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

MINISTRY OF STEEL

"CSR ACTIVITIES IN STEEL PSUs"

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



FIRST 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-Eighth 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)**

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**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. Smt. Vandana Pathania Guleria | - | Executive Officer |

(iii)

INTRODUCTION

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

2. The Forty-Eighth Report (Sixteenth Lok Sabha) of the Standing Committee on Coal and Steel was presented to Lok Sabha on 03.01.2019. Replies of the Government to all the observations/recommendations contained in the Report were received on 25.03.2019 and the updated replies were received on 09.08.2019.

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-Eighth (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) Standing Committee on Coal and Steel

RAKESH SINGH
Chairperson

(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-Eighth Report (Sixteenth Lok Sabha) of the Standing Committee on Coal and Steel(2018-19) on the Subject, "CSR Activities in Steel PSUs" relating to Ministry of Steel which was presented to Lok Sabha and laid in Rajya Sabha on 03.01.2019.

2. The Report contained 14 Observations/Recommendations. The updated Action Taken Notes have been received from the Ministry of Steel on 09.08.2019 in respect of all the 14 observations/recommendations contained in the Report. These have been categorised as follows:

- (i) Observations/Recommendations which have been accepted by the Government:
Serial Nos. 1,3,4,7,8,9,10,11,12,13 and 14

Total: 11
Chapter-II

- (ii) Observations/Recommendations which the Committee do not desire to pursue in view of the replies of the Government :
Sl. No. Nil

Total: 00
Chapter III

- (iii) Observations/Recommendations in respect of which replies of the Government have not been accepted by the Committee:
Sl. Nos. 2,5 and 6

Total: 03
Chapter IV

- (iv) Observations/Recommendations in respect of which final replies of the Government are still awaited Sl.No. Nil

Total: 00
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 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-Eighth Report.

RECOMMENDATION (Sl. No. 2)

CSR POLICY OF STEEL PSUs

5. The Committee noted that all the steel sector Central PSUs namely, Steel Authority of India Limited (SAIL), Rashtriya Ispat Nigam Limited (RINL), NMDC Ltd., MOIL Ltd., KIOCL Ltd., MECON Ltd. and MSTC Ltd. have separately formulated their CSR and Sustainable Development Policy in line with the provisions of the Companies Act, 2013, the Companies (Corporate Social Responsibility Policy) Rules, 2014 and Department of Public Enterprises (*DPE*) guidelines. The Committee also found that although CSR projects/schemes by all Steel sector PSUs are reported to be undertaken in conformity to the Schedule VII of the Companies Act, but each Company has adopted different planning, execution and implementation methodology and monitoring mechanism. The Committee also noted that although each Company is reported to have constituted a dedicated 'CSR Cell', yet in MOIL Ltd. and MSTC Ltd., this Cell is headed by an Independent Director and designated officers implement the decisions taken by the CSR Committee. The Committee also observed that the CSR Policy of NMDC Ltd., while stipulating the mechanism, process and structure of CSR programme also has a unique inbuilt sunset clause providing for review of the Policy after every three years. The Committee while appreciating that the broad CSR policies of Steel PSUs are in

consonance with the provisions of the Companies Act, 2013, Schedule VII thereof and CSR Rules, 2014 and DPE guidelines issued thereunder, had desired that the Ministry of Steel should consider framing of a uniform CSR policy for all Central Public Sector Enterprises (CPSEs) coming under its administrative control to ensure uniformity in their CSR activities in the focused areas as enumerated in Schedule VII of Companies Act, 2013.

6. The Ministry in its Action Taken Reply has submitted as under:-

"The CPSEs under Ministry of Steel are different entities with separate accounts and different geographical spread. Therefore, to meet their specific requirements or social obligations, it is better that they have separate CSR policies within the overall framework of the Companies Act."

7. In their original Report, the Committee had recommended that Ministry of Steel should consider framing of a uniform CSR policy for all Central Public Sector Enterprises (CPSEs) coming under its administrative control to ensure uniformity in their CSR activities in the focused areas. In its action taken reply, the Ministry of Steel has stated that all the PSUs under the jurisdiction of Ministry of Steel are separate identities and function in different geographic zones, therefore they have formulated separate mechanisms for planning, execution, implementation and monitoring of various CSR projects being executed by them. While scrutinizing the CSR policy of various Steel PSUs, the Committee had also noted that MOIL Ltd. and MSTC Ltd. had made a provision for a CSR Committee headed by an Independent Director and designated officers implement the decisions of the CSR Committee. Moreover, while stipulating the mechanism, process and structure of the CSR Programme, NMDC Ltd. has a unique inbuilt sunset clause providing for review of the Policy after three years. The Committee feel that similar mechanism and

innovative clauses which help to evaluate and improvise the functioning of CSR Projects being implemented by Steel PSUs should be emulated by them so that obsolete/unworkable activities/projects can be phased out slowly. The Committee, therefore, feel that Ministry of Steel should come forward with a model CSR policy where some of the unique and common clauses can be adopted by all PSUs which would facilitate better implementation of CSR projects to achieve desired results at the ground level.

RECOMMENDATION (SI. No. 3)

UTILIZATION OF CSR FUNDS BY SAIL

8. The Committee were concerned at lower utilization of allocated funds for CSR activities by SAIL during the year 2014-15. As against the allocation of Rs. 78 crore, the actual spending was only Rs. 35.04 crore. Similarly, during 2015-16, the Company could spend only Rs. 76.16 crore against total fund allocation of Rs. 100.16 crore including carried forward unspent balance amount of Rs. 42.96 crore during the year. Taking note of the fact that SAIL had not made any net profit during 2016-17 and 2017-18, the Committee found that the Company had still spent funds for CSR activities and Rs. 29.05 crore and Rs. 25.70 crore respectively which were spent during these two years. The Committee were also given to understand that in addition to the allocated CSR budget, an expenditure to the tune of over Rs.350 crores is incurred annually towards providing Health, Education, Township, etc. facilities to non-SAIL population living in and around the Plant/Unit locations. The facilities created in the Steel Townships at Plants/Unit locations are accessed by the local non-SAIL population either free or at a very nominal cost. While appreciating the allocation of funds to the tune of Rs. 29.34 crore, 26 crore and Rs. 30 crore for CSR activities by SAIL during 2016-17, 2017-18 and 2018-19 respectively despite the fact that Company did not make any net profit, the Committee would like to be apprised of the negative impact

on implementation of ongoing CSR activities by SAIL due to lower allocation of CSR funds on account of dwindling profits of the Company.

9. The Ministry in its Action Taken Reply has submitted as under:-

"It may be noted that SAIL has continuously been incurring losses since FY 2015-16. In terms of CSR provisions of Companies Act, 2013 Section 135(5), 2% of average net profit of the last three Fiscals i.e. FY 2015-16 to FY 2017-18 is "Nil". However, in order to sustain the ongoing CSR activities in the periphery of Plants and Mines (which primarily consist of the backward districts) Board of Directors of SAIL allocated budget for continuing the ongoing CSR interventions (in consonance with Schedule-VII of Companies Act, 2013) during the FYs 2016-17 to 2018-19 respectively. The implementation and monitoring of Corporate Social Responsibility (CSR) Policy is in compliance with CSR Objectives and Policy of the Company.

During FYs 2016-17 to 2018-19, SAIL mainly focused on sustenance of ongoing Core CSR activities which were primarily in the areas of education of children in CSR run schools, support for mid-day meals in Government schools, scholarships for children, educational schemes for tribal/backward children adopted for providing comprehensive facilities, operation of Primary Health Centres for under-privileged people, organisation of medical camps and operation of mobile medical units, skills development and women empowerment programmes and assistance to differently abled people, Sr. Citizens, etc. All these CSR endeavors of SAIL were in accordance with provisions specified in Schedule-VII of the Companies Act, 2013 and Companies (CSR Policy) Rules, 2014.

In addition, SAIL *has sponsored 816 local youths in 2018-19, 845 local youths in 2017-18, 546 in 2016-17, 733 youths in 2015-16* for ITI trainings in different trades (viz. Electrician, Fitter, Welder, etc.) at different Industrial Training Institutes (ITI) at Bokaro, Rourkela, Bolani, Gua and Barsua, etc.

Over *1870 rural youths in 2018-19, approx. 2000 youths in 2017-18, 3200 in 2016-17 and 2700 in 2015-16*, have undergone Skills Development Trainings in industrial trades, soft skills, hospitality, handlooms, handicrafts, improved agriculture techniques, domestic products, farmhouse produce, etc. at Bhilai

Ispat Kaushal Kutir, Swayamsiddha & PG College of Nursing: Bhilai, Shilpangan: Durgapur, Kishori: Rourkela, Jharcraft: Bokaro, Vocational Training Centre & Mahila Mangal Sabha: Burnpur, Garment Technician Training: Salem, Kiran : Kiriburu & Meghahathaburu, Aashaye Handloom Center: Gua mines, etc. SAIL is also instrumental in marketing of the products manufactured at such centers.

