

CSR funds utilisation and human rights adherence by industries in Tamil Nadu

(Specific focus on social and environmental justice for the
surrounding areas)

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Acknowledgements:

The author acknowledges Vamsi Sankar Kapilavai and S. Saroja for their critical review of the report and Benedicta Issac for editing the report. The author also acknowledges Mr.K.Thirunavukkarasu, our local partner who assisted us in getting the survey questionnaires filled for this case study.

SIGNIFICANCE OF THE STUDY:

Thermal power plants are the major source of electricity in any developing country. In India , it is the third-largest producer as well as consumer of electricity. The electricity sector is dominated by fossil fuels, especially coal. In fact in the fiscal year 2019 - 2020, coal was used to produce about 72% to 75% of India's electricity.¹

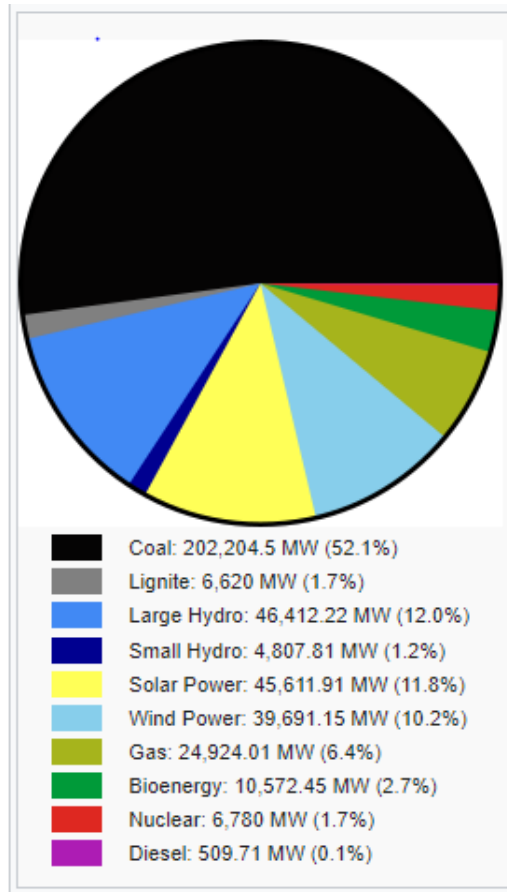


Figure 1: Installed capacity by source in India (Image source - [Wikipedia](#))

The underlying problems with thermal power plants are that they have severe harmful socio-environmental consequences. These plants pump out huge amounts of greenhouse gases into the atmosphere which are one of the major drivers of global warming. Apart from this, they consume a large amount of water and this causes major stress to the ecology in a country that faces acute water shortages frequently. Many

¹ [Electricity sector in India](#)



aspects of the local environment like the waterways, soil, vegetation, fauna and even the people living in the vicinity of the plant are affected. The fly ash and other harmful gases generated pollute the air and the effluents released by the thermal power plants leach into the water system. This makes the water non-potable for the surrounding community. The effluents also contaminate the soil, affecting its alkaline content and making the land less arable. This destroys many local habitats, local food chains and the surrounding ecosystem as a whole.²

While the environmental effects on the local flora and fauna are evident, the social effects are hugely overlooked. The land required to build these power plants has a significant effect on the local community well before the actual power generation happens.³ The poor villagers living around the proposed power plant are often arm-twisted into parting with their land. The displaced communities are typically not adequately compensated and their livelihood is majorly impacted. They are also exposed to a large number of health hazards once the power generation is commenced. These villagers are in a constant struggle to beg and protest for adequate compensation, job opportunities and appropriate utilisation of CSR (Corporate Social Responsibility) funds in order to get at least a fraction of their lost lives back.

All these issues are intertwined; not only are thermal power plants responsible for environmental hazards, but also human-habitat degradation. These hazards are at the root of human rights violations and represent a significant threat to people's lives, with the repercussions felt by even future generations. This poses a challenge to the very aspects of our fundamental human rights, namely: the right to life, right to a safe environment, right to health, and right to access to clean water and food. In order to address all the above-mentioned challenges, thermal power companies need to come up with an effective CSR policy that effectively manages the fallout from their functioning, across all strata of society.

This study focuses on the human rights implications of TPPs, the proposed CSR policy incorporated to soften the blow and the funding mechanism for the same, for two candidate thermal power plants in Tamil Nadu with an emphasis on social and environmental justice in the surrounding areas. An in-depth analysis of the drawbacks of the current CSR policy and recommendations as to how to make it more effective is probed in this study.

² [Environment Impact Assessment of Thermal Power Plant for Sustainable Development](#)

³ [Returning Home: A story of displacement, dispossession and homecoming](#)



METHODOLOGY:

The study comprises a multilevel analysis of plans and policies on human rights and the CSR funding policy of thermal power plants in Tamil Nadu.

Primary research: Comprehensive survey tools in the form of questionnaires both to the thermal power plants and the community living in their vicinity were deployed. The human resources department of the candidate thermal power plants was contacted through email and telephone conversations. The response was however lukewarm despite making multiple attempts to reach out to them.

Secondary research: The qualitative and quantitative data was consolidated and analysed thematically through reports downloaded from websites like csr.gov.in, mca.gov.in and the personal websites of the candidate thermal power plants selected. Data was also ascertained from filing multiple Right to Information (RTIs). The online blogs/news articles have also been reviewed to recommend necessary actions to strengthen the CSR policy of the candidate thermal power plants.

INTRODUCTION:

We are witnessing an ever-widening gap between individuals who have benefitted from the economic growth and the vast group of the underprivileged who have been left out in the process. Displacement of people from their natural habitat results in the loss of livelihood and other associated problems. There is no doubt that social, economic and environmental aspects of corporate activities are linked with human rights.⁴ These rights are applicable within the company also. For example, non-discrimination in the workplace can be one example of the social aspect of a company's activities. Similarly, the right to fair wages comes under the economic aspect and the right to access to clean drinking water comes under the environmental aspect.⁵ Though it is the primary duty of the national governments to enforce the adherence to basic human rights, it has been widely accepted that companies also have an important role to play.

In recent times, companies have understood that being a good corporate citizen is imperative in order to respect the human rights of the people who come in contact with them. An outcome has been that they have started taking their CSR activities a lot

⁴[UN Human rights](#)

⁵[Corporate Social Responsibility & Human Rights](#)



more seriously. The corporate sector has a pivotal role to play in ensuring private investment flows to those rural areas that have been left out of the development process so far and also to work for sustainable development of rural areas in general.

While employees and customers come in direct contact with the company, people living around the area in which the company is situated and affected by its activities come under indirect contact. Consumers, investors and other stakeholders expect companies to be socially responsible and the extent to which the company implements a Corporate Social responsibility (CSR) program can decide their investment decisions.

OVERVIEW OF HUMAN RIGHTS & CSR:

India is the world's largest democracy. As per the constitution of India, the basic human rights are the Right to Equality, Right to Freedom, Right against Exploitation, Right to Freedom of Religion, Cultural and Educational Rights, and the Right to Constitutional Remedies.⁶ The citizens of India, unfortunately, face human rights issues because of the country's widespread poverty, lack of proper education and diverse culture, among others. These people fall under the poor and marginalised stratum of society. The importance of including those who remain excluded from the development process earlier reiterates India's quest for the improvement of human rights and the concept of inclusive growth. In the value chain of corporate business, CSR is an instrument for integrating social, environmental and human concerns. Respect for human rights forms a part of CSR.⁷ In the current era, a company is not judged by its profitability alone but also by its contribution to the environment, society and stakeholders. CSR, therefore, is a medium by which the company's responsibility towards the social and ecological environment in which it operates is regulated.

As per the World Business Council for Sustainable Development, “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 the local community and society at large”.

This is best explained by Archie Carroll's “Pyramid of Corporate Social Responsibility” in 1991. Carroll's pyramid depicts that a corporation has to fulfil its responsibility at four

⁶ [Fundamental Rights And Fundamental Duties](#)

⁷ [The corporate responsibility to respect human rights](#)



levels – economic, legal, ethical and philanthropic. This simple yet precise concept went on to be one of the most accepted theories of CSR globally.⁸

According to Carroll's pyramid, responsible business is one that qualifies all the levels of responsibilities before taking up philanthropy. Without fulfilling the other responsibilities, a business cannot sustain itself.

