate Affairs framed and notified the CSR Rules on 27.02.2014 which are applicable to all companies, including the three Central Public Sector Enterprises (CPSEs) under the administrative control of the Ministry of Mines. These CPSEs are National Aluminium Company Limited (NALCO), Hindustan Copper Limited (HCL) and Mineral Exploration Corporation Limited (MECL). The Committee note that as per the statutory provisions contained in the Companies Act, 2013 and the CSR rules framed thereunder, the onus of selection, implementation and monitoring of the CSR activities rests upon the Board 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. Further, Department of Public Enterprises issued Guidelines on Corporate Social Responsibility and Sustainability in October, 2014. All the CPSEs under the Ministry of Mines viz. National Aluminium Company Ltd., Hindustan Copper Ltd. and Mineral Exploration Corporation Ltd. are reported to be following the above mentioned Act/Rules/Guidelines while allocating and spending the funds under CSR. The Committee's observation and Recommendations in connection with examination of the subject are contained in subsequent paras of the Report.

#### **ACTION TAKEN**

Observations noted.

[O.M. No.H-11016/2/2017/PARL(Part) Dated 05/08/2019, Ministry of Mines]

#### **RECOMMENDATION (SI. No. 4)**

##### **UTILIZATION OF CSR FUND BY NATIONAL ALUMINIUM COMPANY (NALCO) AND HINDUSTAN COPPER LTD. (HCL)**

As regards expenditure of CSR Budget by NALCO, the Committee note with a sense of appreciation that expenditure for CSR activities exceeded the funds allocated during the last 3 years which is evident from the fact that against allocation of Rs. 26.24 crore, 27.56 crore and Rs. 27.88 crore during 2015-16, 2016-17 and 2017-18, the actual expenditure were Rs. 27.16 crore, Rs. 30.00 crore and 29.01 crore respectively. The Committee also express their happiness that the Hindustan Copper Ltd.(HCL) has fully

utilized the CSR Budget of Rs. 6.10 crore, Rs. 3.71 crore and Rs. 1.47 crore allocated during 2015-16, 2016-17 and 2017-18. While appreciating the trend of utilization of CSR funds by NALCO and HCL during 2015-16, 2016-17 and 2017-18, the Committee are concerned to note that the allocation of CSR funds of Hindustan Copper Ltd. declined from Rs. 7.11 crore during 2013-14, to Rs. 1.47 crore during 2017-18 on account of decreasing profit of the Company. The Committee express their desire that HCL will ensure that their ongoing CSR projects are not affected due to reduced allocation of CSR funds.

#### **ACTION TAKEN**

No ongoing projects were affected due to reduction of CSR Funds. All ongoing projects are completed on priority basis.

[O.M. No.H-11016/2/2017/PARL(Part) Dated 05/08/2019, Ministry of Mines]

#### **RECOMMENDATION (SI. No. 5)**

The Committee note that all Mine PSUs have their own implementation and monitoring mechanism for CSR Projects at Board level. At the sub-levels, CSR Nodal Officer meets and reviews the execution of CSR works at periodic intervals and monitors the progress on continuous basis. However, from the information furnished by the Ministry of Mines, the Committee observe that against 88 projects approved by NALCO during 2016-17, only 49 projects could be completed during the year. Similarly, against 90 CSR projects which also included carry forward projects of the previous year and approved by the Company to implement during 2017-18, only 66 projects were completed. In the case of Hindustan Copper Ltd. (HCL), the Committee note from the year-wise detailed information furnished by Ministry of Mines that all CSR projects have been completed as targeted during the last 4 years. While appreciating the completion of targeted CSR projects by HCL during the preceding 4 years, the Committee feel concerned at the sluggish performance of NALCO in completion of CSR projects during the years 2016-17 and 2017-18. The Committee, would like to be apprised of the reason for non-completion of CSIR projects by the Company during the years 2016-17 and 2017-18 and also the steps taken to ensure full utilization and completion of all CSR projects during 2018-19. The Committee would, therefore, recommend that NALCO should take adequate steps to clearly define the milestones with quarterly physical verification of the progress made so that the all CSR activities could be accomplished in time.