As the adequate funds were allocated for continuing the ongoing CSR activities, no such negative impact on implementation of these ongoing CSR activities was observed during the aforesaid fiscals."

10. The Committee had observed that despite the fact that SAIL had been incurring losses, it had still allocated budget in 2015-16 to sustain the ongoing CSR activities initiated by it in the backward districts in the periphery of its Plants and Mines. The Committee also appreciate the fact that in the years 2016-17, 2017-18 and 2018-19, SAIL continued to support its core CSR activities in the areas of Education, Health, Women Empowerment and Skill Development. Under its CSR Policy, SAIL continues to work for education of children in CSR run schools, support for mid-day meals in Government schools, scholarships for children, educational schemes for tribal/backward children adopted for providing comprehensive facilities, operation of Primary Health Centers for under-privileged people, organisation of medical camps and operation of mobile medical units, skills development and women empowerment programmes and assistance to differently abled people, Senior Citizens, etc. and Rs. 29.34 crore, 26 crore and Rs. 30 crore were allocated for CSR activities by SAIL during 2016-17, 2017-18 and 2018-19. The Ministry of Steel has also informed the Committee that SAIL has sponsored 816 local youths in 2018-19, 845 local youths in 2017-18, 546 in 2016-17, 733 youths in 2015-16 for ITI trainings in different trades (viz. Electrician, Fitter, Welder,

etc.) at different Industrial Training Institutes (ITI) at Bokaro, Rourkela, Bolani, Gua and Barsua, etc. Over 1870 rural youths in 2018-19, approx. 2000 youths in 2017-18, 3200 in 2016-17 and 2700 in 2015-16, have undergone Skills Development Trainings in industrial trades, soft skills, hospitality, handlooms, handicrafts, improved agriculture techniques, domestic products, farmhouse produce, etc. at various centres operated by SAIL. SAIL is also instrumental in marketing of the products manufactured at such centers. While commending the above mentioned works done by SAIL keeping in view its current financial position, the Committee hope that SAIL will continue with its endeavours for poor and needy people of the affected districts around its operational plants and Mines.

RECOMMENDATION (Sl. No. 5)

UTILIZATION OF CSR FUNDS BY RINL

11. As regards the CSR expenditure by RINL, the Committee noted that the Company's total budget allocation during the year 2014-15 as per Companies Act, 2013 was Rs. 14.23 crore and with Rs. 3.44 crore as carry forward of previous year unspent, the total budget allocation was Rs. 17.67 crore. The Committee also noted that during the years 2016-17 and 2017-18, though RINL's allocation as per requirement of the Companies Act, 2013 for CSR activities had been 'NIL', still an allocation of Rs.7.48 crore and Rs.7.78 crore respectively was made during these years. The Committee were, however, perturbed to note that, against the total allocation of Rs. 15.00 crore, Rs. 13.75 crore and Rs. 13.00 crore, during 2015-16, 2016-17 and 2017-18 (including unspent balance of previous years), the expenditure during these years had been Rs. 8.73 crore, Rs. 8.53 crore and Rs. 9.60 crore respectively. Taking note of this huge money lying unspent year after year on CSR activities by RINL, the Committee strongly recommended that Ministry of Steel and RINL Board should go into the details of the reasons for the same and the Committee be apprised of the corrective

measures taken by them to ensure full utilization of CSR funds at least from current financial year onwards.

12. The Ministry in its Action Taken Reply has submitted as under:-

"The statutory allocation for the FYs 2016-17, 17-18 & 18-19 was 'NIL'. However, to sustain the momentum of CSR projects which have significant social & economic impact, every year, CSR budgets are allocated by the Company, though it is not mandatory as per Companies Act-2013.

During the FY 2018-19, the total budget available for CSR activities was Rs.11.90 Cr which included allocation for 2018-19 amounting to Rs.8.50 crore + Rs.3.40 crore carry forward from FY 2017-18 on account of projects that are at various stages of implementation including infrastructure projects where payments are to be released in phases on completion of various milestones. An expenditure of Rs.10.30 Cr was achieved during the FY 2018-19 leaving a balance amount of Rs.1.60 Cr which is committed towards ongoing projects at various stages of implementation. Out of this an amount of Rs.0.85 crore has been spent till June, 2019. The remaining payments shall be released in phases on completion of various milestones of the Projects."

13. The Committee while appreciating the fact that though during the years 2016-17 and 2017-18, RINL's allocation as per requirement of the Companies Act, 2013 for CSR activities had been 'NIL', still allocations of Rs.7.48 crore and Rs.7.78 crore respectively were made during these years to sustain the momentum of CSR projects which have significant social & economic impact. The Committee also take cognizance of the fact that during the Financial Year 2018-19, the total budget available at RINL for its CSR activities was Rs.11.90 Cr which included allocation for 2018-19 amounting to Rs.8.50 crore + Rs.3.40 crore carry forward from Financial Year 2017-18 on account of projects that were at various stages of implementation, including infrastructure projects where payments are to be released in phases on completion of various milestones. In this regard, the Committee had

recommended RINL Board and Ministry of Steel to go into the details of the reasons for the same and the Committee be apprised of the corrective measures taken by them to ensure full utilization of CSR funds from the current financial year. The Committee are unhappy as the reply of the Ministry is silent in this regard. The Committee, therefore, reiterate their earlier recommendation and desire that the Ministry should look into the matter and some corrective measures be taken to curb this tendency of funds remaining unspent. The Committee, therefore, desire to be apprised of the steps taken by RINL in this regard.

RECOMMENDATION (Sl. No. 6)

UTILIZATION OF CSR FUNDS BY NMDC LTD.

14. The Committee observed that NMDC Ltd. had allocated Rs.210.56 crore, Rs.236.65 crore, Rs.160.22 crore and Rs.121.02 crore for CSR activities during the years 2014-15, 2015-16, 2016-17 and 2017-18 respectively. The Committee also noted that although NMDC Ltd. had allocated 2% of average Profit Before Tax (PBT) during 2016-17 and 2017-18, the Company had allocated more funds than required under Companies Act, 2013 for CSR activities during 2014-15 and 2015-16. The Committee were, however, unhappy at the unspent CSR funds during the years 2014-15, 2015-16, 2016-17 and 2017-18 which were to the tune of Rs.61.54 crore, Rs.88.1 crore, Rs.74.14 crore and Rs.25.79 crore respectively. In view of the low expenditure by NMDC Ltd. on CSR activities against the budgeted provisions made during the years from 2014-15 to 2017-18, the Committee could not but deplore the way CSR activities are being executed by the Company. The Committee, therefore, strongly urged the Ministry of Steel and NDMC Ltd to review their planning and implementation methodologies of CSR activities and desire that they be apprised of the reasons for low utilization of budgetary allocation by the Company

in the past and corrective measures being taken to ensure full utilization of CSR funds during 2018-19.

15. The Ministry in its Action Taken Reply has submitted as under:-

"NMDC had allocated more than the minimum prescribed 2% of average PBT in 2014-15 & 2015-16, as has already been noted by the Committee. CSR allocation is made of 2% amount of average PBT for the preceding 3 years plus carried forward amount viz., the unspent CSR Fund carried forward from the previous year. The unspent CSR Fund carried forward from 2015-16 to 2016-17 was Rs. 88.10 crore, with continuous monitoring and focused efforts, the same has been brought to Rs. 32.76 crore in the year 2018-19.

NMDC has been taking up various CSR initiatives around its Projects located in the remote tribal areas of Bastar division in Chhattisgarh, Bellary District in Karnataka and Panna District in Madhya Pradesh. All major infrastructural development works are carried out in partnership with the State Authorities concerned. NMDC is fully aware that the CSR funds need to be spent in a transparent manner, simultaneously complying with all statutory rules & regulations, which at times results in certain time lag between conception and implementation. Each of the CSR proposal is thoroughly scrutinized based upon data, analysis thereof, beneficiaries, outcome etc before putting up to the Board sub-committee on CSR. The Board sub-committee examines the proposal and recommend it for approval of the Board. The CSR expenditure is made after the approval of the Board. Further, most of the CSR expenditure is made through 'Partnership mode' with the State Govt. and involves tendering as per Government procedures which often delays the spending process. This is one of the major reasons, apart from the disturbances due to extremist activities in Bastar division, for not fully utilizing the budgetary funds. The CSR fund is non-lapsable. The unspent amount is being carried forward to the next year budget."