CARROLL'S CSR PYRAMID

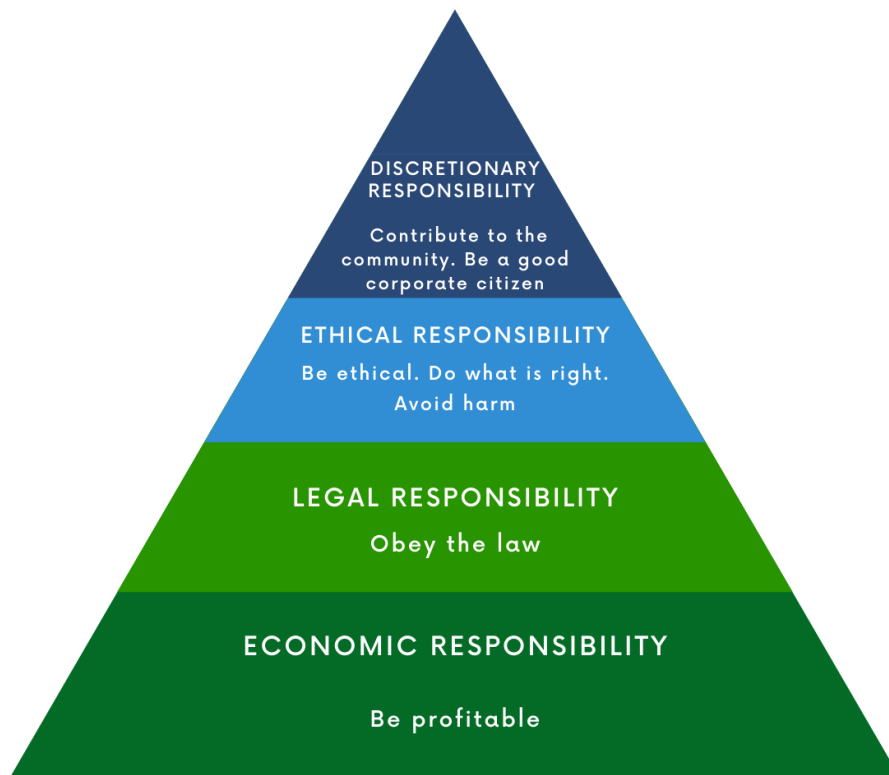


Figure 2 - Carroll's CSR Pyramid

⁸ [Understanding the Four Levels of CSR](#)

EVOLUTION OF CSR IN INDIA:

India caught up with the concept of CSR around early 2007. It was conceived as an instrument for integrating social, environmental and human development concerns in the entire value chain of corporate business. The Ministry of Corporate Affairs had issued 'Voluntary Guidelines on Corporate Social Responsibility, 2009' as a first step towards mainstreaming the concept of business responsibilities. This subsequently got refined as 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business, 2011'. The National Voluntary Guidelines (NVGs) on Social, Environmental and Economic Responsibilities of Business released by the Ministry of Corporate Affairs (MCA) in July 2011, is essentially a set of principles that offer Indian businesses an understanding and approach to inculcate responsible business conduct. This principle of NVG was subsequently translated into a mandatory provision of Corporate Social Responsibility (CSR) in Section 135 of the Companies Act 2013.⁹ The evolution and history of how CSR got incorporated into our business model are best represented in the figure below:

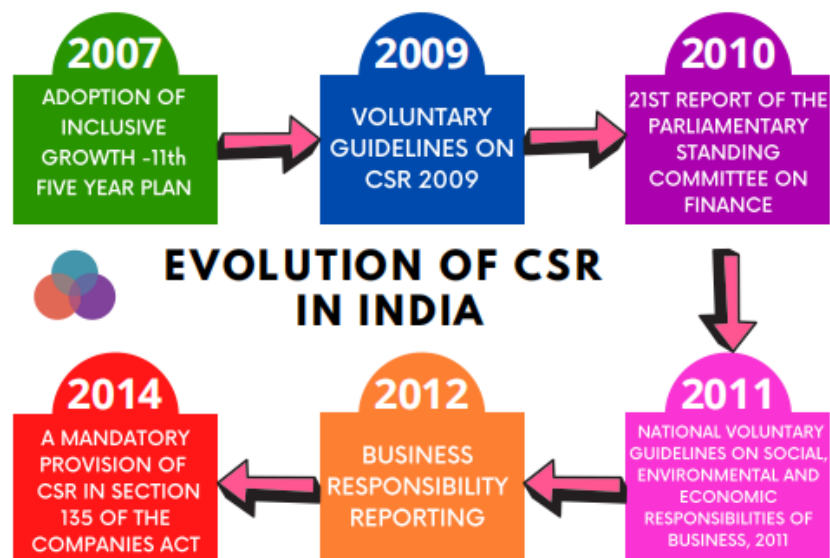


Figure 3: Evolution of CSR in India

⁹ [Historical Perspective of CSR Legislation](#)



CSR LEGISLATION:

As per the Companies Act 2013:

“The amount under Corporate Social Responsibility (CSR) is allocated and utilised by various companies in accordance with the broad framework provided by the Government under section 135 of the Companies Act, 2013 (‘Act’) and Companies (CSR Policy) Rules, 2014, as amended from time to time. The Act, inter-alia, stipulates that companies exceeding the threshold limits, as specified in the Companies Act, 2013 have to allocate at least 2% of their average net profits made during the three immediately preceding financial years for CSR activities. The Board of a company is empowered to plan, decide, execute and monitor the CSR activities of the company. Schedule VII of the Companies Act indicates the activities that can be undertaken by the companies, which, inter-alia, include Health care, Education and Rural Development Projects, etc. Further, the first provision to section 135(5) of the Act provides that the company shall give preference to local areas and areas around it where it operates.”¹⁰ In the case of non-compliance, there is a penalty to be paid by the company. It will be punishable with a minimum fine of Rs 50,000 which may increase to Rs 25 lakh. However, if a company spends more than the requirement provided under section 135, the excess amount can be set off against the required 2% CSR expenditure up to the immediately succeeding three financial years subject to compliance with the conditions stipulated under Rule 7(3) of the Companies (CSR Policy) Rules, 2014.¹¹

While CSR is gaining importance globally, whether it actually addresses the human rights aspect in its mandate is questionable. In a theoretical context, CSR is implemented in companies but the practical aspect of incorporating human rights in its actual functioning is overlooked; and this is a particularly obvious deficit in the power sector.

For this study, an in-depth analysis of two thermal power plants in Tamilnadu is undertaken, namely

1. Neyveli Lignite Company India Limited, Neyveli
2. IL&FS Cuddalore

The projects that are executed using the CSR funds and whether human rights-related issues are incorporated in the project planning are analysed in detail.

¹⁰ [Utilisation of CSR Fund](#)

¹¹ [Penalty for non compliance of CSR](#)



NEYVELI LIGNITE CORPORATION INDIA LIMITED (NLCIL)

NLCIL is a Central Public Sector Enterprise with Navratna status under the administrative control of the Ministry of Coal which means that the companies are allowed to invest up to Rs 1000 crore or 15 percent of their net worth on a single project or 30 percent of their net worth in the whole year (not exceeding Rs 1000 crores). NLCIL was incorporated in the year 1956 under the Companies Act, 1956 with the objective of meeting the electricity demand of the southern states of India by excavating lignite for the generation of power.¹²

NLC India Limited (formerly Neyveli Lignite Company Limited) (NLC) is a company in the fossil fuel mining sector in India and thermal power generation. It produces annually about 30 million tonnes of lignite from opencast mines at Neyveli in the state of Tamil Nadu in southern India and at Barsingsar in Bikaner district of Rajasthan state. The lignite is used at pithead thermal power stations of 3240 MW installed capacity to produce electricity. Its joint venture has a 1000 MW thermal power station using coal. Lately, it has diversified into renewable energy production and installed 141 MW of solar power plants to produce electricity from photovoltaic (PV) cells and 51 MW of electricity from windmills.

It is wholly owned by the government of India. A small portion of its stock was sold to the public to list its shares on stock exchanges where its shares are traded.

CSR POLICY:

Its Corporate Social Responsibility (CSR) policy claims to have adopted a holistic approach to achieving inclusive growth. It is said to have formulated and implemented projects on rural infrastructure, water, health, education and capacity building/skill development. It has adopted a full-fledged CSR policy from 2009 onwards.

Every year, each Central Public Sector Enterprise (CPSE), with the approval of its board of directors, makes a budgetary allocation for CSR and sustainability activities/projects for the year. NLC's budgetary allocation is based on the profitability of the company. It is determined based on (PAT) Profit after tax of the previous financial year.

