

## Corporate Social Responsibility of GAIL India Limited: A Review

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### Abstract

Corporate Social Responsibility (CSR) is a concept, which states that private corporation or public organization has a responsibility to the society they belong to. It can be described as, the continuous dedication by corporations towards the economic and social development of communities in which they operate. It is the moral obligation to do something for the betterment of others without expecting anything in return. It minimizes the cost as well as risks, thereby, increasing the brand value and reputation of the company. According to Howard Bowen (pp. 3), "CSR refers to the obligations of businessmen to pursue those policies to make those decisions or to follow those lines of relations which are desirable in terms of the objectives and values of our society." The CSR activities need to be in tune with effective strategic policies so that the aim of sustainable environmental, social and economic progress may be achieved. This paper seeks to explain various initiatives taken in the field of CSR by the GAIL India Limited. In doing so, it discusses the growth and the key challenges faced while trying to deliver the activities of CSR.

Keywords: Corporate Social Responsibility, Moral obligation, Strategic policies.

### INTRODUCTION

The term "corporate social responsibility" came into common use in the late 1960s and early 1970s after many multinational corporations formed the term stakeholders, meaning those on whom organization activities have an impact. It was used to describe corporate owners beyond shareholders as a result of an influential book by R. Edward Freeman, Strategic Management: A Stakeholder Approach in 1984. Companies must voluntarily do business in an economically, socially and environmentally responsible manner to be sustainable over the long term. Corporate social responsibility (CSR) refers to business practices involving initiatives that benefit society. A business's CSR can encompass a wide variety of tactics, from giving away a portion of a company's proceeds to charity, to implementing "greener" business operations. CSR is not new in India. Ever since their inception, corporate like the TATA Group, Aditya Birla Group, IOCL, to name few have been involved in serving the community, through donations and charity events. In India, the concept of CSR is governed by clause 135 of the Companies Act, 2013, which was passed by both Houses of the Parliament, and had received the assent of the President of India on 29 August 2013. The CSR provisions within the Act is applicable to companies with an annual turnover of 1,000 crore INR and more, or a net worth of 500 crore INR and more, or a net profit of 5 crore INR and more. The new rules, which will be applicable from the fiscal year 2014-15 onwards, also require companies to set-up a CSR committee consisting of their board members, including at least one independent director (Companies Act, 2013).

### LITERATURE REVIEW:

Every research requires the review of related literature for identifying the smooth contours for finding the correct direction of conducting the research. Corporate Social Responsibility is the duty of everyone i.e. business corporations, governments, individuals because of the reasons: the income is earned only from the society and therefore it should be given back, thus wealth is meant for use by self and the public, the basic motive behind all types of business is to quench the hunger of the mankind as a whole. Khanna, Parul (2011). The fundamental objective of all

business is only to help people. Zairi (2000) proposes that given the proven impact of social responsibility on business performance and corporate image, CSR should be included in business excellence models. By extrapolation, it can be argued that if CSR impacts on factors including company reputation and corporate image, that it shares characteristics with, and therefore can be regarded implicitly as an integral component of at least some models of corporate identity. (Ahmed, Khalil, Mohammad). CSR holds a very important place in the development scenario of the world today and can pose as an alternative tool for sustainable development. As companies have shown great concerns for their immediate community and the stakeholders, it can be safely concluded that much of the fate of society lies in the hands of the corporate.

## 2.2 Objective

The objective of this paper is to study and generate information of corporate social responsibility that took place in the recent years in GAIL India Ltd.

1. To study the policies and practices of social responsiveness of the Gas Public Sector Undertakings GAIL.
2. To understand the perception of the executives of the Gas PSUs in performance of the CSR.
3. To examine the impact of corporate decisions and actions in discharging social responsibilities upon the society in general and environmental issues in particular.

## 2.3 Methodology

The research paper is an attempt of exploratory research, based on secondary data sourced from journal, media reports, magazine, articles and website of GAIL.