16. In their original Report, the Committee had observed that though NMDC Ltd had allocated more funds than required under Companies Act, 2013 for CSR activities during 2014-15 and 2015-16, huge funds to the tune of Rs.61.54 crore, Rs.88.1 crore, Rs.74.14 crore and Rs.25.79 crore remained unspent

during the years 2014-15, 2015-16, 2016-17 and 2017-18 respectively. In its Action Taken Reply, Ministry of Steel has informed the Committee that NMDC Ltd. has been taking up various CSR initiatives around its Projects located in the remote tribal areas of Bastar division in Chhattisgarh, Bellary District in Karnataka and Panna District in Madhya Pradesh. All major infrastructural development works are carried out in partnership with the State Authorities concerned and most of the CSR expenditure is made through 'Partnership mode' with the State Governments. This involves tendering as per Govt. procedures which often delays the spending process. This is one of the major reasons, apart from the disturbances due to extremist activities in Bastar division, for not fully utilizing the budgetary funds. The Committee have further been informed that with continuous monitoring and focused efforts, the unspent CSR Fund of Rs. 88.10 crore carried forward from 2015-16 to 2016-17 has been brought down to Rs. 32.76 crore in the year 2018-19. Although, NMDC Ltd. has brought down unspent CSR funds, the Committee note that huge funds still remain unspent by the Company. The Committee hope that sustained efforts will be made to ensure utilization of allocated funds within the financial year. The Committee would like to be apprised of the action taken by NMDC Ltd in this regard.

CHAPTER –II

OBSERVATIONS/RECOMMENDATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

RECOMMENDATION (SI. No.1)

CSR AND COMPANIES ACT, 2013

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

ACTION TAKEN

Noted.

[Ministry of Steel O.M. No.11014(1)/2019-Parl. dated 09/08/2019]

RECOMMENDATION (SI. No.3)

UTILIZATION OF CSR FUNDS BY SAIL

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

carried forward unspent balance amount of Rs. 42.96 crore during the year. Taking note of the fact that SAIL had not made any net profit during 2016-17 and 2017-18, the Committee find that the Company had still spent funds for CSR activities and Rs. 29.05 crore and Rs. 25.70 crore respectively which were spent during these two years. The Committee are also given to understand that in addition to the allocated CSR budget, an expenditure to the tune of over Rs.350 crores is incurred annually towards providing Health, Education, Township, etc. facilities to non-SAIL population living in and around the Plant/Unit locations. The facilities created in the Steel Townships at Plants/Unit locations are accessed by the local non-SAIL population either free or at a very nominal cost. While appreciating the allocation of funds to the tune of Rs. 29.34 crore, 26 crore and Rs. 30 crore for CSR activities by SAIL during 2016-17, 2017-18 and 2018-19 respectively despite the fact that Company did not make any net profit, the Committee would like to be apprised of the negative impact on implementation of ongoing CSR activities by SAIL due to lower allocation of CSR funds on account of dwindling profits of the Company.

ACTION TAKEN

It may be noted that SAIL has continuously been incurring losses since FY 2015-16. In terms of CSR provisions of Companies Act, 2013 Section 135(5), 2% of average net profit of the last three Fiscals i.e. FY 2015-16 to FY 2017-18 is "Nil". However, in order to sustain the ongoing CSR activities in the periphery of Plants and Mines (which primarily consist of the backward districts) Board of Directors of SAIL allocated budget for continuing the ongoing CSR interventions (in consonance with Schedule-VII of Companies Act, 2013) during the FYs 2016-17 to 2018-19 respectively. The implementation and monitoring of Corporate Social Responsibility (CSR) Policy is in compliance with CSR Objectives and Policy of the Company.

During FYs 2016-17 to 2018-19, SAIL mainly focused on sustenance of ongoing Core CSR activities which were primarily in the areas of education of children in CSR run schools, support for mid-day meals in Government schools, scholarships for children, educational schemes for tribal/backward children adopted for providing comprehensive facilities, operation of Primary Health Centres for under-privileged people, organisation of medical camps and operation of mobile medical units, skills development and women empowerment programmes and assistance to differently abled people, Sr. Citizens, etc. All these CSR endeavors of SAIL were in accordance with provisions specified in Schedule-VII of the Companies Act, 2013 and Companies (CSR Policy) Rules, 2014.

In addition, SAIL *has sponsored 816 local youths in 2018-19, 845 local youths in 2017-18, 546 in 2016-17, 733 youths in 2015-16 for ITI trainings in different trades (viz. Electrician, Fitter, Welder,*

etc.) at different Industrial Training Institutes (ITI) at Bokaro, Rourkela, Bolani, Gua and Barsua, etc.

Over 1870 rural youths in 2018-19, approx. 2000 youths in 2017-18, 3200 in 2016-17 and 2700 in 2015-16, have undergone Skills Development Trainings in industrial trades, soft skills, hospitality, handlooms, handicrafts, improved agriculture techniques, domestic products, farmhouse produce, etc. at Bhilai Ispat Kaushal Kutir, Swayamsiddha & PG College of Nursing: Bhilai, Shilpangan: Durgapur, Kishori: Rourkela, Jharcraft: Bokaro, Vocational Training Centre & Mahila Mangal Sabha: Burnpur, Garment Technician Training: Salem, Kiran : Kiriburu & Meghahathaburu, Aashaye Handloom Center: Gua mines, etc. SAIL is also instrumental in marketing of the products manufactured at such centers.

As the adequate funds were allocated for continuing the ongoing CSR activities, no such negative impact on implementation of these ongoing CSR activities was observed during the aforesaid fiscals.

[Ministry of Steel O.M. No.11014(1)/2019-Parl. dated 09/08/2019]

Comments of the Committee

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

RECOMMENDATION (Sl. No.4)

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

ACTION TAKEN

During Annual CSR Budget Plan every year, funds are allocated to each Plant and Unit against their respective CSR projects and estimated expenditures thereon. A statement showing plant-wise fund allocation and their percentage share (during FYs 2014-15 to 2018-19) is attached at **Annexure-1**.

[Ministry of Steel O.M. No.11014(1)/2019-Parl. dated 09/08/2019]

RECOMMENDATION (Sl. No. 7)

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

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

ACTION TAKEN

MECON Ltd. is executing various CSR projects/activities in its Adopted Villages, which are situated in LWE (Left Wing Extremism) affected areas.

Most of the CSR projects/activities of MECON are related to Infrastructure development projects (i.e. Construction projects), whereas others projects are related to Women Empowerment/Skill development, Livelihood Enhancement projects, Health camps, Awareness programmes etc.

The Infrastructure development projects takes time in conceiving the project, carrying out basic design & detailed engineering, tendering, drawing approval and then construction, etc.

Further, the mechanism of undertaking & executing CSR projects/activities in LWE (Left Wing Extremism) affected villages/areas, through involvement of Gram Pradhan/ Gram Sabha for need assessment, making available the requisite land with NOC etc. is very time consuming.

In addition, the implementation of Construction projects gets affected due to reasons beyond control of MECON, as the villages are in LWE areas, and which are:-

- Non-availability of good Contractors for working in such extremism affected remote villages of Jharkhand.
- Finalising Contractors to work in the LWE affected areas of Jharkhand is very difficult.
- Non-availability of skilled labour in extremism affected remote villages of Jharkhand.
- Threat perception for the workers, supervisors & contractors in the extremism affected remote villages of Jharkhand.
- Transportation of building materials in extremism affected remote villages of Jharkhand. In addition, some sites are not connected with motorable roads.

The above problems in LWE affected areas results in very slow progress of work and fulfilment of targets. This in turn affects the utilization of CSR funds.

Further, there are majority of Infrastructure Development projects, where the construction activity has been completed and the facility has been handed over to the Beneficiaries/Gram Sabha and is being utilized by them (i.e., Physical progress is 100%), but the Financial progress (Expenditure) is less, which is mainly due to the following reasons:

- Delay in submission of bills by the Contractor(s)
- Some bills submitted by the Contractor(s) contained errors. As a result, it was returned for resubmission.
- Delay in submission of supporting documents by the Contractor(s) which were required for certification of bills.

The above issues which are leading to delay in processing of the bill(s) and affecting the release of payment to Contractor(s) and which in turn are affecting the financial progress/closure of CSR projects, are being regularly taken-up with the Contractor(s).

Further all-out efforts are being made to release the balance payment to Contractor(s) in respect of all the completed CSR projects and accordingly the Contractor(s), as advised, are submitting their bills complete in all respect, and payment are being released accordingly.