If the profit after tax of the previous financial year is

¹² [NLC India Limited](#)



- Less than Rs. 100 Crore, CSR is calculated as 3% - 5% of PAT
- Rs. 100 Crore to Rs. 500 Crore, CSR is calculated as 2% - 3% of PAT
- Rs. 500 Crore and above, CSR is calculated as 1% - 2% of PAT

Based on the above policy, the prescribed CSR and CSR actually spent has been analysed for the past 4 years and tabulated as follows

Table 1: Prescribed CSR vs Actual Amount spent

YEAR	NET PROFIT	PRESCRIBED CSR	CSR SPENT
	(Amount in crores)		
2016 - 2017	2172.77	43.46	37.18
2017 - 2018	1865.87	37.32	43.58
2018 - 2019	2258.63	45.17	49.46
2019 - 2020	2338.87	46.78	75.66
2020 - 2021	2336.77	46.74	46.74

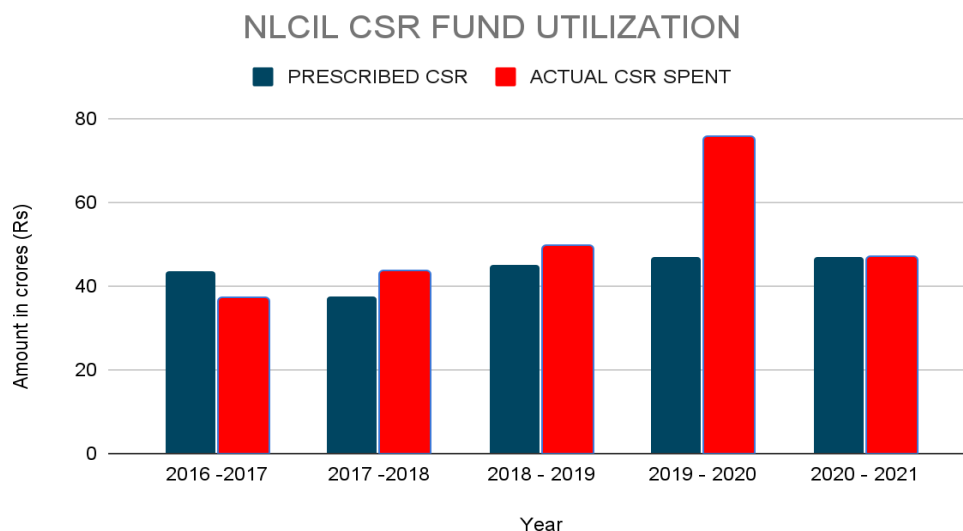


Figure 4: CSR fund utilization (Prescribed vs actual)



CSR FUND UTILIZATION SUMMARY:

On further analysis of the annual financial reports of the company, the break up of CSR funding for each activity and the actual amount spent activity wise is computed in the below table.¹³

Table 2: Breakup of CSR fund utilisation

CSR Fund utilisation		Year (Amount in crores)				
S.No	Areas of expenditure	2016 - 2017	2017 - 2018	2018 - 2019	2019 - 2020	2020- 2021
1.	Medical health and family welfare	6.94	5.57	6.09	22.42	5.48
2.	Safe drinking water supply	0.00	1.55	0.02	0.02	
3.	Education and scholarship	10.48	7.95	15.41	6.15	14.23
4.	Formation of link road	2.39	4.10	1.28	1.86	0.72
5.	Promotion of sports	0.33	0.41	0.40	0.42	0.05
6.	Community development centre	0.11	0.20	0.13	0.67	0.45
7.	Afforestation and environmental sustainability	0.14	2.18	0.94	0.03	
8.	Sanitation and basic amenities	1.44	0.94	1.16	0.69	0.06
9.	Construction of school, library and hostel	1.35	1.72	0.90	1.59	0.06
10.	Vocational skill centre development	0.44	1.76	2.95	1.42	0.82
11.	Irrigation facilities	8.11	11.06	10.15	7.16	5.15
12.	Electricity including solar and non	0	0.85	1.57	0.39	0.44

¹³[CSR fund utilization - NLC](#)



	conventional energy					
13	Relief on natural calamities	0.06	0	0.86		
14	Others	4.18	4.85		32.84	19.28
15	Promoting old age home	0.42	1.84	0.19		
16	Protection of national heritage and culture	-				
17	Contribution to armed forces	-	0.05	7.42		
18	CSR Ex-service tax	0.80				
	TOTAL AMOUNT SPENT	37.19	45.03	49.46	75.66	46.74

Areas in which CSR fund have been spent in the last 5 years

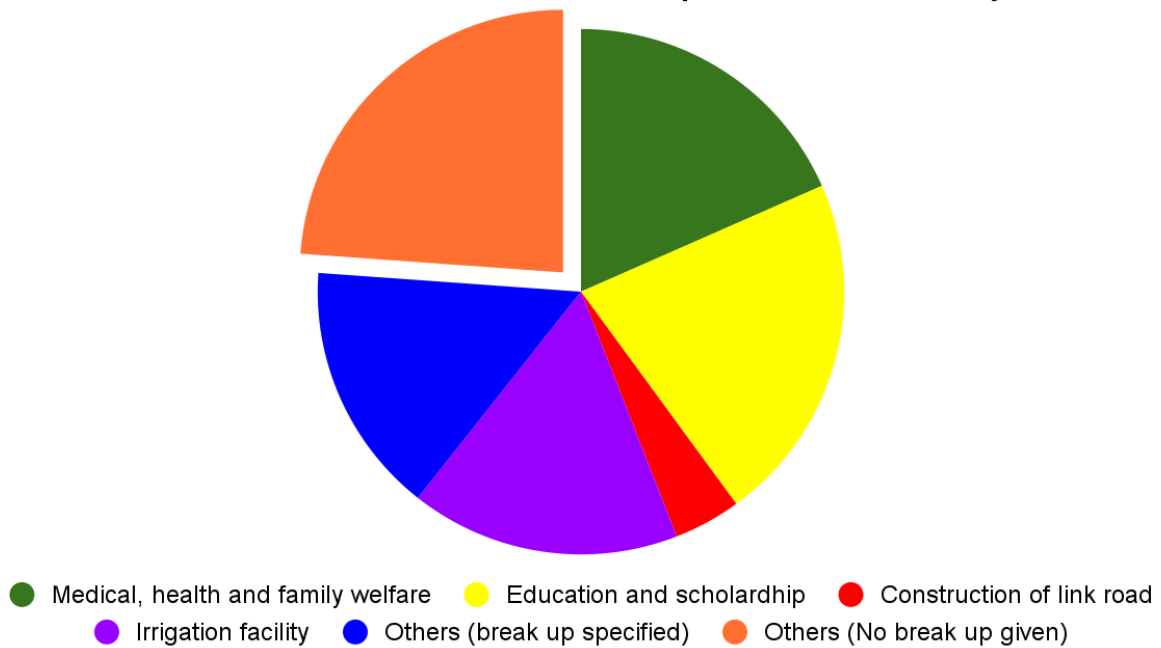


Figure 5: CSR allocation - NLC

FINDINGS FROM THE COMMUNITY SURVEY:

Comprehensive survey tools in the form of questionnaires both to the thermal power plants and the community living in their vicinity were deployed with the help of our local partners. 50 respondents from 8 villages took up this detailed community survey. These villages include Kottagam, Seeranguppam, Arazu Kuzhi, U Mangalam, P Kolapakkam, Mel Papanampattu, U Agaram and Utangal. These villages were specifically chosen because they are the most affected as they are in close proximity to the power plant and end up facing the major ill-effects that such power plants have on air, water and soil..

The primary source of income in these villages is agriculture. There was a 32% female representation in the survey conducted and the respondents were within the age group 28 to 75. The mean average income of the 50 respondents is Rs 6050 per month.

