



Corporate Social Responsibility in Ramagundam NTPC - A Study

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Abstract

NTPC, as a company, has spent a substantial amount of money on its Corporate Social Responsibility (CSR) activities over the years, which has often received wide publicity. According to NTPC's website, it had spent over Rs 315.32 crore on its CSR activities during the financial year 2022-23. However, its track record on multiple fronts, whether on land acquisition, rehabilitation, environmental degradation, pollution, labour safety, etc. rarely comes into limelight. In this connection, there is need to know how the company is enhancing its public image to secure more customers, better employees and higher profit. Acceptance of social responsibility goals lead to improve public image. The innovative ability of the company's business is turned to social problems, may resistance can be transformed into resources and the functional capacity of resource can be increased many times. A better society would produce a better environment in which the company business may gain long term maximization of profit. This paper presets the Earnings before Interest, Taxes, Depreciation and Amortization of NTPC and Growth of National Power Generation Installed Capacity. This paper discussed the CSR Policy and Sustainability Orientation of NTPC and Significant Indirect Economic Impacts. This study is mainly based on the secondary data. The secondary data has been collected from the NTPC website, annual reports and various research papers published on CSR practices in NTPC.

Key words: Corporate Social Responsibility, Sustainability and Economic Impact

Introduction:

NTPC Limited, is known as National Thermal Power Corporation is an Indian central public, is an Indian central Public Sector Undertaking under the ownership of the Ministry of Power and the Government of India (GoI), This organisation is engaged in the generation of electricity and other power related activities. The

headquarters of this organisation public sector undertaking are situated at New Delhi. NTPC's core function is the generation and distribution of electricity to State Electricity Boards in India. The body also undertakes consultancy and turnkey project contracts that involve engineering, project management, construction management, and operation and management of power plants.

It is the largest power company in India with an electric power generating capacity of 71,594 MW. Although the company has approximately 17 percent of the total national capacity, it contributes to over 25 percent of total power generation due to its focus on operating its power plants at higher efficiency levels. NTPC presently produces 25 billion units of electricity per month. NTPC currently operates 55 power stations: 24 coal, seven combined cycle gas and liquid fuel, two hydro powered, one wind turbine, and 11 solar projects.

During the financial year 2022-23, your Company recorded an all-time high-power generation of 399.2 BU, registering a growth of 11%. Further, eight of your Company's coal stations figured in the top twenty-five best-performing stations of the country in terms of Plant Load Factor (PLF) and our coal-based stations registered a PLF of 75% against the country's coal PLF of 64 percent. These numbers demonstrate your Company's best in class asset management practices, and the capability of its human resources.

NTPC, a sustainable energy leader in India, is proactively managing the nation's energy transition equitably and effectively. In response to climate change challenges, the company is diversifying its energy sources, focusing on a balanced mix of economical thermal power and cleaner renewable energy to meet increasing demand. With an aggressive approach to expanding renewable energy, including green hydrogen, NTPC aims for nearly 45-50% of its capacity to come from non-fossil fuels by 2030, with the medium-term target of 60 GW of renewable capacity by 2032. This is also reflected in NTPC's Energy Compact goals submitted to United Nations.

In this context, it is important to understand NTPC as a company, based on its operational track record. NTPC, as a company, has spent a substantial amount of money on its Corporate Social Responsibility (CSR) activities over the years, which has often received wide publicity. According to NTPC's website, it had spent over Rs 315.32 crore on its CSR activities during the financial year 2022-23. However, its track record on multiple fronts, whether on land acquisition, rehabilitation, environmental degradation, pollution, labour safety, etc. rarely comes into limelight.

EBITDA of NTPC

Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA) it is an alternative method of measuring profitability in net income. It offers a distinct idea to the investor and lenders about the profitability of the company. Therefore, it is required to analyze the Earnings before Interest, Taxes, Depreciation and Amortization of NTPC to know the profitability of position of last five financial year i.e. from the financial year 2018-19 to 2022-23. The relevant data collected and presented in Table – 1.