For the year 2018-19, amount earmarked as per Companies act, 2013, i.e. 2% of the average net profit of last three financial years was Rs.18.60 lakhs. However, KIOCL Ltd. had allocated additional amount Rs. 21.04 Lakhs and total CSR budget was increased to Rs.39.64 lakhs during the year 2018-19. Out of 39.64 lakhs, KIOCL has spent Rs.32.51 lakhs during the year. Apart from above, KIOCL has also provided non-budgetary support to schools, hospital, villages, etc. by sparing items from Kudremukh such as benches & desks, Dust Bins and Redundant pipes etc. The total value of spare items amounted to Rs.15.75 lakhs. In total, KIOCL has spent around Rs.48.26 lakhs during 2018-19. For 2019-20, efforts are on to ensure full utilization of CSR fund earmarked for CSR activities.

[Ministry of Steel O.M. No.11014(1)/2019-Parl. dated 09/08/2019]

RECOMMENDATION (SI. No. 8)

CSR ACTIVITIES

A. SWACHH BHARAT ABHIYAN

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

ACTION TAKEN

Steel Authority of India Limited (SAIL) participated in the "Swachh Bharat Abhiyan" initiated by the Hon'ble Prime Minister of India. Under the campaign, Ministry of HRD allocated the job of construction of 672 toilets in schools to SAIL falling within the periphery of its Plants & Mines in the States of Chhattisgarh, West

Bengal, Odisha, Jharkhand, M.P. & Tamil Nadu. Cleanliness drive is going on at various locations including the works premises, awareness campaigns such as Pratiyogita, Quiz, Competitions and Shapath, are organized during 'Swachhta Pakhwada' and proper house-keeping is being practised on company- wide basis. Plants and Mines are supporting repair/maintenance of these toilets, on requirement basis, in association with the respective School Management Committees. The toilets were constructed as per allocation made by Ministry of HRD. Despite being in losses, SAIL still has allocated budget towards repair and maintenance of these toilets in association with the respective School Management Committees. Considering the continuing financial constraints, exploration of new projects is not feasible, for the time being.

At present, construction of 9 no. Low cost sanitation units is underway at different villages of Burnpur, West Bengal, a Community toilet with water facility for men and women at Dr. Ambedkar Nagar, Maramangalathupatty, Salem. A 3-year comprehensive water and sanitation project has been completed covering 19 villages of Rourkela, i.e. Chutiatola, Jagdishpur, Baniguni, Ushra Colony and Dumerjore, Laing Colony, Bankibahal, Chikatmati- A & B, Kapatmunda, Bankibahal, Bhagattola, Madatola, Raiberna, Belpada, Mandira, Sarandamal, Sarandaposh, Chandiposh & Bhaludumer. Under the project, sustainable tap water source and useable toilets have been constructed for each of the 1854 families.

Rashtriya Ispat Nigam Limited (RINL) constructed 86 toilets in 33 schools under Swachh Vidyalaya Abhiyaan as assigned by the MHRD. In addition, RINL also constructed 80 toilets in the other areas (52 house-hold toilets in Nedumveedhi Tribal village, 10 toilets in ZPHS Gajuwaka, 10 Toilets in Simhachalam, 6 in Rangaraya Medical College and 2 e-toilets in Tri-weekly market).

Maintenance of toilets constructed under 'Swachh Vidyalaya' has been taken up to ensure the toilets are functional and hygienic. An MoU has been entered with SarvaSikshaAbhiyaan for 5 years in this regard

NMDC Limited has taken up construction of toilets in areas like Gwalior, Jaipur and Thiruvananthapuram. NMDC has also contributed to the construction of e-toilets in public places in Hyderabad and Raipur. The toilets at Gwalior, Jaipur and Thiruvananthapuram are maintained by the beneficiary organizations and the e-toilets at Hyderabad and Raipur are maintained by the respective Municipal Corporations. Toilets at Schools are maintained by the School Authorities.

MOIL Limited has constructed toilets in various schools which are outside its plants/mining areas.. As suggested MOIL will further

explore construction of toilets in areas outside its area of operation in its next CSR Budget.

Under "Swachh Vidyalaya Abhiyan (Swachh Bharat Abhiyan)", MECON Ltd. has constructed Toilets in Ranchi. In addition, MECON has also constructed Toilets in other districts of Jharkhand such as Khunti, Lohardaga, Hazaribagh & Deoghar. The day-to-day cleaning of these Toilets are being taken care by the concerned School/ College authorities. However, the maintenance of all the Bio-Toilets is being taken care by MECON.

MSTC Limited has been contributing towards Swachh Bharat Abhiyan by constructing toilet blocks at various schools in different states in the earlier years. Last year (2018-19), along-with contributing in the focus area of Primary Education and Health as per direction of Govt. of India's O.M. dated 10.12.2018, MSTC has also contributed to Swachh Bharat Abhiyan by donating Rs. 5 Lakh for construction of toilet block at Govt. accredited Nagri High School, Bankura, West Bengal and by contributing an amount of Rs. 33.03 Lakh to the Swachh Bharat Kosh set up by Government of India.

During the year 2017-18, KIOCL Ltd. has renovated / repaired toilets in schools outside its operation area. During 2017-18, KIOCL has repaired/renovated toilets in Thadakoda Govt. School in Dharwad District, Karnataka under Swachh Vidyalaya Abhiyan. Total 6 toilets and 14 urinals were repaired by KIOCL at an expenditure of Rs.7.80 lakhs. Around 700 students were benefitted with this project. During 2019-20, KIOCL will construct/refurbish toilets in schools outside operation / mining areas. KIOCL is finalizing its CSR Plan for the year 2019-20. Same will be intimated in due course. Apart from construction/refurbishment of toilets, KIOCL is also taking up responsibility of maintenance of toilets for a period of 3 years to ensure that toilets are hygienic and functional.

As per the CSR & Sustainability policy, Ferro Scrap Nigam Limited (FSNL) undertakes CSR activities in the areas nearby its working units. The company has been providing Toilet blocks for the students studying in the Government schools in various states, to develop hygiene. From 2014-15 to 2018-19, the company has provided a total no. of 129 toilets for Girls & Boys studying in Government schools in various States.

During 2019-20 also, among other facilities, FSNL is planning to provide Toilet blocks in Government schools situated in various locations, including Aspirational districts. Periodical checking is also done by the company to ensure sustained utilization of these toilets in the school premises.

As regards construction of schools outside vicinity of FSNL's operational units, the matter is being taken up with the Board for suitable amendment in the CSR policy.

Total 11 nos. of toilets constructed by Orissa Minerals Development Company Limited (OMDC) in 8 nos. of schools in the district of Keonjhar, Odisha under Swachh Bharat Abhiyan. 11 nos. of toilets were constructed in school and 2 community toilets also constructed in Dhenkanal district, Odisha. All the toilets are hygienic and functional. Recommendation of the Committee regarding construction of toilets outside plants or mining area is noted.

[Ministry of Steel O.M. No.11014(1)/2019-Parl. dated 09/08/2019]

RECOMMENDATION (SI. No. 9)

B. CSR PROGRAMME FOR DIVYANGJAN

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

ACTION TAKEN

Steel Authority of India Ltd.(SAIL) supports Divyangs(Differently Abled children/people) through provision of equipments like- tricycle, motorized vehicles, calipers, hearing aids, artificial limbs, etc. SAIL

supports training centers and programs at SAIL Plants like 'Sneh Sampada', 'Prayas' and 'Muskan' and Bhilai, 'Schools for blind, deaf & mentally challenged children' and 'Home and Hope' at Rourkela, 'Ashalata Kendra' at Bokaro, 'Handicapped Oriented Education Program' & 'Durgpaur Handicapped Happy Home' at Durgapur, and 'Cheshire Home' at Burnpur.

On completion of skills trainings, Divyang trainees are motivated to form Self-Help Groups, Women Resource Centers, so as to undertake income generation activities in an organised manner and resourced through all the participants, bringing the cost of production as low as possible and earn and share the sales proceeds/profits among themselves. This enables the Divyangs to work from their homes and not to shift to urban areas for earning their livelihoods. If required, SAIL provides them avenues for marketing their produce, necessary technical know-how, premises and funding for their projects. The trained Divyangs also get placed in nearby factories/industrial units as per their requirement.

It may be mentioned that SAIL being a Government Undertaking, provides employment opportunity to all eligible candidates as per rules on equitable basis. Further, SAIL provides indirect employment opportunity to large number of skilled workforce through contracts and in ancillary industries. The skilled Divyangs are encouraged for self-employment and for creating employment opportunity for others, instead of depending on others for livelihood.

Rashtriya Ispat Nigam Limited (RINL) selects CSR programs for Divyangjan such that, after training, it should help the Divyangjan to secure both outside employment and self-employment. RINL has conducted programs for Divyangian in the trades viz. Mobile Handset Repair, Computer Data Entry Operation, Beautician and Tailoring where there is wide opportunity for employability/self-employment.