Literacy rate of respondents - NLC

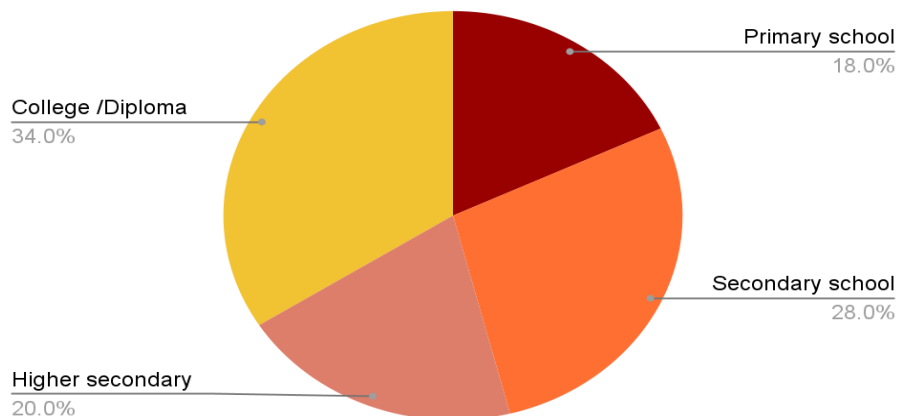


Figure 6: Literacy rate of respondents - NLC

Monthly income of respondents - NLC

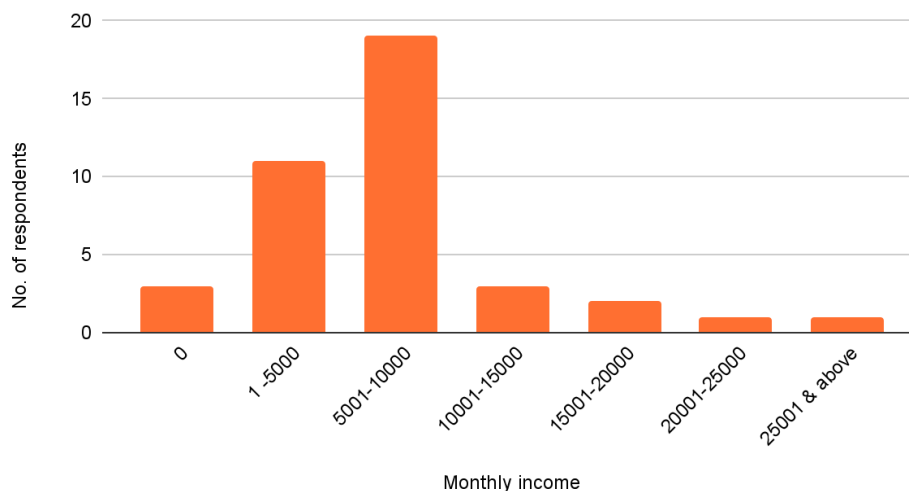


Figure 7: Monthly income of respondents - NLC

Out of the 8 villages, only 3 villages were aware of the public hearing conducted. Public hearings are usually conducted prior to the commencement of a project, to confirm that stakeholders have been adequately consulted and have been part of the decision-making processes. Respondents from one village alone said that the hearing was represented by a few people from their village.

The findings of these surveys where questions relating to the respondent's socio-economic status as well as the impacts of the candidate thermal power plant on their life and livelihood were asked are documented below:

VILLAGE	RESPONDENTS INPUT
Kottagam	<p>Grievances:</p> <ul style="list-style-type: none"> ● Fly ash & coal dust deposits all-around in air, water and soil ● Decrease in agricultural productivity ● No sufficient water in the canals/borewells provided by NLC. (water available only below 500 feet) ● No access to clean and safe drinking water ● Water quality is poor. Changes in colour and salinity seen ● Breathing problems, frequent vomiting and digestive



	<p>problems prevalent in villagers</p> <ul style="list-style-type: none">● Employment opportunity not provided as promised● Fair compensation for land acquired not given <p>CSR activities undertaken:</p> <ul style="list-style-type: none">● Disaster management awareness programme conducted● Sports equipment distributed <p>CSR activities promised but not undertaken:</p> <ul style="list-style-type: none">● No proper road access provided● No resettlement and rehabilitation program conducted for communities● No training skill/ employment opportunities provided● No Old Age homes constructed● No steps to promote education● No steps to protect national heritage <p>Request put forth:</p> <ul style="list-style-type: none">● Provide clean and safe drinking water● Provide employment opportunity as promised● New lignite mines are being explored in the near proximity. As huts are bad in condition due to coal dust, a change of place with proper accommodation is required
<p>Seeranguppam</p>	<p>Grievances:</p> <ul style="list-style-type: none">● Fly ash & coal dust deposits all-around in air, water and soil● Contaminated air with a strong chemical smell● Decrease in agricultural productivity● No sufficient water in the canals/borewells provided by NLC● No access to clean and safe drinking water● Water quality is poor. Changes in colour and salinity seen● Breathing problems, frequent vomiting and digestive problems prevalent in villagers. Kidney failure and heart problems reported by a few● Employment opportunities not provided as promised● Fair compensation for land acquired not given



	<ul style="list-style-type: none">● Noise pollution twice a day that interrupts sleep pattern <p>CSR activities undertaken:</p> <ul style="list-style-type: none">● Disaster management awareness programme conducted <p>CSR activities promised but not undertaken:</p> <ul style="list-style-type: none">● No proper road access provided● No resettlement and rehabilitation program conducted for communities● No training skill/ employment opportunities provided● No Old Age homes constructed● No steps to promote education● No steps to protect national heritage <p>Request put forth:</p> <ul style="list-style-type: none">● Provide employment opportunity● Provide proper compensation for livelihood● Provide safe and clean water
<p>U Mangalam</p>	<p>Grievances:</p> <ul style="list-style-type: none">● Fly ash & coal dust deposits all-around in air, water & soil● Washed clothes and water stored vessels have coal dust on it within a few hours of the aforesaid activity.● Decrease in agricultural productivity● No sufficient water in the canals/borewells provided by NLC● No access to clean and safe drinking water● Breathing problems, vomiting, headache, digestive problems, kidney stones and heart problems are prevalent in villagers.● Noise pollution twice a day that interrupts sleep pattern <p>CSR activities undertaken:</p> <ul style="list-style-type: none">● Yearly once disaster management awareness programme conducted● Skill development in the electrical and mechanical field conducted as a part of resettlement and rehabilitation program conducted for communities



	<ul style="list-style-type: none">• Just for children of Neyveli employees and people living in Mandarakuppam a high school is operational <p>CSR activities promised but not undertaken:</p> <ul style="list-style-type: none">• No proper road access provided• No Old Age homes constructed• No steps to promote education. No steps to protect national heritage <p>Request put forth:</p> <ul style="list-style-type: none">• Huts damaged due to fly ash and coal dust should be replaced• Opportunities for a livelihood should be provided• Compensation should be provided• Clean and safe drinking water
<p>Arasu Kuzhi</p>	<p>Grievances:</p> <ul style="list-style-type: none">• Fly ash & coal dust deposits all-around in air, water and soil• Breathing difficulty, vomiting, fever and kidney problem reported in villagers• Fly ash in water polluting it making water non-potable• Noise pollution• Land productivity and livelihood affected• No compensation provided for people who lost their lands and houses <p>CSR activities undertaken:</p> <ul style="list-style-type: none">• Yearly once disaster management awareness programme conducted• Skill development in the electrical and mechanical field conducted as a part of resettlement and rehabilitation program conducted for communities• Just for children of Neyveli employees and people living in Mandarakuppam a high school is operational <p>CSR activities promised but not undertaken:</p> <ul style="list-style-type: none">• No proper road access provided• No Old Age homes constructed• No steps to promote education. No steps to protect



	<p>national heritage</p> <p>Request put forth:</p> <ul style="list-style-type: none">• Huts damaged due to fly ash and coal dust should be replaced• Employment opportunities for a livelihood should be provided giving preference to villagers as promised• Adequate compensation for land acquisition should be provided• Clean and safe drinking water
<p>P Kolapakkam</p>	<p>Grievances:</p> <ul style="list-style-type: none">• Fly ash & coal dust deposits all-around in the air, water and soil• Breathing difficulty, vomiting, fever and kidney problem reported in villagers• Fly ash in water polluting it making water non-potable• Noise pollution• Land productivity and livelihood affected• No compensation provided for people who lost their lands and houses <p>CSR activities undertaken:</p> <ul style="list-style-type: none">• Yearly once disaster management programme conducted• Just for children of Neyveli employees and people living in Mandarakuppam a high school is operational• Skill development some say conducted, some say no• Sports equipments distributed <p>CSR activities promised but not undertaken:</p> <ul style="list-style-type: none">• No proper road access provided• No training skill/ employment opportunities conducted• No Old age homes constructed• No steps to promote education.• No steps to protect national heritage <p>Request put forth:</p> <ul style="list-style-type: none">• Preference to displaced people while giving employment opportunities