#### **ACTION TAKEN**

NALCO undertakes CSR projects/initiatives on need based and on recommendation of Local Authorities, District Administration where multi stake holders are involved. During selection of the project and in execution process NALCO always seeks "No objection Certificate" from the District Administration to avoid any kind of duplication of activities within the area. Many a time, getting NOC from the concerned authority delays implementation/ completion of projects.

Further, non-availability of suitable Project Implementing Agency for implementing various projects/programs in tribal dominated district of Koraput was a challenge all together.

After promulgation section 135 of Companies Act, 2013, a lot many changes have been incorporated to bring pace on implementation of the projects/programs at different level. The policy, procedure, delegation of authority for execution of projects are being revisited and is being streamlined by the Company to address the different bottlenecks at organisation level for meeting the time line.

Considering the above reasons, NALCO has adequately strengthened NALCO Foundation, the CSR arm of the Company by recruiting professionals from social and rural development background in Nov'2017. They have been continuously interacting with different stakeholders to overcome the barriers and timely implementation of CSR projects/programmes.

Further, some of the CSR projects are either supplementing or complementing Government programme. Any change in Government Policy affects implementation time line of the project. Many a time ground level challenges like seasonal disparity, local unrest stretches execution process leading to non-completion of projects.

[O.M. No.H-11016/2/2017/PARL(Part) Dated 05/08/2019, Ministry of Mines]

**Comments of the Committee**

(Please see para 13 of Chapter I of the Report)

**RECOMMENDATION (SI. No. 6)**

**CSR PROJECTS BY MECL**

The Committee note that during the year 2017-18, Mineral Exploration Corporation Limited approved 35 number of projects and allocated Rs. 247.51 Lakh for the purpose. The Committee however, note that out of 38 projects, only 33 projects have been completed by incurring actual expenditure of Rs. 202.69 Lakh. As regards the reason for under-utilization of fund, the Company have submitted that MECL's operational project being transient in nature, certain CSR activities allocated to projects were not feasible to be executed due to closure, shifting of project etc. as well as subsequent changes in project proposal. However, the unspent CSR amount for 2017-18 has been carried forward to be utilized for CSR activities in 2018-19. The Committee are concerned to note that non-completion of a large number of projects clearly reflect that approvals for the projects were apparently, not given by fully ascertaining their feasibility as a result of which various projects had either to be shelved or their profile changed. The Committee would, therefore, like to be apprised of the processes involved and the mechanism followed before getting the approval of the projects including inter alia the details of pre-feasibility study of the projects, if any, conducted by the Company.

**ACTION TAKEN**

The CSR projects of MECL are proposed by the Project Managers of operational projects of MECL after baseline survey as per the need and requirements of the local people residing in and around the projects by the

project level CSR Committee and submission of the base line survey report. Also, necessary approvals and consent letters are obtained from the local authority by the Project Managers, prior to sending proposals under CSR for approval.

These activities are then compiled and submitted for the approval of the Board of Directors' after recommendation of the Board Level CSR Committee.

However, as regards the observation of the Committee, it is submitted that even though the feasibility of the projects is given due cognizance, while obtaining approval of the CSR Activities, certain issues/reasons beyond the control of MECL, have resulted in non-completion of CSR Projects in the previous years. The same is explained below:

- a) The MECL projects are primarily carrying out exploration work, with span of short duration of about 03 months to 02 years. Due to this reason and associated uncertainty of exploration activities, we face constraint in taking up CSR Activities and complete them on time, at such projects locations, owing to their short tenure.
- b) Further, MECL executes its' CSR Activities by means of its' own manpower and following company's procurement and work execution procedure. Hence, in the cases where the CSR Projects have to be altered in between the year, the tender procedure has to be re-initiated from the beginning. Since the entire process of tender takes around 04 to 05 months' time, the CSR Projects could not be materialized before the end of the Financial Year.
- c) However, the unspent amount has been carry forwarded for implementation of CSR Activities in the next year.