Wherever possible, employment guarantee clause is included in the MoUs executed with the implementing agencies.

NMDC Limited is giving its support to 'Saksham' – a school for the differently abled at Jawanga, Geedam, Dantewada. NMDC has noted the Committee's observation on the need to ensure post training employability (including self employment) in all Skill Development Training Programmes undertaken by the Company for Compliance, as and when, it takes up such initiatives.

MECON Limited under its CSR program is also addressing the needs of Divyangs and has carried out the following activities:

- Constructed Hostel Building (GF + FF) for "Divyangs" (Visually challenged boys) at St. Michael's School for the Blind, Ranchi.
- Constructed 2-Storey building for Dormitory-cum-Training class for "Divyangs" (Visually challenged girls) of Brajkishore Netraheen Balika Vidyalaya, Ranchi for their safe & homely dwelling and also

provided computer peripherals, software, furniture etc. for their Training in Customer care & for their subsequent Employment in Call centre operation.

In earlier years, MSTC Ltd. has contributed towards CSR programmes for Divyangjans by taking up various projects like construction of school building/purchase of TLM for mentally challenged children, construction of physio and neuro development block for multiple disabled, purchasing braille computers for blind children etc. However, in the year 2018-19, due to MSTC's focus area being on PRIMARY EDUCATION AND HEALTH and targeting the aspirational districts, MSTC was not able to take up any projects relating to Divyangjans due full utilisation of the CSR allotted fund for the year.

KIOCL Limited will take-up CSR activity for the benefit of Divangjan from FY 2019-20 onwards. As CSR plan for the year 2019-20 is getting finalized, amount will be allocated for the upliftment of Divangjan. Same will be intimated in due course.

Ferro Scrap Nigam Limited (FSNL) has been undertaking various activities under CSR for the benefit of Divyangjan. All facilities provided under CSR are disability friendly. FSNL has also provided Wheel Chairs for the Divyangjan at Lal Bahadur Shastri Government hospital-Supela, Bhilai (Chhattisgarh) & Railway station-Durg(Chhattisgarh) for the benefit of Divyangjan. The toilet blocks provided under CSR are also 100% disable friendly. Wherever required, Ramps have also been provided for the benefit of Divyangjan.

[Ministry of Steel O.M. No.11014(1)/2019-Parl. dated 09/08/2019]

RECOMMENDATION (Sl. No. 10)

C. SKILL DEVELOPMENT ACTIVITIES BY STEEL PSUS

The Committee note that Skill Development is a major component of CSR responsibility of Steel PSUs and is covered under item no (ii) of Schedule VII of the Companies Act, 2013. According to Ministry of Steel, under the Government's Skill India Mission, it has been planned to train 500 million people by 2022 in the employability linked Skill Development Program in alignment with the "Make in India' and 'Digital India' initiatives. In this regard, the Committee find that NMDC Ltd. has provided Skill training in Mining Sector to 400 persons each during 2016-17 and 2017-18 and 71 and 57 persons in steel sector during these years. Similarly, RINL had given training to 631 persons during 2016-17 and 420 persons during 2017-18 and MOIL Ltd. had trained 153 persons during 2016-17 and 127 persons during 2017-18. As regards SAIL's Skill Development Initiative, the

Committee note that approx 601 youths and 1468 women folks during 2017-18, 1848 local youths and 1401 women folks in 2016-17, 947 village youths and 1785 women folks during 2015-16, 2842 village youths and 5090 women folks during 2014-15, and 1063 village youths and 503 women folks during 2013-14 of peripheral villages have been covered under such schemes. The unemployed youths from rural and remote regions in the periphery of Plants/Mines are sponsored to undergo vocational courses/skill development courses at different Industrial Training Institutes (ITI) at Bokaro, Rourkela, Bolani, Gua and Barsua, etc. SAIL has also sponsored 845 local youths in 2017-18, 546 in 2016-17, 733 youths in 2015-16, 636 youths in 2014-15 and 638 in 2013-14 for ITI trainings in different trades (viz. Electrician, Fitter, Welder, etc.). A Skills Development Hub is being set up in vacant school building in DSP township. Sub-centres of Shilpangan are running in Durgapur Industrial Zone including peripheral villages. About 748 unemployed rural youths were trained in 2017-18 and 840 in 2016-17 through Shilpangan where trainings are imparted in Fabrication, Electrician, AC & Refrigeration, Computer Hardware, Computer Software, Mobile Repair, Plumbing, Carpentry, Silk Yarn Reeling & Spinning, Dress Making & Garment Design, Beautician, Hair & Skin-care, Handicraft making, X-Ray Technician, Path-Lab Technician, Physiotherapy, ECG Technician, Hospitality, Security Services, etc. The Committee while appreciating various vocational training programmes run by Steel PSUs benefiting the rural, unemployed youths by way of financial inclusion and empowering them to be the part of mainstream also desire that the Steel PSUs should try to increase the number of youths being trained/sponsored at various Institutions/Self employment Centres taking into account the 500 million people target for skill training by 2022. The Committee also feel that only such programmes be selected which can land the beneficiaries in gainful employment/self employment. The Committee also recommend that all Steel PSUs should enter into MOUs with training providers for guaranteed placement of certain percentage of beneficiaries.

ACTION TAKEN

On completion of skills training, the trainees are motivated to form Self-Help Groups, Women Resource Centers, so as to undertake income generation activities in an organised manner and resourced through all the participants, bringing the cost of production as low as possible and earn and share the sales proceeds/profits among themselves. This enables them to work from their homes and not to shift to urban areas for earning their livelihoods. If required, Steel Authority of India Limited (SAIL) provides them avenues for marketing their produce, necessary technical know-how, premises and funding for their projects. The trained rural youths also get placed in nearby factories/industrial units as per their requirement.

It may be mentioned that SAIL being a Government Undertaking, provides employment opportunity to all eligible candidates as per rules on equitable basis. Further, SAIL provides indirect employment opportunity to large number of skilled workforce through contracts and in ancillary industries. The skilled youths are encouraged for self employment and for creating employment opportunity for others, instead of remaining dependent on others for livelihood

Rashtriya Ispat Nigam Limited (RINL) has been providing Skill Training to youth by conducting various Vocational/skill development training programmes. (631 in FY2016-17, 420 in FY2017-18 and 420 in FY2018-19). RINL has been giving preference to the programs which are employable/self-employable. (Industrial sewing machine operation, house wiring, tailoring, arya work, LMV driving, blouse designing, mobile handset repair, computer data entry operation, beautician etc.)

Wherever possible, employment guarantee clause is included in the MoUs executed with the implementing agencies. Around 30% to 50 % placement guarantee (including self employment) is incorporated in the MoUs.

NMDC Limited has focused its attention on Skill Development as a thrust area under its CSR programme for the year 2018-19. NMDC has targeted covering 1200 un-employed youth from surrounding areas of Bailadilla projects with stipulation of minimum guaranteed employment / self-employment of 70% of the trainees.

MOIL Limited under its skill development programme is focusing on employment oriented training programme. MOIL strives to focus on such employment oriented training programmes.

MECON Limited under its CSR programme, has carried out/is carrying various CSR projects for the gainful employment/self employment of Womenfolk of Adopted Villages/Slum/ Backward areas, which are indicated below:

(i) Women Empowerment through Cutting & Stitching Training:

- MECON is running 10 (ten) nos. centres, where training is being provided in Cutting & Stitching to the women & girls of villages/slum/backward areas.
- Each centre is equipped with Stitching Machines and training is conducted by an Honorary Teacher engaged by MECON.
- The trainees are provided with practice materials like good quality cloth, thread, tailoring chalk, scissors, measuring tapes, needles, brown papers, graph papers etc.
- Each year Annual Examination is conducted and Certificate is given to the successful candidates.

- Market access is provided to the trained women/girls in the local Fete/Meena Bazaar for promotion/display/sale of their products, handicraft items etc.
- In addition, Orientation Training Programmes are also being held for the Teachers to update themselves with the latest trend in stitching & related areas.

(ii) Skill Development & Self Employment for Villagers:

To provide self-employment to the villagers in rural areas through local available resources and to financially strengthen them, a one-week programme on "Lac Cultivation Training" was arranged by MECON at "*Indian Institute of Natural Resins & Gums, Namkum, Ranchi,*" (*formerly India Lac Research Institute, Ranchi*) for the villagers of Adopted Villages of Ranchi & Khunti districts of Jharkhand state. Around 45 villagers, who were earlier trained in Lac cultivation, have percolated their learning, especially to the Womenfolk and now they are successfully cultivating Lac and have economically strengthened themselves by selling their products.