	<ul style="list-style-type: none">● Clean and safe drinking water● Huts should be replaced and an alternate accommodation should be provided● There is mudslide in the lands. Despite complaining many times, no action was taken. Need the issue resolved.
Mel Papanampattu	<p>Grievances:</p> <ul style="list-style-type: none">● Fair compensation for land acquisition not given.● Employment opportunities not given as promised● Contaminated air, water and soil because of fly ash and coal dust● Noise pollution● Nausea, headache, continuous coughing, heart problem, kidney problem vomiting and digestive problems reported amongst the villagers● Occasionally land tremors are felt (must be because of heavy machinery usage)● Groundwater depletion and water scarcity <p>CSR activities undertaken:</p> <ul style="list-style-type: none">● Yearly once disaster management programme conducted● Just for the children of Neyveli employees and people living in Mandarakuppam, a high school is operational● Skill development some say conducted, some say no● Some say tailoring class undertaken● Sports equipment distributed <p>CSR activities promised but not undertaken:</p> <ul style="list-style-type: none">● No proper road access provided● No training skill/ employment opportunities conducted● No Old Age homes constructed● No steps to promote education.● No steps to protect national heritage● Public hearing not aware <p>Request put forth:</p> <ul style="list-style-type: none">● Preference to displaced people while giving employment opportunities



	<ul style="list-style-type: none">● Clean and safe drinking water● Huts should be replaced and an alternate accommodation should be provided● There is mudslide in the lands. Despite complaining many times, no action taken
U Agaram	<p>Grievances:</p> <ul style="list-style-type: none">● Fly ash & coal dust deposits all-around in air, water and soil● Breathing difficulty, heart problem, vomiting, fever, headache and kidney problem reported in villagers● Groundwater level decrease affecting agricultural productivity● Noise pollution● No compensation provided for people who lost their lands and houses● Employment opportunity not provided as promised <p>CSR activities undertaken:</p> <ul style="list-style-type: none">● Disaster management awareness programme conducted● Skill development some say conducted, some say no● Sports equipments distributed <p>CSR activities promised but not undertaken:</p> <ul style="list-style-type: none">● No proper road access provided● No resettlement and rehabilitation program conducted for communities● No training skill/ employment opportunities provided● No Old Age homes constructed● No steps to promote education● No steps to protect national heritage <p>Request put forth:</p> <ul style="list-style-type: none">● Preference to displaced people while giving employment opportunities● Clean and safe drinking water● Lands acquired should be compensated by providing lands elsewhere and adequate compensation to be given.



Uthangal	<p>Grievances:</p> <ul style="list-style-type: none">● Fly ash & coal dust deposits all-around in the air, water and soil● Breathing difficulty, vomiting, headache and kidney problem reported in villagers● Groundwater level decrease and soil contamination because of fly ash affecting agricultural productivity● Noise pollution affecting sleep patterns and especially health of elders● No compensation or promised employment provided for people who lost their lands and houses <p>CSR activities undertaken:</p> <ul style="list-style-type: none">● Public hearing conducted and represented● Employment given to a few● Disaster management awareness program conducted● Skill development programme conducted● Tailoring and typewriting classes conducted● Library and school van operated by NLC <p>CSR activities promised but not undertaken:</p> <ul style="list-style-type: none">● No old age home constructed● No national heritage development <p>Request put forth:</p> <ul style="list-style-type: none">● Provide employment opportunity● Provide proper compensation for livelihood● Provide safe and clean water
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According to the respondents from Uthangal, the majority of CSR activities were undertaken. On further analysis, it was found that there is an eminent political leader of the local party residing there as well as an employee of NLC. Therefore CSR promised activities were undertaken because of political reach and availability of inside information. Clean water distribution has been undertaken, and a library and community hall have been built in this area.



TESTIMONIALS OF RESPONDENTS:

The respondent's name has not been disclosed for privacy reasons.

- A respondent from U Mangalam, said that the company promised employment for families who had given away their lands but that promise was not fulfilled despite repeated requests.
- One respondent from Arasu kuzhi said that NLC has piled the coal stacks near their lands and during the rainy season these stacks slide to their lands and affect the soil fertility. Despite repeated requests to the company to move their stacks elsewhere, no action has been taken so far.
- There were a few testimonials from Seeranguppam. The people living in this village initially resided in other villages but were forced to move to this village by NLC. A 45-year-old farmer who works for daily wages, says that he used to live in a village called Villaangulam. He had his own agricultural land. All his ancestors lived there but he along with other villagers were forced to leave their place like refugees and now they are struggling to earn a decent livelihood working on daily wages without proper facilities
- Another respondent who was initially living in Kovilapakkam, had his lands taken away by NLC and was provided alternate accommodation in Seeranguppam. He says that the agricultural productivity in Kovilapakkam was much better and the soil was more fertile there.
- This was the same was the complaint by another respondent who was moved forcefully from Andal kollai
- Sound pollution by the movement of lorries near mines and the release of effluents during the night was a major complaint by a few respondents
- A respondent from Mel papanampattu innocuously says with a smile that he loves to wear a white shirt but cannot wear it because within a few hours it gets stained by coal dust.

The major grievances put forth by the respondents are graphically represented as follows



NLC Neyveli

Major grievances by respondents

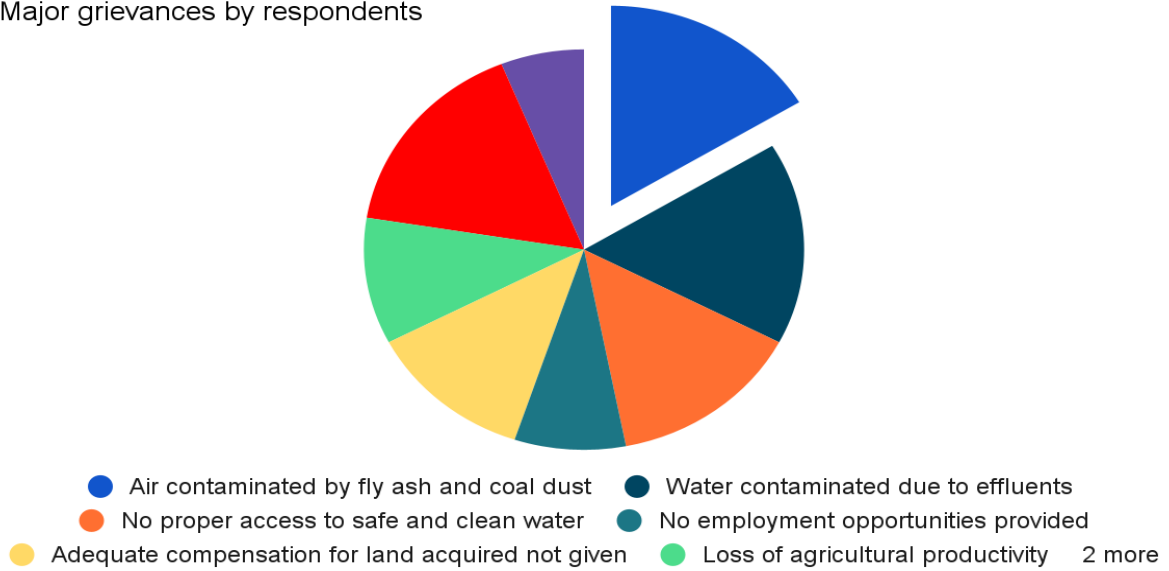


Figure 8: Major grievances put forth by respondents



IL & FS, Tamilnadu Power Company, Cuddalore

ILFS Tamil Nadu power company limited. (ITPCL) is a special purpose vehicle (SPV) incorporated by the IL&FS group for the implementation of a thermal power project in Cuddalore, Tamil Nadu. The project is being implemented in phases in Kothattai, Ariyagoshti and Villianallur revenue villages of Chidambaram Taluk, Cuddalore district. The First Phase of the project is for 1200 MW comprising 2 units of 600 MW each. The second phase will consist of 3 units of 660 MW each.

CSR POLICY:

Its Corporate Social Responsibility (CSR) policy claims that commercial activities are pursued hand in hand with the launch of new welfare initiatives for the community. As per the ITPCL website and reports published, these initiatives include vocational training, livelihood, health, education and various green initiatives. As per their mission statement, their CSR policy primarily entails undertaking a variety of programs for enhancing economic activity and skilling, which will be supplemented with interventions to improve the quality of life of stakeholders in the project catchment areas. Employment and livelihood creation, Millennium Development Goals (MDG) and global concerns such as climate change will be considered as guides in setting up the CSR projects.¹⁴

ITPCL follows a CSR policy where the average net profit of the past three financial years is calculated and the prescribed CSR expenditure is 2% of the average profit before tax

Based on the above policy the prescribed CSR and CSR actually spent has been analysed for the past 4 years and tabulated as follows

(Please note that the findings for the year 2020 - 2021 have not been incorporated in the study because the recent annual reports are not available in the public domain yet).

