

CORPORATE SOCIAL RESPONSIBILITY OF CHEMICAL FERTILIZER COMPANIES – A STUDY WITH SPECIAL REFERENCE TO FERTILIZERS AND CHEMICALS TRAVANCORE LIMITED (FACT)

By

Prof. MANJULA.R.
Head and Research Scholar,
Dept. of Commerce (Self Financing),
Bharata Mata College
Seaport Airport Road, Thrikkakara
Ernakulam District – 682 021, Kerala, India
E-mail: iyer.manjula@gmail.com

Abstract: The era of corporate organizations paying lip service to social responsibility is fast coming to an end. The recent past has seen corporate social responsibility becoming a process from a concept and also organizations deriving value from this initiative. The purpose of the present paper is to study innovative practices of CSR by Indian Corporates and also the level of CSR initiatives taken by the FACT Cochin Division. Though there are several industries in the Indian corporate sector, the Chemical industry is considered as one of the highly polluting industries. Therefore the researcher has taken a special effort to analyse the social commitment of this company with financial as well as market performance. The study mainly explores the various Corporate Social Responsibilities (CSR) of FACT Ltd. The paper examines how the Company, view and conduct their CSR activities. The study is based on secondary data collection and use of content analysis technique to assess CSR practices of Chemical Industries.

Keywords:

Corporate social responsibility, CSR budget allocations, financial performance,

India has become one of fast growing economies of the world. As an emerging market all are looking at India from an international perspective. At the stage when India is set to acquire a global position, it is essential to gauge whether the economic growth is due to successful business operations. Organizations must realise that government alone will not be able to get success in its endeavor to uplift the downtrodden of society. The present societal marketing concept of companies is constantly evolving and has given rise to a concept-Corporate Social Responsibility. Many of the leading corporations across India had realized the importance of being associated with socially relevant causes as a means of promoting their brands. CSR refers to the corporation's obligation to all the stakeholders. It stems from the desire to do well and get self satisfaction in return as well as societal obligation of business. Today, CSR in India has gone beyond merely charity and donations, and is approached in a more organized fashion. It has become an integral part of the corporate strategy. Companies have CSR teams that devise specific policies, strategies and goals for their Corporate Social Responsibility programs and set aside budgets to support them.

The Fertilizers and Chemicals Travancore Ltd (FACT) is one of the prominent Manufacturers and Producers of Agricultural Supplies and Fertilizers in Ernakulam in Government Sector. It was incorporated in 1943. FACT has business interests in manufacturing and marketing of fertilizers, caprolactam, engineering

1. INTRODUCTION

consultancy and fabrication of equipments. Units of FACT include the two manufacturing divisions Udyogamandal Complex-UC and Cochin Division-CD, the consultancy unit FACT Engineering and Design Organization-FEDO, the fabrication division FACT Engineering Works-FEW and the Marketing Division. The Company has also interests in petrochemicals, hydrometallurgy, chemicals and pharmaceuticals. Company is engaged in manufacture and marketing of fertilizers and petrochemicals, engineering consultancy and design and in fabrication and erection of industrial equipments. The Company operates in two segments: Fertilizer, which includes ammonium phosphate, ammonium sulphate, mixtures, muriate of potash (MOP) and urea, and Petrochemical, which include caprolactam.

FACT is providing plant nutrient at low cost which are useful for the crops. The Company manufactures and markets the important types of Bio-Fertilizers which are used to supplement chemical fertilizers as also to maintain soil fertility.. The Company's Bio-Fertilizers are known to stimulate and accelerate the growth of the plants. It has concocted them in the right measurements for the perfect growth of plants and these Bio-Fertilizers can be available at very reasonable prices. The Fertilizers and Chemicals Travancore Ltd also produces one of the most sought after fertilizers in the agricultural sector, called multi micronutrient fertilizers. With due care and expertise, the skilled professionals successfully produce perfect micronutrient fertilizers in almost all the states of India.

2. OBJECTIVES OF THE STUDY

1. To explore the social commitment of Chemical companies with financial as well as market performance.
2. To understand the various corporate social responsibilities (CSR) of FACT, Cochin Division
3. To understand the present day practices of CSR activities in Indian Corporates.