(iii) Creation of Infrastructure facilities for Skill Development & Livelihood Generation:

MECON has provided infrastructure support by Renovation/Augmentation of existing Training premises at Vikas Bharti, Bariatu Road, Ranchi for the Skill Development and Gainful Employment of Womenfolk especially for the Girls belonging to the Under privileged sections of the society, in the areas of Cutting & Stitching and Beautician courses.

MSTC Limited has contributed towards various skill development programmes under CSR by taking up various projects like IT skill Development programme for youth, construction of multipurpose home with vocational training centre, skill development for economically backward class etc. During the year 2018-19, MSTC has spent around Rs. 40.8 Lakh towards the aforesaid programmes like purchasing sewing machines for tribal women, infrastructural development of ITI workshops, construction of training centre for marginalised women and youth etc.

KIOCL Limited is in discussion with local ITI colleges for MoUs to train the ITI students on job which will help them to get employment.

Ferro Scrap Nigam Limited (FSNL) has been undertaking Skill Development & Women empowerment activities by registering under the Government portals for engaging Trade & Graduate Apprentices through NCVT/BOAT portals. "On the job" training is being provided to the engaged Apprentices in various trades. After completion of the training, the apprentices are also allowed to appear in the examination conducted "online" through the Government portals, creating thereby an opportunity of employability for such trained Apprentices. As

against the target of engaging 32 apprentices during the year 2018-19, FSNL has engaged a total number of 34 Trade & Graduate Apprentices and provided/providing them on the job training at various units. For the year 2019-20, FSNL proposes to engage more Graduate & Trade Apprentices.

[Ministry of Steel O.M. No.11014(1)/2019-Parl. dated 09/08/2019]

RECOMMENDATION (Sl. No. 11)

SUPPLEMENTING MID DAY MEAL SCHEME BY SAIL THROUGH CSR

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

ACTION TAKEN

Steel Authority of India Ltd.(SAIL) has converged its CSR endeavours with Mid-day Meal program of Government by adopting the Centralized kitchen model. Objective was to improve the service delivery mechanism of the ongoing program and provide nutritious and hygienic mid-day meals to students of schools located in the remotest of Chhattisgarh and Rourkela which are malnutrition as well as naxals infested areas with low literacy level. The children are mostly from marginalized/BPL families and belong to SC, ST and OBC categories.

SAIL is supporting about 68,000 students in over 600 Government schools by providing Mid-day meals in association with the Akshaya Patra Foundation in the states of Chhattisgarh at Bhilai and in Odisha at Rourkela Municipality, Bisra and Lathikata Blocks. Each meal contains sufficient quantity of Rice, Vegetable and Dalma. Occasionally Pulav and Kheer are also provided. The quality of food is maintained and monitored by CSR department regularly.

Therefore, SAIL has helped in effective implementation of the mid-day meal scheme. Association with the State Government helps in monitoring the implementation of the scheme as well as to reach the wider group of needy students.

Pertinent to mention that with respect to provisions as per Section 135 of the Companies Act, 2% of average net profit of the company (SAIL) made during the three immediately preceding financial years is "Nil". However, in order to sustain the ongoing CSR activities in the periphery of Plants and Mines (which primarily consist of the backward districts) Board of Directors of SAIL allocates budget for continuing the ongoing CSR interventions (in consonance with Schedule-VII of Companies Act, 2013) each fiscal. Full funding of mid-day meal scheme by SAIL is not feasible considering the continuing financial constraints being faced by the company.

[Ministry of Steel O.M. No.11014(1)/2019-Parl. dated 09/08/2019]

RECOMMENDATION (SI. No. 12)

SELECTION OF CSR PROJECTS

The Committee note that in terms of their CSR policy, various Central Steel Sector PSUs have adopted different methodology/criteria for indentifying the areas of their CSR activities. For instance, in the case of SAIL, the identification of CSR projects/activities at Plants and Units/Corporate level is done by any one or combination of parameters like In-house planned projects, proposals from District Administration/local Govt. body/public representatives etc., and proposals/Requests from a registered & specialized body for providing financial assistance for carrying out specific CSR initiative subject to the condition that it fulfils the criteria as prescribed in the statute in this regard. In the case of RINL, the CSR projects are identified through baseline surveys and/ or proposals received from different voluntary agencies or those which need assessment and estimates, etc. while in the case of NMDC Ltd., the developmental needs of the areas around its projects as ascertained through stakeholders and the developmental priorities set by the State Government as the primary criteria for identifying areas of CSR activities. As regards the consultation with public representatives for selection of CSR activities is concerned, the Committee note that some of the Steel PSUs conduct informal stakeholder engagements for identification of local

issues requiring attention and intervention. Public representatives are being informally consulted at times whereas in case of some of PSUs, no external agencies/ Consultants are engaged for the process of identification/ selection of CSR activities. The Committee feel that the very objective of CSR activities is to enhance value creation for the community in which it operates by identifying with the hamlet and foster goodwill towards the Company from those living along the periphery by enhancing the quality of life of people in the direct impact zone and therefore elected public representatives like local MLA/MPs should invariably be involved for identification and selection of CSR activities as they are in a better position to identify the needs and requirement of local populace. The Committee, therefore, recommend that instead of holding informal talks with public representatives like MLAs/MPs, the Steel PSUs should incorporate necessary provision in their CSR policy mandating representation of local MLAs/MPs in their CSR Projects Selection Committees. The Committee would like to be apprised of the action taken by Ministry of Steel/Steel PSUs in this regard.

ACTION TAKEN

The Plants/Units of Steel Authority of India Limited (SAIL) are conducting regular stakeholder engagements in their respective areas where dialogues and deliberations are held with the Sarpanch/Panch/Gram Pradhan of the villages where CSR activities are planned. In addition, discussions are held with local elected representatives, inputs from the MPs & MLAs are considered before finalizing the CSR projects. For ensuring smooth implementation of CSR projects, consultation and assistance is obtained from District/State Authorities. The interactive sessions and baseline surveys also help in avoiding duplication of CSR activities being carried out in the same area by others.

CSR Projects are selected from the proposals received wherein representations received/forwarded from the local MLAs and MPs are scrutinized and projects that fulfil the criteria as per Rashtriya Ispat Nigam Limited (RINL) CSR Policy are given due preference based on available CSR budget. Further, local MLAs/MPs are being involved while dedicating the CSR projects to society for effective utilization.

NMDC Limited's CSR Policy provides for seeking feedback from the People's Representatives. In State of Chhattisgarh, where the Company undertakes a major portion of its CSR activities, the 'Bastar and Southern Regional Tribal Development Authority', which forms part of the consultative process, is headed by the Hon'ble Chief Minister of Chhattisgarh and comprises of People's Representatives of the local areas among its members. Besides this, initiatives have also been taken up by NMDC under its CSR based on the recommendations of People's Representatives.

MOIL Limited is involving all stake holders while taking up CSR works as per the CSR policy.

The initial requests of Villagers for carrying out developmental works in their Villages are primarily scrutinized and prioritized by MECON Limited based on the focused areas such as Sanitation, Drinking water, Other Basic amenities, Infrastructure development etc., followed by on-the site survey and subsequent discussions (for need assessment) with the Villagers/Gram Sabha. Thereafter, it is shortlisted and subsequently finalized based on the availability of CSR funds.

In addition to above, as per the directive of Department of Public Enterprises (DPE), Ministry of Heavy Industries & Public Enterprises, Govt. of India, with respect to CSR spending of 60% of annual CSR expenditure on Theme based focussed intervention in the Aspirational Districts (as identified by NITI Aayog), MECON is also interacting with the Local District Administration for identification & selection of CSR projects as per their Priority Area.

Generally, selection of CSR project proposals in MSTC Limited is done on merit basis, as received from reputed NGOs and other implementing agencies. It has been a practise at MSTC to utilise the fund by taking up several small and/or medium projects rather than big projects with a goal to reach out various corners of the society and to provide support to more and more marginalised people in an efficient way. Projects are initially inspected by our internal team of officers and their recommendations are placed to the CSR Committee. Projects as per their fund requirement and urgency are thereby recommended by the Committee to the Board for final approval and payment.

CSR projects of KIOCL Limited are identified based on the study done by its internal CSR committees at respective locations as per Guidelines issuing by Govt. of India from time to time specially in the vicinity of its business areas based on the proposals, requests received from villagers, schools, hospitals etc. Whenever requests come from MPs/MLAs are considered based on the importance and benefit to the local communities.

The CSR activities to be carried out by Ferro Scrap Nigam Limited (FSNL) are identified on the basis of requirements indicated by Government schools/local bodies, and subsequent recommendations thereon by the District Collectors, and subsequent baseline surveys and onward recommendation by the CSR Committee & Board of Directors of the company. Thus, it is ensured that the facilities provided by FSNL enhances value creation for the community. At the time of handing over the completed projects to the end users, wide coverage is given in the local newspapers, which enhances goodwill of the company, and the higher-ups from the local administration are

associated in the dedication ceremonies organized during handing over of the completed projects. The recommendation with regard to incorporation of provision in the CSR policy for representation of local MLAs/MPs in the CSR Project Selection Committee has been noted.