[O.M. No.h-11016/2/2017/PARL(Part) Dated 08/08/2019, Ministry of Mines]

### **RECOMMENDATION (SI. No.7)**

#### **SELECTION OF EXTERNAL AGENCIES FOR IMPACT ASSESSMENT STUDIES**

With a view to assess the impact of CSR activities undertaken by the Company on the local people and areas around it where it operates, the Committee note that CPSEs are getting Impact Assessment Studies conducted by engaging the external agencies. The Committee have been apprised that in case of NALCO, an impact study for overall CSR activities of the Company was carried out by Utkal University, Odisha. Specific survey on utilization of toilets constructed under Swachha Vidyalaya Abhiyan was carried out in 154 schools of Angul & Damanjodi by a 3rd party i.e. Gram Vikash. As regards the findings of these agencies, the Committee observe that NALCO CSR interventions have received social appreciation and has fulfilled the objectives of CSR philosophy & policy. There are some issues that need immediate response like drinking water supply to peripheral

villages. Further, Gram Vikash had found that out of 154 schools, the survey recommended to provide water supply in 128 schools to improve the sanitation level. In case of HCL, the social impact assessment is carried out by external agencies. In the recent past, the Third-Party evaluation of CSR projects has been done by Management Development Institute, Gurgaon and M/s Dexter Consultancy Private Limited, Ahmedabad. As regards MECL, the Committee note that Impact Assessment Study for execution of CSR is carried out by MECL itself. The Committee have been given to understand that based on the findings/ recommendations, inclusiveness of the project is ascertained and deviations, if any, are identified and corrective actions are taken by the Mine PSUs. The Committee strongly believe that the CSR activities of CPSEs help in achieving the sustainable development of the economy and therefore, emphasize the need for immediate corrective action on the findings coming out of these Impact Assessment Studies. In the light of importance of the external agencies in transparent assessment of the CSR projects on various parameters, the Committee would like to be apprised of the methodology adopted by CPSEs for selecting Independent Third Party for evaluating their CSR activities. The Committee would also like to be apprised of the Impact Assessment Studies conducted for the years 2016-17 and 2017-18 for these three PSUs under Ministry of Mines.

### **ACTION TAKEN**

Selection external agency for assessment of CSR Projects is done through tender process. Impact Assessment study for the FY 2016-17 and FY 2017-18 is presently underway.

MECL has conducted Impact Assessment of its' CSR Activities till the year 2013-14 by engaging DattaMeghe Institute of Management Studies, Nagpur by tendering process.

Further, MECL intends to undertake Impact Assessment of its' CSR Activities by engaging Tata Institute of Social Sciences.

For transparent assessment of the CSR projects on various parameters, NALCO has entered into a MoU with Utkal University, a premier institute in the State of Odisha on nomination basis during the year 2017.

The institute has assessed study of the projects implemented since 2010. The recommendations are as below"

- i. Scaling up residential education project to attract more tribal students.
- ii. Infrastructure in other residential schools at par with Kalinga Institute of Social Sciences (KISS), Bhubaneswar.
- iii. Scaling up the project-Operation of Mobile Health Unit with more nos. of MHUs with increased frequency of operation.
- iv. Creating awareness to induce behavioural change for using toilets in schools
- v. Shifting the focus from asset building to asset maintenance.
- vi. Curative healthcare may be supplemented with preventive health care.

Similarly, during the year 2018-19, impact assessment study of CSR projects was conducted through Madras School of Social Work (MSSW), Chennai on limited tender basis inviting tender from reputed institutes like Tata Institute of Social Science (TISS), Mumbai; Xavier Institute of

Management, Bhubaneswar (XIMB) and Madras School of Social Work (MSSW), Chennai.