3. RESEARCH METHODOLOGY

It is a cross sectional study which is explanatory in nature. It involved secondary data collection and use of content analysis technique to assess CSR practices of FACT, Cochin Division.

4. SOURCE OF DATA COLLECTION

Secondary data has been collected from text books, research papers, and websites and from Company publications.

4.1.CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES OF FACT LTD

FACT has been always giving top priority for the care of society and environmental protection. The Company has reported negative profits for the past few years and even though it is not mandatory to contribute towards CSR, but as a responsible entity it provides much for the society as a whole. The Company had installed start-up alkali scrubbers for all its Sulphuric acid plants to ensure that the SO₂ emission and the resulting atmospheric pollution during start-up is minimised. Production units of FACT are ISO 14001 certified units, which always give top priority to ensure clean air and better living environment to the inhabitants around the factory. The effluent treatment plant is kept in operation along with the parent plant throughout the year for treating the effluents by effective pollution control measures. The characteristics of the treated effluents leaving the factory and the emission from the stakes are maintained within the limits set by the Kerala State Pollution Control Board. The Company have 3 computerized ambient air monitoring station installed at Udyogamandal to monitor the quality of the air around the factory and nearby areas to ensure a clean environment.

Following are some of the other Corporate Social Responsibility measures undertaken by the company

- a. **Village Adoption Programme:** Under the Village Adoption Programme, 10 progressive farmers having at least one acre of land, in a village are identified. The soils of the plots are analyzed for major, secondary and micro nutrients. Based on the soil test results, soil and crop specific nutrients as per the respective State Agricultural University recommendations in the form of a proprietary fertilizer mixture developed by FACT are given to the farmers. In addition, micronutrients specified by the University were supplied free of cost. FACT has conducted 8 such Village Adoption Programmes in Kerala, Tamil Nadu, Andhra Pradesh and Karnataka.
- b. **Farmer Training Programme:** The farmer training programme is intended to impart training to limited group of 20-25 farmers on balanced use of fertilisers based on soil test results. The objectives of this programme are to create awareness on soil sampling methodology and use of balanced fertiliser based on soil test results. FACT has conducted 10 Farmer Education Seminar, in all the four Southern States. Regular agricultural seminars, dealer training programmes, crop campaigns, field demonstrations etc, are conducted. This helped the farmers to gain experience of scientific practices to be adopted for successful farming. The Company's field's staffs regularly makes follow up to clarify doubts if any, and inculcate the adoption of modern technology for integrated farming.
- c. **Field Demonstration:** The Field Demonstration Programme aims to demonstrate the effectiveness of correct fertiliser application at farmer level. For this, one acre of plot of the farmer is divided into 2 equal plots -control plot and treatment plot. In control plot, farmer's practice is followed. In

treatment plot, Agricultural University recommended FACTMIX is given based on soil test results. The yield difference between treatment plot and control plot are compared.

- d. **Agri-FACT Extension Centers:** Five Agri-FACT Extension Centers were set up and they acted as nodal centers for transformation of technology to the farming community in different parts of the State.
- e. **Soil Testing and Agronomy Services:** Soil samples were analysed at free of cost and results with crop specific fertilizer recommendation were communicated to the farmers. The Company's field staff from various villages in the states of Andhra Pradesh, Karnataka, Tamil Nadu and Kerala collects samples from remote tribal areas with limited access to Government laboratories. Based on the soil tests the farmers were educated on the agronomic practices to be adopted, namely crop variety selection, type of soil tillage to be adopted, use of available organics in fields, dosage of fertilizers to be used etc. These activities have benefited the farming community to maximize their crop yields.
- f. **Drinking Water supply:** FACT processes water from the River Periyar at their advanced drinking water facility for their Industrial/township needs. To meet the scarcity of water in Eloor Panchayats, FACT is providing about 1500 M3 water per day to more than 500 residential users of the Eloor Grama Panchayats. Company also provides water to Amritha Institute of Medical Sciences by charging only a nominal amount.
- g. **Official Language:** FACT continued to give top priority for the implementation of the provisions of the Official Language Act for the spread of our National language- Hindi. The Company regularly conducts meetings to review the progress made in the use of Rajabhasha. Company is providing incentives for employees who are doing excellent work in Hindi. The Company in the year 2011-12, conducted a one day Official Language Conference for official language staff of Central Government Offices and PSUs in Cochin and Research Students of Cochin University. The company is regularly conducting Hindi workshops, spoken Hindi classes, Rajabhasha Orientation Programme, Rajabhasha Seminar etc. The company has also conducted various Hindi competitions for spouse and children of FACT employees, students of neighboring schools, and students of the schools in Ernakulam Revenue District and for the employees of other Public Sector Undertakings.
- h. **Pollution Control Activities:** All Fertiliser Plants in Udyogamandal complex is certified for ISO 14001 which always gives top priority to ensure clean air and better living environment to the inhabitants around the factory. The Effluent Treatment Plants and emission control facilities are kept in operation along with the parent plant throughout the year and treated liquid effluents and gas emissions discharged from