[Ministry of Steel O.M. No.11014(1)/2019-Parl. dated 09/08/2019]

Comments of the Committee

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

RECOMMENDATION (Sl. No. 13)

MONITORING OF CSR ACTIVITIES

The Committee note that all Steel PSUs have put in place the monitoring mechanism for CSR projects at the Board level or Board Sub-Committee which meets at regular intervals to monitor the activities on continuous basis for effective and timely implementation of the CSR projects. However, going by the information provided by the Ministry of Steel where PSUs including RINL, NMDC Ltd., MECON Ltd. and KIOCL Ltd. the Committee note that on many occasions these companies could not fully utilize the CSR funds allocated during a year. As a result, the targeted milestones for CSR activities could not be achieved by the Companies during a particular year. The Committee, therefore, recommend that all Steel PSUs should incorporate a provision in Agreements / Work orders with implementing / executing Agencies clearly defining the quarterly milestones with regular verification of progress and a mechanism also needs to be established for identification of variances in the implementation of CSR activities and taking corrective action in connection therewith. While appreciating the initiatives taken by NMDC Ltd. to further strengthen the Monitoring Mechanism since 2016-17 by assigning Unique IDs to all CSR activities for tracking of the progress and initiating the process for development of a Computer / Mobile based App which is likely to be functional shortly; the Committee desire that these initiatives be replicated in all Steel PSUs and they be apprised of the action taken by the Ministry in this regard.

ACTION TAKEN

In terms of Steel Authority of India Limited (SAIL) CSR Policy, the "CSR Committee" of the Board recommends to the SAIL Board for approval, the Annual CSR Plan containing the proposals received after scrutiny from concerned Plants/Units in compliance of the provisions of the Companies Act, 2013, CSR Rules, 2014 and Schedule-VII. All Plants/Units are having in place High Power Committees to oversee & monitor the projects as well as their implementation. They also have multifunctional working level committees to scrutinize and recommend various projects. Further, CSR schemes are conceptualized through any one or combination of Baseline Survey Report and requests from

elected local representatives, NGOs, Organizations, State Government /District Administration, etc.

In respect of services/facilities provided under CSR, the general feedbacks from the beneficiaries of the activity helps us in keeping track and know the status. For example, requests from neighbouring villages for extending the mid-day meal facility in their premises for the benefit of underprivileged children, is in itself a measure of success of the project.

However, SAIL is open to new suggestions and will study the initiatives taken by NMDC for its adoption in SAIL CSR activities.

Rashtriya Ispat Nigam Limited (RINL) CSR & Sustainability policy envisages monitoring and review of CSR activities at various levels i.e., Monthly by Top Management, Quarterly by Board Sub-Committee on CSR&S. Further, CSR Department exercises constant vigil over implementation of CSR initiatives by monitoring the Projects regularly to achieve the target as envisaged.

CSR activities/programs are being implemented in Project mode with relevant timelines /milestones by executing MoUs with the implementing agencies. Further, allocation of Unique IDs for CSR Projects is being implemented in RINL for effective monitoring and timely completion.

As suggested regular verification of progress of all the CSR projects is being carried out in MOIL Limited

MECON Limited being an organization with expertise in Engineering as well as Project Management, all the major Infrastructure development CSR projects are carried out by MECON itself from concept to commissioning involving design, ordering, monitoring, commissioning/handing-over to Beneficiary/Gram Sabha.

During ordering stage, the Work orders to the Contractors also mentions the Time schedule for its completion. However, as the projects are in LWE areas, the execution of projects gets affected due to reasons beyond control of MECON.

Monitoring of the overall CSR activities starting from implementation of CSR funds to reviewing of status of CSR projects is done by the Committee periodically and the same is being reported to the Board of MSTC Limited. Utilisation Certificates are collected in case of each of the projects to confirm the full utilisation of the funds for the specific purpose. The whole process is carried out in an efficient and transparent manner.

However, in case of monitoring of individual projects after completion, MSTC does not have a dedicated CSR Department and

hence monitoring of CSR projects post completion cannot be done in-house. However, each implementing agencies are given the task of further monitoring of the projects, they have accomplished. In case of construction/renovation of school building, toilet blocks at schools, purchase of learning equipments, monitoring are done by school authorities.

While executing the agreements/work orders quarterly targets, milestones will be clearly mentioned and progress of the project will be monitored / assessed to meet the target dates, to take up necessary corrective actions in order to implement CSR projects on timely manner. KIOCL Limited is also having internal CSR committees at Mangalore & Bangalore to monitor and execute the projects on time bound manner.

It is ensured by Ferro Scrap Nigam Limited (FSNL) that all projects under CSR are completed within the financial year and handed over to the end-users by 31st March of the financial year. All the projects planned for the year 2018-19, have been completed within the financial year and handed over to the end-users before 31st March 2019. The fund allocated for the year is fully utilized. In case of any amount remaining unspent, it is carried forward to the next financial year, and also sent to the National Swachh Bharat Kosh, and thus, it is ensured that the allocated fund for a particular year is completely spent without fail.

Providing Unique IDs to all CSR activities has been noted.

[Ministry of Steel O.M. No.11014(1)/2019-Parl. dated 09/08/2019]

RECOMMENDATION (SI. No. 14)

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 utilised for: (i) physical infrastructure; (ii) irrigation; (iii) energy and watershed development; and (iv) any other measures for enhancing environmental quality in mining district. The Committee also note that according to Schedule VII of the Companies Act, 2013, activities like eradicating hunger, poverty, malnutrition, health care; Promoting education; Promoting gender equality; Sanitation, drinking water and environmental sustainability; Promotion of Sports; Contribution to PM relief fund/any other Central Govt. fund; Rural development etc. are major thrust areas specified for disbursing of CSR funds by a Company including CPSEs. The Committee note that as on August, 2018, Rs.15547.83 crore have been collected and disbursed to States to implement Welfare Schemes under PMKKKY. The Committee, therefore, feel that in case of Districts where DMF funds are disbursed, the requirement of utilization of CSR funds in the same area for the same purpose require deeper analysis for its prudent diversion to other need areas. To avoid this unnecessary overlap, the Committee desire that the Government should review the mandatory provision of spending 80% of CSR funds in mining areas where DMF funds are also spent so that under such circumstances, funds of CSR can be spent by PSUs in other areas where these would be more gainfully utilized. The Committee, therefore, recommend that the Ministry should take up the matter at appropriate level in the Government and the guidelines for utilization of CSR funds be reviewed at least for those companies involved in mining operations.

ACTION TAKEN

PMKKY guidelines prescribe that the development and welfare activities to be taken up under the PMKKY should be as far as possible, in the nature of complementing the ongoing schemes/projects being funded by the State as well as Central Government. However, without prejudice to the powers of the Foundation, efforts shall be made to achieve convergence with the State and District Plans so that the activities taken up by the Foundation supplement in the development and welfare activities are treated as extra-budgetary resources for the State Plan.

CSR funds in the mining affected districts may be utilized by the CSR Committees in consultation with the DMF Trust constituted by the States under the Section 9(B) (1) of the MMDR Act,1957 to achieve synergy and reduce the chances of overlapping of funds.

[Ministry of Steel O.M. No.11014(1)/2019-Parl. dated 09/08/2019]

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 OF STEEL PSUs

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

ACTION TAKEN

The CPSEs under Ministry of Steel are different entities with separate accounts and different geographical spread. Therefore, to meet their specific requirements or social obligations, it is better that they have separate CSR policies within the overall framework of the Companies Act.

[Ministry of Steel O.M. No.11014(1)/2019-Parl. dated 09/08/2019]

Comments of the Committee

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

RECOMMENDATION (Sl. No.5)

UTILIZATION OF CSR FUNDS BY RINL

As regards the CSR expenditure by RINL, the Committee note that the Company's total budget allocation during the year 2014-15 as per Companies Act, 2013 was Rs. 14.23 crore and with Rs. 3.44 crore as carry forward of previous year unspent, the total budget allocation was Rs. 17.67 crore. The Committee also note that during the years 2016-17 and 2017-18, though RINL's allocation as per requirement of the Companies Act, 2013 for CSR activities had been 'NIL', still an allocation of Rs.7.48 crore and Rs.7.78 crore respectively was made during these years. The Committee are, however, perturbed to note that, against the total allocation of Rs. 15.00 crore, Rs. 13.75 crore and Rs. 13.00 crore, during 2015-16, 2016-17 and 2017-18 (including unspent balance of previous years), the expenditure during these years had been Rs. 8.73 crore, Rs. 8.53 crore and Rs. 9.60 crore respectively. Taking note of this huge money lying unspent year after year on CSR activities by RINL, the Committee strongly recommend that Ministry of Steel and RINL Board should go into the details of the reasons for the same and the Committee be apprised of the corrective measures taken by them to ensure full utilization of CSR funds at least from current financial year onwards.