The institute has undertaken impact assessment of four projects namely, Swachh Bharat Abhiyan (Swachh Vidyalaya Abhiyan), Sponsoring Residential Education, Financial assistance to meritorious girl students under Nalco Ki Ladli Scheme and operation of Mobile Health Units. Some of the key recommendations are as below:

- i. Adopting methodology for regular cleaning and maintenance of school toilets and sensitising children and staff to use toilets.
- ii. School toilets should be kept under lock and key beyond non-school hours to keep them in safe condition.
- iii. Engagement of school social worker to overcome psycho-social problems of children enrolling for residential education.
- iv. Creating a database for students who have completed 10<sup>th</sup> standard, guidance/ career counselling for higher studies.
- v. NALCO may use selected residential school passed out students as agent for social change in the vicinity.
- vi. NALCO may organise Annual cultural and sport meet for school children in periphery villages.
- vii. Use of visual media through mobile van in villages for spreading mass awareness on health issues.
- viii. Patients' waiting sheds may be provided for senior citizens in the case of MHU operation.
- ix. Designing long term CSR plans with integrated development.

[O.M. No.H-11016/2/2017/PARL(Part) Dated 05/08/2019, Ministry of Mines]

**Comments of the Committee**

(Please see para 16 of Chapter I of the Report)

**RECOMMENDATION (SI. No.8)**

**MAINTENANCE OF ASSETS**

The Committee note that under Swachh Vidyalaya Abhiyan, NALCO constructed 479 toilets in 227 schools in Odisha and Andhra Pradesh benefitting 13,575 students. Similarly HCL and MECL also constructed 203 and 68 toilets in Government Schools respectively. Besides this, under Swachh Bharat Abhiyan (SBA) programme, Mine PSUs are also constructing Individual House Hold Latrines, community toilets etc. to ensure more and more Open Defecation Free villages. The Committee also take note of fact that out of 203 toilets constructed/repared by HCL, it has been found that 96% of the toilets are functional with 92% under use. The Committee also note that CPSEs after carrying out these CSR activities, hand over the charge to the Municipalities! Nagar Palika for their maintenance. In the opinion of the Committee, a mechanism for proper maintenance is also necessary with a view to optimally utilize these assets for a long term. For this purpose, the Committee feel that in addition to local bodies, CPSEs should take concerted efforts to initially maintain these assets and also make a provision for the same in their CSR budget. The Committee are of the considered opinion that before handing over these assets to the local bodies, these should mandatorily be managed by CPSEs for a minimum of three years. The

Committee, therefore, recommend that necessary guidelines be framed for compliance by the CPSEs in this regard.

### **ACTION TAKEN**

All assets are handed over to local bodies on its completion. Small repairs are being undertaken by the local committees, however when bigger expenditures are required, HCL has been contributing for the same.

MECL has undertaken the work of maintenance of toilets constructed by it. The amount spent on maintenance work under CSR during the previous 3 years by MECL is tabulated as under:

<b>Sl. No.</b>	<b>CSR Activity</b>	<b>Location/ Project Site</b>	<b>FY</b>	<b>Amount Spent (Rs. Lakhs)</b>
1.	Maintenance of Toilets	Singrauli & Khammam	2016-17	0.48
2.	Maintenance of Toilets	Tikri Village, Burhar (ODF)	2016-17	0.60
3.	Maintenance of Toilets	LabjiPushla	2017-18	0.11
4.	Maintenance of Toilets	Burhar	2017-18	0.30
5.	Maintenance of Toilets	Urga	2017-18	0.45
6.	Maintenance of Toilets	Khammam	2017-18	0.31

As per the opinion of the committee, MECL will endeavour to undertake maintenance of the assets created by it under CSR for a period of 3 years.

NALCO is taking adequate efforts for initial maintenance of the projects depending on the technicality of the projects. In this regard, project like operation of Battery Operated Vehicles at Puri for senior citizens, divyangjan and ladies with infant children and RO based drinking water post, five year operation and maintenance is in built in the contract to ensure trouble free operation as well as proper upkeep of assets.