Table –1: EBITDA of NTPC

S. No.	Financial Year	Y-o-Y increase (Consolidated)		Y-o-Y increase (Standalone)	
		`	%	`	%
1	2018-19	29,600	-	24,644	-
2	2019-20	34,851	18%	29,871	21%
3	2020-21	38,673	11%	33,149	11%
4	2021-22	43,625	13%	39,600	19%
5	2022-23	50,279	15%	47,183	19%

Source: Annual Reports of NTPC 2022-23.

The data in Table – 1 shows the Earnings before Interest, Taxes, Depreciation and Amortization of NTPC. It reveals that the ` 29,600 crore consolidated EBITDA recorded in the financial year 2018-19 and it has increased to ` 50,279 during the financial year 2022-23. There are ` 24,644 crore standalone EBITDA recorded in the financial year 2018-19 and it has increased to ` 47,183 during the financial year 2022-23. The year-on-year increase (consolidated) is recorded 15 percent from the financial year 2021-22 to during the financial year 2022-23. The year-on-year increase (standalone) is recorded 19 percent from the financial year 2021-22 to during the financial year 2022-23. The above analysis clearly indicates that the NTPC Earnings before Interest, Taxes, Depreciation and Amortization is showing increasing trends in the last five financial years. It is clearly indicating that the company financial position is good.

Growth of National Power Generation Installed Capacity

The currently installed capacity of power generation in India around 4,16,059 Mega Watt (MW) during the financial year 2022-23. This is increasing year-on-year power generation in and the National Thermal Power Corporation also showing increasing trend from the last five years. In this regard there is need to elevate growth of installed capacity of NTPC group. The relevant data collected and presented in Table – 2.

Table – 2: Installed Capacity of NTPC Group and All India

(MW)

S. No.	Financial Year	Installed Capacity	
		All India	NTPC Group
1	2018-19	3,56,100	55,126
2	2019-20	3,70,106	62,110
3	2020-21	3,82,151	65,810
4	2021-22	3,99,497	68,962
5	2022-23	4,16,059	72,254

Source: Annual Reports of NTPC 2022-23.

The data in Table – 2 depicts that the all India installed capacity of power generation is 3,56,100 megawatts in the financial year 2018-19 and it has increased to 4,16,059 megawatts during the financial year 2022-23. The NTPC group installed capacity of power generation is 55,126 megawatts in the financial year 2018-19 and it has increased to 72,254 megawatts during the financial year 2022-23. It is also observed that around 17 percent installed capacity is occupied by the Indian installed capacity of power generation during the financial year 2022-23. It is concluded that the installed capacity of NTPC group is increased every year and around 17 percent of share occupied in the all India installed capacity of power generation.

CSR Policy and Sustainability Orientation of NTPC

The Preamble of the corporation proclaims that as responsible corporate citizen since inception, NTPC envisions, "to be the world's largest and best power producer, powering India's Growth". It is guided by the Mission- "Develop and provide reliable power, related products & services at competitive prices, integrating multiple energy sources with innovative and eco-friendly technologies and contribute to society". Committed to inclusive growth and sustainable development with special focus on the communities in the neighbourhood of its operations, NTPC has set-out the following.

- To deliver business and environmental value through projects which are beneficial for business and larger ecosystem.
- To ensure sustainable power development by ensuring minimal wastage across operations
- To actively contribute towards societal development
- To lead the sector in the areas of resettlement and rehabilitation and environment protection including effective ash-utilization, peripheral development and energy conservation practices.