ACTION TAKEN

The statutory allocation for the FYs 2016-17, 17-18 & 18-19 was 'NIL'. However, to sustain the momentum of CSR projects which have significant social & economic impact, every year, CSR budgets are allocated by the Company, though it is not mandatory as per Companies Act-2013.

During the FY 2018-19, the total budget available for CSR activities was Rs.11.90 Cr which included allocation for 2018-19 amounting to Rs.8.50 crore + Rs.3.40 crore carry forward from FY 2017-18 on account of projects that are at various stages of implementation including infrastructure projects where payments are to be released in phases on completion of various milestones. An expenditure of Rs.10.30 Cr was achieved during the FY 2018-19 leaving a balance amount of Rs.1.60 Cr which is committed towards ongoing projects at various stages of implementation. Out of this an amount of Rs.0.85 crore has been spent till June, 2019. The remaining payments shall be released in phases on completion of various milestones of the Projects.

[Ministry of Steel O.M. No.11014(1)/2019-Parl. dated 09/08/2019]

Comments of the Committee

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

RECOMMENDATION (Sl. No. 6)

UTILIZATION OF CSR FUNDS BY NMDC LTD.

The Committee observe that NMDC Ltd. had allocated Rs.210.56 crore, Rs.236.65 crore, Rs.160.22 crore and Rs.121.02 crore for CSR activities during the years 2014-15, 2015-16, 2016-17 and 2017-18 respectively. The Committee also note that although NMDC Ltd. had allocated 2% of average Profit Before Tax (PBT) during 2016-17 and 2017-18, the Company had allocated more funds than required under Companies Act, 2013 for CSR activities during 2014-15 and 2015-16. The Committee are, however, unhappy at the unspent CSR funds during the years 2014-15, 2015-16, 2016-17 and 2017-18 which were to the tune of Rs.61.54 crore, Rs.88.1 crore, Rs.74.14 crore and Rs.25.79 crore respectively. In view of the low expenditure by NMDC Ltd. on CSR activities against the budgeted provisions made during the years from 2014-15 to 2017-18, the Committee cannot but deplore the way CSR activities are being executed by the Company. The Committee, therefore, strongly urge the Ministry of Steel and NDMC Ltd to review their planning and implementation methodologies of CSR activities and desire that they be apprised of the reasons for low utilization of budgetary allocation by the Company in the past and corrective measures being taken to ensure full utilization of CSR funds during 2018-19.

ACTION TAKEN

NMDC had allocated more than the minimum prescribed 2% of average PBT in 2014-15 & 2015-16, as has already been noted by the Committee. CSR allocation is made of 2% amount of average PBT for the preceding 3 years plus carried forward amount viz., the unspent CSR Fund carried forward from the previous year. The unspent CSR Fund carried forward from 2015-16 to 2016-17 was Rs. 88.10 Crore, with continuous monitoring and focused efforts, the same has been brought to Rs. 32.76 Crore in the year 2018-19.

NMDC has been taking up various CSR initiatives around its Projects located in the remote tribal areas of Bastar division in Chhattisgarh, Bellary District in Karnataka and Panna District in Madhya Pradesh. All major infrastructural development works are carried out in partnership with the State Authorities concerned. NMDC is fully aware that the CSR funds need to be spent in a transparent manner, simultaneously complying with all statutory rules & regulations, which at times results in certain time lag between conception and implementation. Each of the CSR proposal is thoroughly scrutinized based upon data, analysis thereof, beneficiaries, outcome etc before putting up to the Board sub-committee on CSR. The Board sub-committee examines the proposal and recommend it for approval of the Board. The CSR expenditure is made after the approval of the Board. Further, most of the CSR

expenditure is made through 'Partnership mode' with the State Govt. and involves tendering as per Govt. procedures which often delays the spending process. This is one of the major reasons, apart from the disturbances due to extremist activities in Bastar division, for not fully utilizing the budgetary funds. The CSR fund is non-lapsable. The unspent amount is being carried forward to the next year budget.

[Ministry of Steel O.M. No.11014(1)/2019-Parl. dated 09/08/2019]

Comments of the Committee

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

CHAPTER – V

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

-NIL-

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

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

Annexure-I

CSR Budget Allocation & Utilisation (Period : 2014-15 till 2018-19)

(Rs/Lakhs)

Plants/ Units	Budget 2014-15			Budget 2015-16			Budget 2016-17			Budget 2017 -18			Budget 2018-19		
	Allocation	% of allocation	Exp	Allocation	% of allocation	Exp*	Allocation *	% of allocation	Exp	Allocation	% of allocation	Exp	Allocation	% of allocation	Exp
Bhilai Steel Plant	1614	20.70	1210	2760	27.56	2546	759.56	25.90	714.00	503.36	19.36	464	689.5	22.99	655
Durgapur Steel Plant	841	10.79	256	510	5.09	564	219.74	7.49	337.00	173.77	6.68	176	216.3	7.21	319
Rourkela Steel Plant	1190	15.25	494	1100	10.98	924	422.24	14.40	317.00	677.64	26.06	624	445	14.84	412
Bokaro Steel Plant	910	11.66	395	1460	14.58	792	232.30	7.92	331.00	195.79	7.53	180	228	7.6	170
IISCO Steel Plant	675	8.65	100	152	1.52	457	201.51	6.87	221.00	284.94	10.96	323	453.7	15.13	413
Alloy Steel Plant	46	0.59	43	35	0.35	35	8.49	0.29	8.00	9.65	0.37	9	12	0.4	12
Salem Steel Plant	115	1.48	29	113	1.13	77	60.09	2.05	133.00	6.28	0.24	16	19	0.63	5
VISL, Bhadravati	0	0.00	2	13	0.13	1	0.00	0.00	0.00	0.00	0.00	0	0	0	8
Raw Material Division	1321	16.94	801	1696	16.93	1986	663.01	22.61	741.00	543.34	20.90	597	613.5	20.45	967
Collieries	0	0.00	0	229	2.29		82.41	2.81		19.56	0.75		4	0.13	
CCSO, Dhanbad	0	0.00	0	4	0.04		1.75	0.06		2.12	0.08		2	0.07	
Central Marketing Organisation	150	1.92	23	450	4.49	134	12.88	0.44	36.00	132.12	5.08	134	160.05	5.33	95
RDCIS, Ranchi	17	0.22	25	40	0.40	29	20.10	0.69	19.00	7.50	0.29	8	12	0.4	11
Chandrapur Ferro Alloy Plant	57	0.73	58	24	0.24	5	5.94	0.20	5.00	2.41	0.09	2	2.2	0.07	1
Environment Management Division	32	0.42	4	5	0.05	5	3.64	0.12	3.00	13.58	0.52	37	17.3	0.58	17
CSI #	831	10.65	64	1425	14.23	61.00	240.00	8.18	40.00	27.82	1.07		124.95	4.16	33
Grand Total	7800	100.00	3504	10016	100.00	7616.00	2933.65	100.00	2905.00	2599.88	100.00	2570.00	2999.50	100.00	3118.00
% Utilisation	44.92%			76.04%			99.02%			98.85%			104%		

* Includes unutilized allocation of previous years

Corporate Social Initiatives: Allocation under CSI includes provisions for natural calamities and Addl. Requirements of plants/units.

ANNEXURE-II

MINUTES OF THE SITTING OF THE STANDING COMMITTEE ON COAL AND STEEL HELD ON 2ND 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 Yephthomi

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) Action Taken by the Government on the Observations/recommendations contained in their Forty-Eighth Report (Sixteenth Lok Sabha) on the Subject, "CSR Activities in Steel PSUs" relating to Ministry of Steel;

(ii) ** ** ** **

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.

**Do not pertain to this Report.

ANNEXURE-III

(Vide Para IV of Introduction)

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

I.	Total No. of Recommendations made	14
II.	Recommendations that have been accepted by the Government (<i>vide</i> recommendation at Sl. Nos. 1, 3, 4, 7, 8, 9, 10, 11, 12, 13 and 14)	11
	Percentage of total	78.58%
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. Nos. 2, 5 and 6)	03
	Percentage of total	21.42%
V.	Recommendations in respect of which final replies of the Government are still awaited (<i>vide</i> recommendation at Sl. No. Nil)	00
	Percentage of total	0%