Projects like provision of safe drinking water, rural infrastructures, school infrastructure which are being created by the Company, subsequently handed over to Government line departments, local bodies and other respective authorities and communities with sensitisation wherever required for utilisation and upkeep of assets in the best possible manner. [Presently, the Company does not have any such guidelines on this matter].

[O.M. No.H-11016/2/2017/PARL(Part) Dated 05/08/2019, Ministry of Mines]

#### **Comments of the Committee**

(Please see para 19 of Chapter I of the Report)

### **RECOMMENDATION (SI. No.9)**

#### **SKILL DEVELOPMENT INITIATIVES BY PSUS AND EMPLOYABILITY**

The Committee note that some of the Mine PSUs have been taking up skill development as a part of their CSR activities and providing training and in this process, out of 1800 candidates trained by NALCO, 749 local youth have got employments in retails, health care etc. Further, Hindustan Copper Ltd. is helping Self Help Groups who have taken number of initiatives like Handloom Weaving Unit, Hand Gloves Making, Handicraft, Promotion of Agriculture and Promoting healthy Livestock in Ghatsila and Musabani Blocks of East Singhbhum District in Jharkhand State with the aim to provide self

employment opportunities in local area and link them with the market for steady income. The Committee also note that MECL has provided skill training to 100 candidates during 2017-18. While appreciating these initiatives by Mine PSUs, the Committee feel that the number of persons trained and those who secured job on the basis of skill development initiatives is not encouraging taking into account the 500 million persons to be skilled by 2022. The Committee are also concerned to note that as the very purpose of providing skill development training gets defeated if skill development initiatives do not result in sufficient employment generation in consonance with the investment. In the opinion of the Committee, the real success of these skill development training programmes can be quantified only by the increasing rate of gainful employment secured by the persons. The Committee, therefore, desire that not only the modules of the training programmes should be so designed which meets the job requirements of modern industry/self employment but mine PSUs should also enter into MoU with skill trainers for guaranteed placement of a fixed percentage of persons trained by them.

### **ACTION TAKEN**

All Skill Training are undertaken in collaboration with National Skill Development Corporation the apex agency for skill training. The MoU signed with NSDC also includes clause on placement. It states 3<sup>rd</sup> and final payment shall be released upon the completion of 100% of the training target number and placement of 70% of training target under fresh skilling number.

In line with Government's initiative on Skill India, NALCO has entered into a MoU with National Skill Development Fund (NSDF), a Trust incorporated under the Indian Trust Act, 1882 and National Skill Development Corporation (NSDC), a private limited Company, registered under the Companies Act, 1956 to impart skill development training through its approved training partners in alignment with the National Skills qualification Framework to unemployed youth to make them employable. NALCO ensures that training partner will make minimum 70% placement of persons trained by them.

MECL has imparted Skill Development training by entering into an MoU with National Skill Development Corporation (NSDC) and National Skill Development Fund (NSDF), The details are as under:-

<b>Sl. No.</b>	<b>FY</b>	<b>Trade</b>	<b>Location</b>	<b>No. Trained</b>	<b>No. Placed</b>
1.	2017-18/ 2018-19	Assistant Electrician	Korba District, Chhattisgarh	100	88
2.	2016-17	Data Entry Operator	Krishna District, A.P	50	36
3.	2016-17	Fitter Fabrication	Korba District, Chhattisgarh	53	35
4.	2015-16	Data Entry Operator	West Godavari, A.P	25	18
5.	2015-16	Fitter Fabrication	Korba District, Chhattisgarh	22	11
6.	2015-16	Data Entry Operator	Singrauli, M.P	25	11
7.	2015-16	Micro Retail Entrepreneur	Thanjavur Dist., T.N	25	25

In regard to the observation of the committee, MECL has implemented Skill Development Training program during FY 2017-18/ 2018-19 in the trade of "Assistant Electrician" at Korba District, Chhattisgarh by means of entering into anMoU with minimum placement mandate of 70 %.