Table 3: CSR fund utilisation (Prescribed vs Actual)

YEAR	AVERAGE PROFIT OF LAST 3 YEARS	PRESCRIBED CSR	CSR SPENT

¹⁴ [Corporate Social Responsibility Policy](#)



	(Amount in crores)		
2016 - 2017	70.69	1.41	8
2017 - 2018	139.65	2.79	4.25
2018 - 2019	58.37	1.17	1.595
2019 - 2020	(60.76)	0	1.093

IL &FS (Cuddalore) CSR FUND UTILIZATION

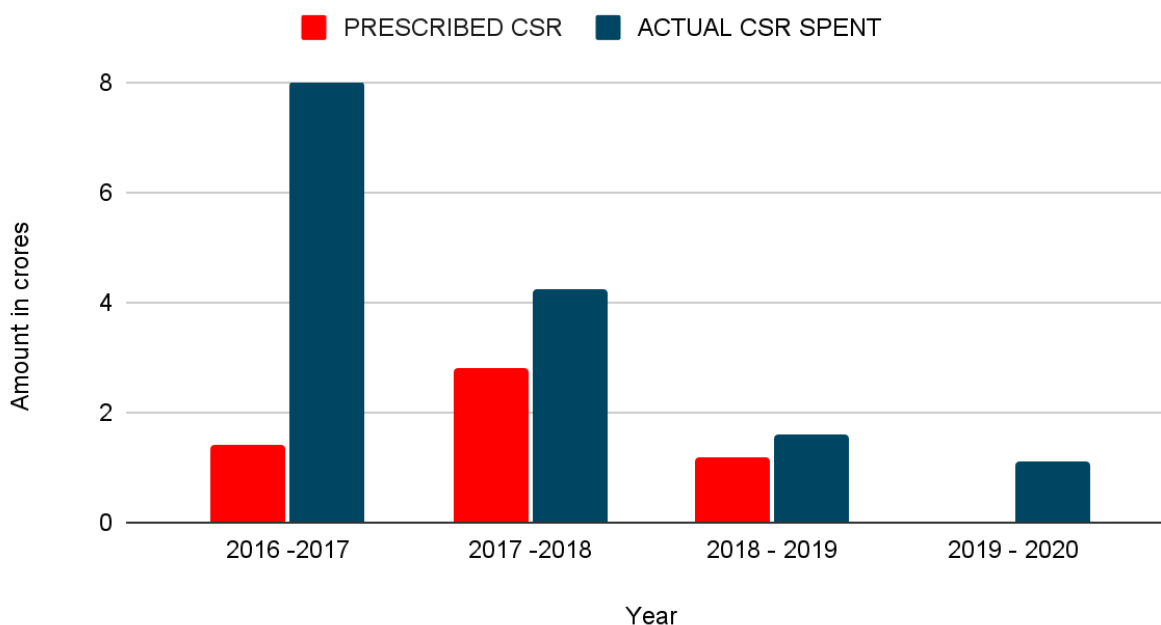


Figure 9: CSR fund utilisation (Prescribed Vs actual)

On further in-depth analysis of the annual financial reports of the company, the break up of CSR funding for each activity and the actual amount spent activity-wise is computed in the below table.¹⁵

¹⁵[IL&FS/Energy Financial report](#)

**Table 4: Break up of CSR fund utilisation**

CSR Fund utilisation		Year (Amount in crores)			
S.No	Areas of expenditure	2016 - 2017	2017 - 2018	2018 - 2019	2019 - 2020
1.	Fisherman welfare and development of infrastructure in nearby villages	2.85	2.25	1.333	0.883
2.	Construction of community hall	0	0	0	0.210
3.	Enhance the quality of education and skills required for job market	0.88	0.22	0.085	0
4.	Health care	0.82	1.00	0.175	0
5.	Social forestry and ecological conservation	0	0	.002	0
6.	Water and livelihood initiative	0	0.28	0	0
7.	Contribution to Nalanda foundation	1.00	0.50	0	0
8.	Development of infrastructure	2.24	0	0	0
9.	Livelihood	0.21	0	0	0
	TOTAL AMOUNT SPENT	8	4.25	1.595	1.093

Major areas in which CSR fund has been spent in the last 4 years

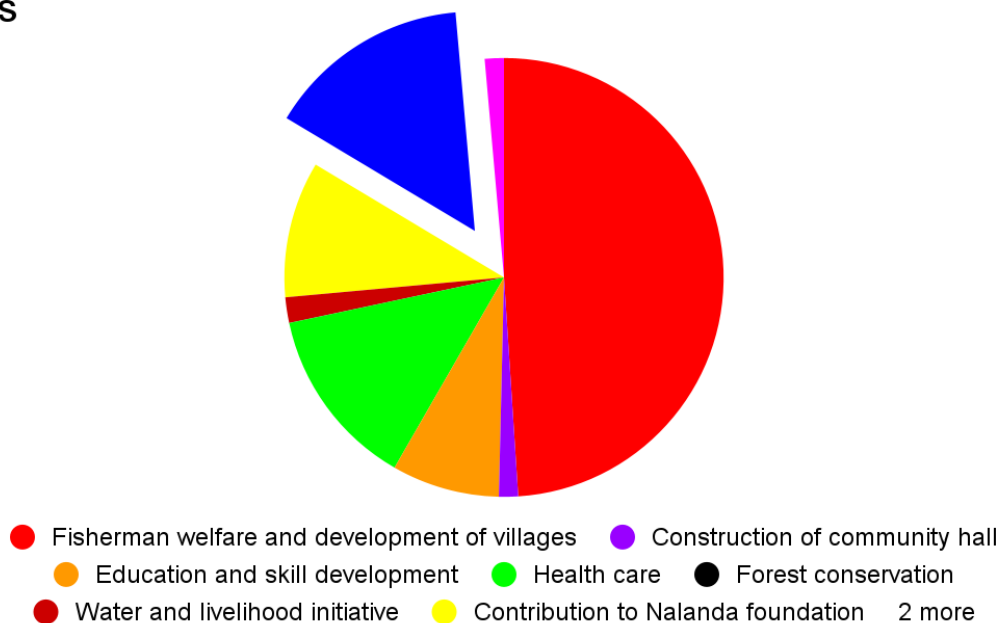


Figure 10: CSR allocation

FINDINGS FROM THE COMMUNITY SURVEY:

The ITPCL plant is set up on 1,181 acres of land with 12 villages located in and around it. The people in these villages are primarily, either farmers or fishermen. There was a 38% female representation in the survey conducted and the respondents were within the age group 24 to 75. The mean average income of the 50 respondents is Rs 10,236 per month. These respondents took a detailed community survey. The villages surveyed include Kuttilyandiyur, Thoopiruppu, C Pudhupettai, Velingarayan pettai, Chinoor, Annanagar, Shanmuga Nagar, Pudukuppam and K PanchaKuppam. These villages were specifically chosen because they are the most affected as they are in close proximity to the power plant.



Literacy rate of respondents - IL&FS Cuddalore

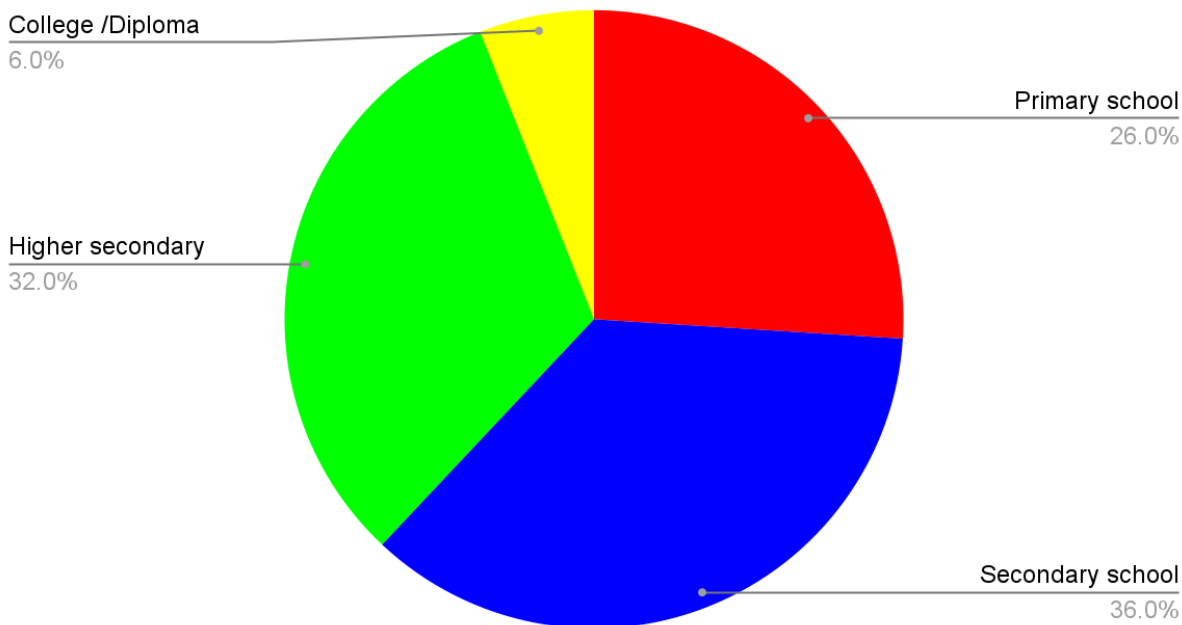


Figure 11: Literacy rate of respondents IL & FS Cuddalore

The findings of these surveys are documented below:

VILLAGE	RESPONDENTS INPUT
Kuttiyandiyur	<p>Grievances:</p> <ul style="list-style-type: none"> ● Fly ash & coal dust deposits all around in air, water and soil ● Breathing difficulties vomiting, fever, digestive problems and headache prevalent amongst the villagers ● Contaminated water being mixed in the rivers, Hence loss in fish productivity and also the taste and size of the fish is altered ● Change in fish breeding season noticed ● Less water in rivers in general ● Noise pollution disturbs sleep ● Drinking water is salty



	<p>CSR activities promised but not undertaken:</p> <ul style="list-style-type: none">• Proper road access not provided• Disaster management awareness - No• Resettlement and rehabilitation program undertaken - No• Skill development men and women - No• Old age homes - No• Rural sports development - No• Promote education -No• Protect national heritage, arts and culture - No <p>Request put forth:</p> <ul style="list-style-type: none">• Clean safe drinking water,• Employment opportunities
Thoopiruppu	<p>Grievances:</p> <ul style="list-style-type: none">• Fly ash and coal dust in drinking water, air,trees, plants etc• Breathing difficulty• Vomiting, fever, digestive problems, headache prevalent among villagers• Skin allergy and cough sometimes• Washed Clothes get dirty because of fly ash• Noise pollution, disturbs sleep• Loss in agricultural productivity <p>CSR activities promised but not undertaken:</p> <ul style="list-style-type: none">• Proper road access not provided• Disaster management awareness - No• Resettlement and rehabilitation program undertaken - No• Skill development men and women - No• Old age homes - No• Rural sports development - No• promote education -No• Protect national heritage, arts and culture - No <p>Request put forth:</p> <ul style="list-style-type: none">• Clean safe drinking water,• Employment opportunities
C Pudhupettai	<p>Grievances:</p> <ul style="list-style-type: none">• Air is contaminated with fly ash and coal dust



	<ul style="list-style-type: none">● Reduction in the ground level water and salinity increase in water● Fly ash gets deposited on crops, hence loss of productivity● Soil fertility is affected● Noise pollution● Skin allergy and excessive itching (this problem has increased recently)● Breathing difficulty, vomiting, digestive problems, tiredness prevalent amongst villagers <p>CSR activities undertaken:</p> <ul style="list-style-type: none">● No idea about public hearing● Proper road access not provided● Disaster management awareness - No● Resettlement and rehabilitation program undertaken - No● Skill development men and women - No● Old age homes - No● Rural sports development - No● promote education -No● Protect national heritage, arts and culture - No <p>Request put forth:</p> <ul style="list-style-type: none">● Clean safe drinking water,● Employment opportunities
<p>Velingarayan pettai</p>	<p>Grievances:</p> <ul style="list-style-type: none">● Air is contaminated with fly ash and coal dust● Reduction in the ground level water and salinity increase in water● Loss in fish productivity and taste● Noise pollution● Breathing difficulty, vomiting, digestive problems, headache <p>CSR activities promised but not undertaken:</p> <ul style="list-style-type: none">● Proper road access not provided● Disaster management awareness - No● Resettlement and rehabilitation program undertaken - No● Skill development men and women - no● Old age homes - No● Rural sports development - No



	<ul style="list-style-type: none">● promote education -No● Protect national heritage, arts and culture - no <p>Request put forth:</p> <ul style="list-style-type: none">● Employment to be provided● Safe and clean water● mixing of chemicals in the rivers to be stopped
Chinoor	<p>Grievances:</p> <ul style="list-style-type: none">● Air is contaminated with fly ash and coal dust● clothes turn black in colour● Reduction in the ground level water and salinity increase in water● Loss in fish productivity and taste● Noise pollution● Breathing difficulty, vomiting, digestive problems, headache, skin allergies prevalent amongst villagers● No employment provided <p>CSR activities promised but not undertaken:</p> <ul style="list-style-type: none">● Proper road access not provided● Disaster management awareness - No● Resettlement and rehabilitation program undertaken - No● Skill development men and women - No● Old age homes - No● Rural sports development - No● promote education -No● Protect national heritage, arts and culture - No <p>Request put forth: .</p> <ul style="list-style-type: none">● Employment to be provided● Safe and clean water● mixing of chemicals in the rivers to be stopped
Annanagar	<p>Grievances: .</p> <ul style="list-style-type: none">● Air is contaminated with fly ash and coal dust● clothes turn black in colour● water contaminated with coal dust● Reduction in the ground level water and salinity increase in water



	<ul style="list-style-type: none">● loss in fish productivity and taste● Noise pollution● Breathing difficulty, vomiting, digestive problems, headache, skin allergies● no employment provided● Sea and river water are contaminated because effluents are released. <p>CSR activities promised but not undertaken:</p> <ul style="list-style-type: none">● Proper road access not provided● Disaster management awareness - No● Resettlement and rehabilitation program undertaken - No● Skill development men and women - No● Old age homes - No● Rural sports development - No● promote education -No● Protect national heritage, arts and culture - No <p>Request put forth:</p> <ul style="list-style-type: none">● Compensation for fisherman due to loss of livelihood● Safe and clean drinking water● Construction school premises/ promised not done yet
<p>Shanmuga nagar</p>	<p>Grievances:</p> <ul style="list-style-type: none">● Air is contaminated with fly ash and coal dust● clothes turn black in colour● water contaminated with coal dust● Reduction in the ground level water and salinity increase in water● Taste and growth stunting in fishes.● Noise pollution affecting sleep people and heart patients● Breathing difficulty, vomiting, digestive problems, headache, skin allergies● no employment provided● Sea and river water is contaminated because effluents are released. <p>CSR activities promised but not undertaken:</p> <ul style="list-style-type: none">● Proper road access not provided● Disaster management awareness - No● Resettlement and rehabilitation program undertaken - No



	<ul style="list-style-type: none">● Skill development men and women - no● Old age homes - No● Rural sports development - No● promote education -No● Protect national heritage, arts and culture - No <p>Request put forth:</p> <ul style="list-style-type: none">● Employment opportunity● Safe and clean drinking water● Construction school premises/ promised not done yet
<p>Pudukuppam</p>	<p>Grievances:</p> <ul style="list-style-type: none">● Air is contaminated with fly ash and coal dust● clothes turn black in colour● water contaminated with coal dust● Reduction in the ground level water and salinity increase in water● Taste and growth stunting in fishes.● Noise pollution affecting sleep people and heart patients● Breathing difficulty, vomiting, digestive problems, headache, skin allergies● no employment provided● Sea and river water are contaminated because effluents are released. <p>CSR activities promised but not undertaken:</p> <ul style="list-style-type: none">● Proper road access not provided● Disaster management awareness - No● Resettlement and rehabilitation program undertaken - No● Skill development men and women - no● Old age homes - No● Rural sports development - No● promote education -No● Protect national heritage, arts and culture - No <p>Request put forth:</p> <ul style="list-style-type: none">● Employment opportunity● Safe and clean drinking water● Construction school premises/ promised not done yet



K PanchaKupp am

Grievances:

- Air is contaminated with fly ash and coal dust
- clothes turn black in colour
- water contaminated with coal dust
- Reduction in the ground level water and salinity increase in water
- Taste and growth stunting in fishes.
- Noise pollution affecting sleep people and heart patients
- Breathing difficulty, vomiting, digestive problems, headache, skin allergies
- no employment provided
- Sea and river water are contaminated because effluents are released.

CSR activities undertaken:

- Skill development men and women - Only in the first year
- Promote education - yes school till 5th std provided by company
- Protect national heritage, arts and culture - Community hall constructed

CSR activities promised but not undertaken:

- Proper road access not provided
- Disaster management awareness - No
- Resettlement And Rehabilitation program undertaken - No
- Old age homes - No
- Rural sports development - No

Request put forth:

- Employment opportunity
- Adequate compensation
- Safe and clean drinking water



TESTIMONIALS OF RESPONDENTS:

The respondent's name has not been disclosed for privacy reasons.

