

Chapter from the society, it is their

Business, Management



CHAPTER 1 KMML AND CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility, commonly known as CSR is a management concept where a company or an organization combines their business with social and environmental concerns. The main purpose of CSR is to identify and improve a company's impact on social surroundings and indirectly using that to increase the popularity of the company or its brand. Through CSR, a company strives to achieve a balance of environmental, economic and social factors.

Corporate Social Responsibility is the continuing commitment by businesses to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large.

(Richard Holmes and Phil Watts, Making Good Business Sense, Jan 2000).

The CSR ideology believes that as the company or corporate takes in resources, both natural and human from the society, it is their duty to give something back.

A company or a corporation has a set of diverse obligations to fulfill.

As the interests of the company's stakeholders are different, Corporate Social Responsibility tries to minimize the negative and maximize the positive effect on the stakeholder's interests.

Dimensions of CSR Dr. Archie B. Carroll, in his article 'The Pyramid of Corporate Social Responsibility' identifies four areas that make up corporate social responsibility: Legal, Economic, Ethical and Philanthropic.

- Legal Responsibilities It should be the moral duty of every corporation to run their businesses under the legal

framework stipulated by the governmental system. This helps to build the corporation's reputation and brand

name.

- **Economic Responsibilities** Traditionally, the main motto of every business is to earn profit. It is also the responsibility of the company to be economically profitable, so that it can give something back to the society. The other main responsibility is to undertake the most efficient means for production.

- **Ethical Responsibilities** The Company or corporation can go further than what the legally framework wants it to do. The company's policies should be backed by a moral code that, in a long run, would be beneficial to the general public.

- **Philanthropic Responsibilities** Philanthropic Responsibilities include the promotion of welfare of human beings and the spread of goodwill. India and CSR Corporate Social Responsibility in India got a huge boost after the passing of Companies Act 2013. It introduced several provisions which changed how the Indian Corporate did business.

The ideology of CSR rests in the concept of give and take.

Clause 135 of New Companies Act, 2013 includes following criteria for

Corporate Social Responsibility.

- Net worth – Rs. 500 Crore or more OR

- Turnover – Rs. 1000 Crore or more OR • Net Profit – Rs.

5 Crore or more if any company during any of the financial year fulfills, any of

above conditions then it should:

- Constitute a CSR committee of Board

which shall consist a minimum of three directors, out of which one shall be

independent director. • At least 2% of the average net profit of the immediately preceding three financial years of the company shall be used for spending in accordance with the CSR Policy. • According to the approach “Comply or Explain”, Board should explain the reason for not spending such amount if it fails to do so. • The company shall give preference to its local area from where it operates, for CSR activities. Benefits of CSR

Nowadays consumers are increasingly aware about how a corporation can become harmful to the society and they are not willing to tolerate unethical business practices. Careful implementation of CSR can be beneficial to the company as its goodwill and brand value increases. Other benefits of CSR includes:

- Increase customer retention
- Save money on energy and operating costs and manage risk
- Develop and enhance relationships with customers, suppliers and networks
- Increase customer retention
- Generate innovation and learning and enhance your influence
- Provide access to investment and funding opportunities
- Greater ability to attract talent and retain staff

KMML and CSR Keeping this in the background, an attempt has been made here to study on the CSR of a leading Public Sector Undertaking in Kerala- Kerala Minerals And Metals Limited, Chavara, Kollam.

KMML is an integrated titanium dioxide manufacturing PSU which focuses on mining, mineral separation, synthetic rutile, to name a few. The PSU produces, grade titanium dioxide pigment-grade titanium dioxide pigment, ilmenite, rutile, zircon, synthetic rutile etc. KMML has a reputation of being responsive to social and environmental causes and many of the initiatives taken up have made a positive change to the surrounding area and

its people. KMML is located amidst dense population, comprising lower and middle class families, and the smooth functioning of the Plant demands maximum involvement in CSR activities. The company has made it clear, that its main vision is development of the community in all spheres. They intend to achieve their aim by increasing the participatory and need based initiatives.

In accordance to Sec. 135 of the Companies Act, 2013, the Board of Directors of the company constituted a Corporate Social Responsibility Committee consisting of 4 Directors to look after the PSU's CSR programs.

Through the CSR activities KMML tries to generate community goodwill, create social impact and visibility. Focus areas The focus areas for CSR activities of KMML have been identified and it is the company's aim to achieve positive results in the same. The list prepared is flexible so as to accommodate needs that might arise in the future.

- Augmenting drinking water facility.

- Education, Vocational training, Scholarship for students belonging to SC, ST, OBC and disabled / deserving categories for meritorious achievements .
- Electrification .
- Promotion of Non-conventional Energy sources like Solar lighting.
- Irrigation, water & soil conservation.
- Activities for preservation of the environment/ecology.
- Sanitation and Public Health.
- Promotion of Yoga, Family Welfare etc.
- Pollution Control and prevention.
- Promotion of Sports, Games, Arts and Culture.
- Promotion of livelihood of economically weaker.

- Supplementing Development Programs of Government.
- Construction of Community Centre, Library, Knowledge centre.
- Infrastructure development like construction and maintenance of Roads, Pathways, Drainages, Bridges etc.
- Relief to victims of natural calamities.
- Disaster management activities including those related to amelioration and mitigation.

In order to be successful in materializing the foci areas, the company tries to make sure the works are being done accordingly. Either the company or bodies, that are given authority, carry out the CSR activities. KMML is one of the few successful PSUs remaining in the state of Kerala.

They have also identified the key problems and started working for it. It should be noted that the main beneficiaries of the CSR activities should be the local people and its workers. As KMML is, in its core, a Chemical Plant the question of what it will do to restore the environment and rehabilitate the affected people around it, is highly relevant.

KMML has the ability to be the torchbearer of CSR and also to lead the way for young and upcoming companies.