[O.M. No.H-11016/2/2017/PARL(Part) Dated 05/08/2019, Ministry of Mines]

**CHAPTER – III**

**RECOMMENDATIONS/OBSERVATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF THE GOVERNMENT'S REPLIES**

**-NIL-**

## **CHAPTER – IV**

### **RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH REPLIES OF THE GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE**

#### **RECOMMENDATION (Sl. No.2)**

##### **CSR POLICY FOLLOWED BY MINES PSUs**

The Committee note that NALCO has been taking up CSR activities since its inception. However, after promulgation of Companies Act, 2013, a documented CSR policy duly approved by the Board is in place since 2015 which governs the CSR activities of the Company. The salient features of this policy covers the basic concept of CSR and its objective; scope of CSR activities; constitution of Corporate Social Responsibility(CSR) & Sustainability Development(SD) Committee; budgeting and control of expenditure; modalities for implementation of CSR projects and their monitoring, feedback and evaluation; and impact Assessment of CSR interventions of the Company. The Committee are also given to understand that the CSR projects and programmes are selected relating to the activities specified in Schedule-VII of the Companies Act, 2013 which are then recommended by CSR&SD Committee before being approved by the Board of Directors. With regard to Hindustan Copper Limited, the Committee note that the activities of Corporate Social Responsibility is planned taking into consideration the Company's capabilities, expectations of the communities living in and around the areas of its operation as well as where it has its presence and it is targeted to have a significant positive impact in the long term. As informed by the Ministry of Mines, Hindustan Copper Ltd. (HCL) Board's Sub-committee on CSR comprises of three or more Directors out of which at least one Director shall be Independent Director. Similarly, CSR Board level Committee is headed by an Independent Director. In respect of CSR activities in Mineral Exploration Corporation Limited (MECL), the Committee have been informed that the organization while conducting its business is also committed to participate and contribute towards development in the geographic area of its operation so as to provide opportunity for the economic, social, educational, infrastructural, health and hygienic cultural development of the people living in and around the working places through CSR initiatives. While observing that Mines PSUs undertake different welfare activities as per the DPE Guidelines effective from 1.4.2014 based on Section 135 of Companies Act 2013 which stipulates to spend at least 2% of the average net profit of the company for the three immediate preceding financial years, the Committee note that NALCO, HCL & MECL have developed their own policy in this regard. While appreciating the Board level decision making CSR Committees of Mine PSUs in consonance with the Companies Act, 2013 and DPE Guidelines issued thereunder, the Committee desire that the Ministry of Mines should frame a uniform model CSR policy so that these are implemented by all three PSUs under its administrative control to bring uniformity in the process of planning and implementation of their CSR activities.

#### **ACTION TAKEN**

The Standing Committee has referred to DPE Guidelines issued vide OM dated 20<sup>th</sup> October, 2014 (effecting from 1.4.2014) issued to CPSEs. These guidelines are no more applicable and have been withdrawn vide DPE

OM dated 1.8.2016. Further, the CSR Committee constituted in the CPSEs also considers the suggestions/ proposals given by the local public representatives and the local MPs and also, the finding of needs assessment survey conducted before making their recommendations of CSR activities/projects in the CSR Policy to the Board of CPSE for its approval.

The three PSUs i.e NALCO, HCL and MECL have different types of operations. NALCO and HCL are mining PSUs involved in Mining of Bauxite and Copper ore respectively, whereas MECL is into exploration. HCL has units in Jharkhand, Madhya Pradesh, Rajasthan and Gujarat. Similarly NALCO has its mining & smelters operations at Dhamanjodi whereas refinery is situated in Angul. As CSR activities have to be planned keeping in view the socio economic needs of the affected area of operation it would not be practicable to have a uniform policy for all three PSUs.

Moreover, as noted by the Committee all the three PSUs have undertaken different welfare activities as per the extant guidelines and in consonance with Companies Act,2013.