## 2.4 GAIL (India) Ltd

GAIL (India) Limited was incorporated in August 1984 as a Central Public Sector Undertaking (PSU) under Ministry of Petroleum & Natural Gas (MoP&NG), with the Mission of “accelerating and optimizing the effective and economic use of Natural Gas and its fractions for the benefit of the national economy”. Government of India now holds 51.45% shares of the company. GAIL became a Navratna in 1997 and is now one of the ten Maharatna Public Sector Undertaking, the highest status conferred to any PSU. GAIL started as a Gas Transmission Company during the late eighties and has grown organically by setting up a large network of Natural Gas pipelines of approx. 13,718 Km; two LPG pipeline systems of approx. 2000Km; five Gas Processing plants for production of LPG and other liquid hydrocarbons with a combined production capacity of around 1.4 MMTPA and a co-promoter of two other petrochemical projects including 280 KTPA Brahmaputra Cracker and Polymer Limited (BCPL) Complex in Assam and 1.4 MMTPA ONGC Petro-additions Limited (OPAL) project in Gujarat. Petro net LNG, a JV of GAIL, Operated two LNG regasification terminals at Dahej & Kochi. GAIL is also the promoter of Konkan LNG Limited (KLL) which operates LNG regasification terminal at Dabhol with design capacity of 5 MMTPA. GAIL has renewable portfolio of 128.71 MW including 117.95 MW of wind and 10.76 MW grid connected captive solar power plant at Pata Petrochemical Complex. GAIL is a pioneer in city gas distribution (CGD) business in India. Presence in 62 Geographical Areas across India with 10 JVs and one wholly owned subsidiary. GAIL has executed a long-term LNG sale and purchase agreement with Sabine Pass Liquefaction LLC for purchase of 3.5 Million Tons per Annum (MMTPA) and Gazprom Marketing and trading Singapore for supply of 2.85 MMTPA of LNG. It is schedule ‘A’ Maharatna CPSE with the administrative jurisdiction of Ministry of Petroleum & Natural Gas. The Company employed 4754 regular employees (Executives: 3893, Non-Executives: 861) as on 31.03.2022. The authorized and paid up capital of the Company was Rs.5000 crores and Rs.4440.39 crores, respectively as on 31.03.2022. The shareholding of the Government of India in the Company was 51.45% as on 31.03.2022. Its Registered and Corporate offices are at New Delhi.

## 2.5 Policies of GAIL

GAIL believes, it is in responding to the needs of the people, benefitting communities and protecting the environment that will ultimately determine the sustainability of continued progress

GAIL (India) Ltd., with a turnover of 7.2 billion US \$ is India's largest natural gas company and ranked as the top gas utility in Asia. But GAIL is more than just a gas company. As a conscious corporate citizen, the organization believes that it has a social purpose. The rigour and strategic thought that drives GAIL to be consistently ranked among the top gas utilities in the world, also drives its CSR initiatives. GAIL's motto statement 'Tomorrow is yours' is also a reflection of the hopes, aspirations and dreams of the many beneficiaries of the CSR initiatives. At GAIL, every year two percent of Profit after Tax (PAT) is earmarked for various CSR programmes of the Company that are structured to result in effective outcomes. It follows global best practices in identifying, implementing, sustaining and monitoring its CSR programmes to maximize sustainability, scalability and transparency.

## 2.6 Resources for CSR

GAIL allocates 2% of the avg. net profit (PBT) of the preceding 03 financial years towards achieving its CSR objectives through implementation of meaningful & sustainable CSR programmes. The same is in alignment with the provisions of Section 135 of the Companies Act, 2013.

CSR initiatives at GAIL cover a wide spectrum of welfare and developmental activities spanning across various focus areas and are mostly undertaken in and around our major work centres.

## 2.7 Identification of focus areas

GAIL shall undertake CSR projects or programmes targeted at upliftment of beneficiaries belonging to the under privileged section of the society. The overarching goal of GAIL's CSR initiatives is socioeconomic empowerment of people from all disadvantaged groups, as per the intent and provisions of Schedule VII of Companies Act, 2013. Keeping in view the spirit of executing CSR activities, the broad umbrella of GAIL CSR initiatives will be titled 'GAIL Hriday' (Corporate with a Heart).

GAIL shall undertake CSR projects in sectors as identified under Schedule VII of the Companies Act, 2013 with special focus on the areas given below, each of which is titled by the objective they seek to achieve:

- I. **GAIL Arogya (Wellness)** - Nutrition, Health and Sanitation and Drinking Water projects.
- II. **GAIL Ujjwal** (Towards a Bright future) – Education initiatives.
- III. **GAIL Kaushal** (Skill) - Livelihood Generation and Skill development initiatives.
- IV. **GAIL Unnati** (Progress) - Rural Development.
- V. **GAIL Sashakt** (Empowerment) - Women Empowerment initiatives.
- VI. **GAIL Saksham** (Capable) - Care of the elderly and differently abled.
- VII. **GAIL – Harit** (Green) - Environment centric initiatives.

The nature of the CSR programmes to be undertaken under each of the above focus areas will be indicated in the 'Operating Guidelines to GAIL CSR Policy'.



## CONCLUSIONS

CSR have no boundaries and are not constrained by race, color, or religion. GAIL has spent highly on SBA & it became the first Indian PSU to avail content Index certified by Global Reporting Initiative (GRI). CSR headed by C&MD as Chairman of the committee, Director (HR) Joint Secretary of the concerned ministry. Gail has done remarkable work for the employment generation of local people at different places and also done very well in the rural infrastructure creation in the form of electrification and street lighting where state government was not able to lay electric line, GAIL has electrified through solar light.

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