- One elderly respondent from Panchakuppan says that before the commencement of operations, the power plant had acquired lands from a few villagers promising adequate monetary compensation and employment at the rate of one person per house. But adequate compensation was not provided and only around 10 people were provided daily wages employment in a village where nearly 400 residents live.
- Another respondent from Thoopirapu complained that while working near rivers some villagers complained of excessive itching and skin allergies. He says the main reason is effluents being mixed in the river bodies.
- One respondent from C Pudupettai says that there is a lot of noise pollution, especially at night because of running machinery; and in the morning the houses in the vicinity are coated fully with coal dust. This is their daily routine and they have nowhere else to go as their agricultural land has been taken from them leaving them with no regular source of livelihood
- Respondents from Chinoor, Annanagar and Velaiyangara pettai unanimously complained of the loss of fish productivity in the last 10 years. They say the quantity of the catch, as well as the size of fish, has hugely diminished. They say the taste of the fish has also suffered. They also said that the use of speed boats has increased in the area and the use of huge nets by the fishermen from other localities has affected their catch.
- A respondent from Shanmuganagar, which is inhabited by Irular tribes and is very close to the thermal power plant, divulged the pitiful state in which they are. He said that the boys and girls in the village do not have proper access to basic education as well as health care. Loss of fish productivity and land acquisition has affected them the most.

The major grievances put forth by the respondents have been graphically represented as follows

IL&FS Cuddalore

Major grievances by respondents

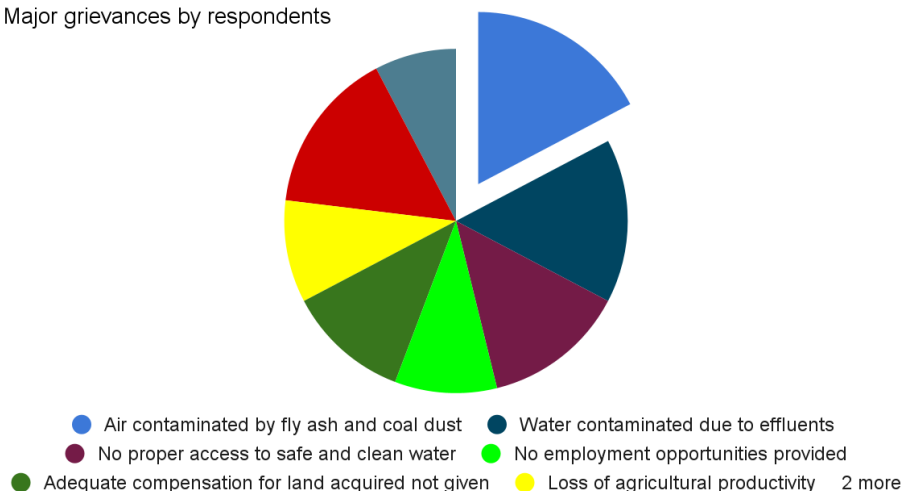


Figure 12: Major grievances put forth by respondents

SUMMARY OF FINDINGS:

While the CSR allocations and the area of expenditure claimed by the candidate thermal power plants seem impressive, in reality, there is a stark mismatch in the expenses said to have been incurred for CSR activities to that of the actual benefits enjoyed by the stakeholders. The majority of the villagers interviewed did not even have an idea about whether a public hearing was conducted in the first place.

Summarising the survey questionnaire findings of both the candidate thermal power plants, the main grievances of the respondents revolve around the following points

- Access to safe and clean drinking water not provided in some cases
- Employment opportunities which were promised when people were displaced were not adequately provided in some cases
- Compensation for land acquired by the power plant not adequate in some cases
- Proper infrastructure development like road links and schools for the convenience of family members of the respondents not provided in some cases
- Further compensation or loss of livelihood for both the fishermen and farmers not provided adequately
- Adequate steps to prevent contamination of air, water and soil because of coal dust and effluents mixed in water sources not provided in some cases



SHORTCOMINGS OF THE CURRENT CSR MANDATE:¹⁶

- Companies do have the resources but are not aware of ground realities, and thus fail to address these sufficiently.
- Most companies consider money as a way to fulfil the CSR mandate; however, there are several problems in Indian society which need more than financial assistance and the majority of companies fail to do so.
- As Section 135 of the act mandates 2% of the net profit to be spent on CSR, companies are not forthcoming with how the funds are allocated and spent. This lack of transparency makes a proper assessment really difficult. .
- There have been several instances¹⁷ where companies have misled their net profits to get away from the CSR mandate.

RECOMMENDATIONS:

IN RELATION TO PROBABLE CSR MODEL AND HOW IT SHOULD BE IMPLEMENTED:

For an effective CSR model, the company needs to set in place a robust structure and hierarchy of management; a team which will be responsible for all aspects of the fund allocated for such purposes. As all businesses know, living up to promises, whether business or performance targets, is essential to success. Failing to meet CSR commitments, in the absence of satisfactory explanations, can also lead to problems, including disgruntled employees, shareholders, business partners, customers, communities and others. A business that effectively implements its commitments may be more favourably looked upon when problems do arise, as opposed to a business that continually fails to meet what stakeholders see as its obligations.

Different businesses have different ways of implementing their CSR commitments. One effective model is suggested below¹⁸

1. Develop an integrated CSR decision-making structure;
2. Prepare and implement a CSR business plan;

¹⁶ [Corporate social responsibility in light of human rights law and Indian legal framework](#)

¹⁷ [Indiacsr.in](#)

¹⁸ [Corporate Social Responsibility: An Implementation Guide for Business](#)



3. Set measurable targets and identify performance measures;
4. Engage employees and others to whom CSR commitments apply;
5. Design and conduct CSR training;
6. Establish mechanisms for addressing problematic behaviour;
7. Create internal and external communications plans; and
8. Make commitments public.
9. Periodically monitor and review the CSR plan and make changes if required based on the feedback

IN RELATION TO CSR POLICY:

1. A specialised agency or regulatory body, along the lines of the Company Law Board and the Securities and Exchange Board of India (SEBI) may be established to regulate, supervise and advise companies and other stakeholders on the implementation of Indian CSR law.
2. Establishment of an independent and specialised agency to supervise CSR activities of companies may minimise government interference in CSR-based initiatives of companies and may provide more organisational freedom to companies to invest their CSR funds into desirable activities.
3. It is not enough that the government merely serves notices to non-compliant companies; some exemplary penal actions under the concerned section need to be introduced to ensure complete acquiescence. Serious steps either like revoking the operational licence of the plant or making sure that operations are on hold until the CSR policy is complied with will be one good way to enforce compliance.
4. The tracking mechanism of monitoring the expenditure of various companies needs to be tightened and the names of the defaulters should be widely disseminated in the public domain. The zero spenders should be show-caused on the Ministry of Corporate Affairs (MCA's) website. This will ensure more transparent reporting and the companies will be held accountable for non-disclosure.
5. Companies should network with civil society organisations and other non-governmental organisations that are involved in assessing the actual social problems and then the company should strategically invest to eradicate those problems instead of vigorously spending money on disparate CSR activities..



IN RELATION TO HUMAN RIGHTS:

1. Thermal power plants that are situated in areas where there could be human rights violations or cause substantial harm to the environment on which communities depend, with a special emphasis on the strategic water source and protected areas, should be prohibited to operate.
2. Much more comprehensive and transparent compliance and enforcement regulations must be drafted to hold the thermal power plants responsible for unlawful activities and stronger penalties for offenders must be imposed.
3. Immediately enforce coal-fired power plants to meet air emissions standards and government should commence decommissioning those plants that will not comply
4. Urgent need to phase out thermal power plants and embrace clean energy solutions to reduce the adverse effects of dirty fuel on stakeholders and the environment.

CONCLUSION:

Based on the above findings from the community survey, it has been found that the surveyed thermal power plants have negatively impacted the communities living near them, violating basic human rights like the right to livelihood, healthy environment, food, water, and health among others. Communities have also been excluded from participating in the EIA process and kept in the dark about the approvals and regulations aspects of these power plants. There is an emerging global consensus that 'business as usual is not acceptable and that companies have an important role to play in the realisation of human rights. This momentum has to be carried forward and the respect for human rights by companies should be above the general 'profit and loss calculation. It is therefore imperative that companies should focus more on the human rights aspects of societal needs. The necessity for an effective CSR-based initiative from the company's side and a proper regulation overlooking the human rights point of view by the government can never be over-stressed.

ANNEXURE:

[Csr / Human Rights Questionnaire For Thermal Power Plants](#)
[Human Rights Questionnaire](#)