[O.M. No.H-11016/2/2017/PARL(Part) Dated 05/08/2019, Ministry of Mines]

**Comments of the Committee**

(Please see para 7 of Chapter I of the Report)

## **CHAPTER – V**

### **OBSERVATIONS/RECOMMENDATIONS IN RESPECT OF WHICH FINAL REPLIES OF THE GOVERNMENT ARE STILL AWAITED**

#### **RECOMMENDATION (SI. No. 3)**

#### **INVOLVEMENT OF LOCAL BODIES/PUBLIC REPRESENTATIVES AND LOCAL ADMINISTRATION**

The Committee note that while identifying CSR projects, Mines PSUs collaborate with NGOs/specialized agencies/trusts/institutions/ foundations/ societies/Government bodies etc. in accordance with the provision of the Companies Act, 2013 and Companies (Corporate Social Responsibility Policy) Rules, 2014. In the opinion of the Committee, the essence of CSR lies in greater public participation so as to achieve the goal of inclusive growth. The Committee, therefore, desire that local MPs and elected representatives of local bodies, should be invariably involved in the process for selection/ finalization of CSR projects as the public representatives are well versed with the harsh ground realities, fully seized of the local problems and also the dire necessities of the local populace. In the context of Public Sector Enterprises, Corporate Social Responsibility (CSR) should be viewed as a way of conducting business, which enables the creation and distribution of wealth not only for the benefit of its stakeholders but also for the betterment of conditions of life of people through the implementation and integration of ethical systems and sustainable management practices. The Committee also feel that there is a need to develop a mechanism to involve the local masses who are the beneficiaries of the CSR activities so that the resources could be gainfully utilized in line with objectives of the CSR policy of the CPSEs. The Committee, therefore, recommend that suitable provision in this regard be made in Guidelines for PSUs under Ministry of Mines. At the same time, the Committee also desire the Ministry of Mines to take up the matter with the Ministry of Corporate Affairs to incorporate the provision in CSR Rules for representation of local MPs in selection of CSR projects/activities.

#### **ACTION TAKEN**

The local people, local bodies and public representatives are consulted by the Project Managers and Project Level CSR Committees at the project sites of MECL for identification of actual needs and necessities of the local people residing in and around the project locations of MECL, located at interior areas of the country, which can be implemented for greater benefit under the CSR Program of MECL.

Also, necessary request for implementation of CSR Activities are being received from the Local Authorities / District Administration, Sarpanch of Gram Sabhas and Gram Panchayats etc., prior to undertaking of CSR Activities, by MECL.

In this context of CSR, MECL believes in establishing an understanding relationship with the local inhabitants at its' areas of operation all over the country so as to facilitate its' business activities in an ethical and sustainable manner, by enabling the benefit and betterment of the local people through its' CSR initiatives and endeavours.

Local masses are part of the project from its inception to its implementation. The assets created during implementation of projects are handed over to the local bodies.

CSR projects of the company are decided considering

- a) The project/proposal recommended by Rehabilitation and Periphery Development Advisory Committee (RPDAC) headed by concerned Revenue Divisional Commissioner (RDC) in which Members of Parliament (MPs), Members of Legislative Assembly (MLAs) of the district, President, Zilla Parishad, Chair Person of Panchayat Samiti, happens to be members of the said committee, apart from district authority & NALCO. In addition to this, proposal if any pertaining to the operational area received directly from MPs and MLAs are also being considered based on the impact of the project.
- b) Request/proposal received from Panchayat Raj Institution (PRI) Members /Peoples representative from operational area at Panchayat level & Village level.

Agreeing to the above recommendation, it is submitted that NALCO is already involving people's representatives in selection of CSR projects as indicated above.

As regards incorporation of suitable provisions in the Companies (CSR Policy), Rules, 2014 notified by M/o Corporate Affairs for representation of local MPs and elected representatives of local bodies in selection process of CSR projects/ activities, the matter is being taken up with M/o Corporate Affairs which is the nodal Ministry in this regard.