- Core to the company's philosophy, CSR has been an integral part of NTPC's business of power generation and lighting up the lives of millions of Indians. NTPC's spirit of caring and sharing is embedded in its mission statement. We firmly believe that communities located in the vicinity of our projects as well as those displaced by them are important partners/stakeholders in India's growth story. As good neighbours, we have built strong partnerships with them through a slew of well-conceived community development intervention programmes.
- Based on our dedication to the cause since our inception, NTPC has a comprehensive Resettlement & Rehabilitation (R&R) policy covering community development activities. Our policy grows wings at the project sites the moment the project takes off. Thereafter extensive peripheral development activities are taken up along with the project development. There is a separate Corporate Social Responsibility Policy which covers a vast gamut of activities starting from the grassroots at the unit level right up to the regional and national level including implementation of key programmes through our very own 'NTPC Foundation'.
- NTPC proud that our CSR initiatives and programmes are benefitting over a million of our countrymen in over 500 odd villages in the neighbourhood of our stations and plants thanks to a vigorous structure, well documented policies and a streamlined process.
- NTPC is also a member of Global Compact Network, India and confirms its involvement in various CSR activities in line with 10 Global Compact principles and shares its experiences with the world via "Communication on Progress", a public disclosure.



NTPC's involvement in community development projects/CSR covers diverse fields such as basic infrastructure development, education, community health and sanitation, capacity building and gender empowerment. In order to ensure inclusive and sustainable growth, NTPC takes up most of the CSR activities primarily in the neighbourhood villages of its operations. In addition, NTPC also takes up projects of national importance. NTPC commits itself to contribute to the society, discharging its corporate social responsibilities through initiatives that have positive impact on society at large, especially the community in the neighbourhood of its operations by improving the quality of life of the people, promoting inclusive growth and environmental

sustainability. NTPC's corporate objectives on CSR and Sustainability are to lead the sector in environment protection including effective ash utilisation, peripheral development and energy conservation practices. It aims to contribute to sustainable power development by discharging CSR to lead the sector in the area of resettlement, rehabilitation and peripheral development.

Significant Indirect Economic Impacts

NTPC's initiatives have had a significant impact on poverty reduction and the overall prosperity of surrounding communities. Underdeveloped areas have witnessed remarkable progress through NTPC's interventions, including improved village infrastructure, better education and healthcare facilities, access to clean drinking water, and enhanced road networks. These benefits are accessible to all community members, regardless of their background. NTPC prioritizes support for individuals from low-income backgrounds through scholarships and vocational training opportunities, promoting education and skill development. Additionally, the company organizes free medical camps and contributes to the strengthening of village infrastructure. NTPC conduct social impact assessments, and environmental impact assessments before start of our power projects and conduct timely monitoring.

Monitoring

- Ensures timely completion of activities to achieve deliverables.
- Regular reviews at the Unit Level identify and address bottlenecks through remedial measures.
- Periodic management information system (MIS) reports provide status updates and address issues in CSR and Sustainability activities. Regional level reviews support Senior Management.
- Corporate-level reviews evaluate company-wide CSR and Sustainability activities, and budget utilization.
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Evaluation

- Effectiveness of CSR and Sustainability Programme is assessed through internal and external evaluations
- Internal audits verify implementation effectiveness, while external agencies conduct Social Impact Evaluations (SIE) to gauge the impact of CSR and Sustainability initiatives.
- Findings from the SIE inform corrective actions and future scheme/planning.

Reporting

- NTPC CSR and Sustainability activities are communicated to stakeholders through the Company's Annual Report, Sustainability/Business Responsibility Reports
- Communication on the progress of the Global Compact by uploading on UNGC Website.
- These reports are uploaded on our website and are available to the public.

Conclusion:

In this study CSR is deeply ingrained in NTPC's culture and it promotes sustainable growth of the community and it recognizing the critical issues of the villages. NTPC is supplementing government's efforts to build roads etc. Education is an effective tool for bringing social change through community development. NTPC adopted a multi-pronged approach to promote quality education in the villages. The measures taken by the company comprises of giving thrust to building educational facilities in the villages. The company is committed to good corporate citizenship and makes constant efforts to build long lasting relationships with member of the society in general and the communities around its plants. Most people in rural areas live in unhygienic conditions and suffer from general ailments and diseases due to lack of awareness and necessary medical help. NTPC has been organizing medical camps to mitigates this problem. NTPC as part of skill development programs to a large number of youths in the society are constrained by inadequate skills leading to irregular employment or unemployment while there is an increasing demand for skilled and talented manpower from the industries.

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