[O.M. No.H-11016/2/2017/PARL(Part) Dated 05/08/2019, Ministry of Mines]

**Comments of the Committee**

(Please see para 10 of Chapter I of the Report)

**RECOMMENDATION (Sl. No.10)**

**OVERLAPPING OF DMF AND CSR**

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 utilized 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 understand that huge amount of funds are being 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 Pals 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.

#### **ACTION TAKEN**

As regard the matter of unnecessary overlap of activities through DMF and CSR in the case of mining PSUs/Companies, the details of PMKKY are being sent to Ministry of Corporate Affairs for taking necessary action in this regard.

[O.M. No.H-11016/2/2017/PARL(Part) Dated 05/08/2019, Ministry of Mines]

**NEW DELHI;  
02 December, 2019  
11 Agrahayana, 1941 (Saka)**

**RAKESH SINGH  
Chairperson  
Standing Committee on Coal and Steel**

**MINUTES OF THE SITTING OF THE STANDING COMMITTEE ON COAL AND STEEL HELD ON 2<sup>ND</sup> DECEMBER, 2019 IN HON'BLE CHAIRPERSON'S CHAMBER, ROOM NO. '210', B-BLOCK, PHA EXTENSION BUILDING, NEW DELHI.**

The Committee sat from 1530 hrs. to 1600 hrs.

**PRESENT**

**Shri Rakesh Singh - Chairperson**

**Lok Sabha**

2. Shri Kunar Hembram
3. Shri Raghurama Krishnaraju Kanumuru
4. Shri Ajay Nishad
5. Smt. Riti Pathak
6. Shri Komati Reddy Venkat Reddy
7. Shri Chunni Lal Sahu
8. Shri Arun Sao
9. Dr. Beesetti Venkata Satyavathi
10. Dr. Alok Kumar Suman
11. Shri Shyam Singh Yadav
12. Shri Tokheho Yepthomi

**Rajya Sabha**

13. Dr. Vikas Mahatme
14. Shri Mukut Mithi
15. Shri Prashanta Nanda

**SECRETARIAT**

1. Shri Arvind Sharma - Director
2. Smt. Geeta Parmar - Additional Director
3. Shri Girdhari Lal - Deputy Secretary

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 on:-

- (i) \*\* \*\* \*\* \*\*;
- (ii) Action Taken by the Government on the Observations/ recommendations contained in their Forty-Ninth Report (Sixteenth Lok Sabha) on the Subject, "CSR Activities by PSUs under Ministry of Mines";

4. The Committee adopted the Reports with minor changes/modifications. The Committee then authorized the Chairperson to finalise the Reports and present the same to both the Houses of Parliament.

***The Committee then adjourned.***

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\*\*Do not pertain to this Report.

## ANNEXURE-II

(Vide Para IV of Introduction)

### ANALYSIS OF ACTION TAKEN BY THE GOVERNMENT ON THE OBSERVATIONS/RECOMMENDATIONS CONTAINED IN THE FORTY-NINTH REPORT OF THE STANDING COMMITTEE ON COAL AND STEEL

I.	Total No. of Recommendations made	10
II.	Recommendations that have been accepted by the Government ( <i>vide</i> recommendation at Sl. Nos. 1, 4, 5, 6, 7, 8 and 9)	07
	Percentage of total	70%
III.	Recommendations which the Committee do not desire to pursue in view of the Government's replies ( <i>vide</i> Recommendation at Sl. No. Nil)	00
	Percentage of total	0%
IV.	Recommendations in respect of which replies of the Government have not been accepted by the Committee ( <i>vide</i> recommendation at Sl. No. 2 )	01
	Percentage of total	10%
V.	Recommendations in respect of which final replies of the Government are still awaited ( <i>vide</i> recommendation at Sl. Nos. 3 and 10)	02
	Percentage of total	20%