plants confirmed to the standards prescribed by the Kerala Pollution control Board. FACT has three computerised ambient air quality monitoring stations to monitor the quality of the air around the factory and to ensure a clean environment in the locality. During the year saplings were planted at company premises as a measure of Green Belt Environment. The Cochin Division has also maintained all effluent parameters within limits as specified by the statutory authorities. One of the NPK equalisation tanks was cleared of accumulated sludge and civil repairs carried out thereby increasing its holding capacity. The hazardous wastes generated by the Company viz Aresenic waste and spent V205 catalysts are disposed through Kerala Environ Infrastructures Ltd (KEIL) in accordance with the standards stipulated by the Government.

- i. **Fire and Emergency Services:** The Company maintains a well equipped fire services to provide fire and rescue services in times of emergency. These services are provided free of cost to the surrounding areas in the district.
- j. **Training facilities:** In addition to Employees and Apprentices Training, FACT Training Centre has of late emerged as a Skill Development Academy offering the following courses, utilizing its resources for the benefit of the public at large:
 - One year Diploma in Fire & Safety Engineering for ITI/Plus 2 passed students.
 - 3 months Certificate course in Heavy Equipment Operation
 - 3 months Certificate course in Instrumentation & Maintenance
 - Kerala Institute of Welding & Research, a Joint Venture with Government of Kerala, functioning at FACT Training Centre has started a 3 months Certificate course in Welding leading to award of IBR certificate in Welding.

5. PRESENT DAY PRACTICES OF CSR IN INDIAN COMPANIES

Earlier days most of the discussion of social responsibility was based on Charity/Philanthropy, CSR is far from this. CSR must be based on sustainability parameter. Corporate social responsibility (CSR) has a powerful potential to make positive contributions to addressing the needs of disadvantaged communities in developing countries. On the other hand, there are ways in which CSR could, whether by mistake or design, damage the same communities, politically, socially and economically. There are several companies in India involved in diverse issues such as healthcare, education, rural development, sanitation, microcredit, and women empowerment. Analysis of several surveys in India suggest that though many companies in India have taken on board the universal language of CSR, seem to be in a confused state. Individual companies define CSR in their own limited ways and contexts. The end result being that all activities undertaken in the name of CSR are mainly philanthropy, or

an extension of philanthropy. It seems that CSR in India has been evolving in domain of profit distribution. There is a need to increase the understanding and active participation of business in equitable social development as an integral part of good business practice.

6. CONCLUSION

The aim of Social responsibility of the corporate is to create higher standard of living, while preserving the Profitability of the organizations, for people within and outside the organizations. CSR is a concept which suggests that commercial corporations must fulfill their duty of providing care to the society. FACT is committed to maintaining the work environment safe and secure and healthy for its employees and stake holders and there by the sound principles of Corporate Governance. The Company complies with all applicable laws and regulations relating to safety and health in the work place. It is expected that everyone should promote a positive working environment for all. Any unsafe or hazardous conditions or materials, injuries and accidents connected with the business should be reported. All kinds of threats or acts of physical violence or intimidation are prohibited. The Raw materials/utilities consumption of all the products is monitored regularly by evaluating the critical parameters. The raw-material/energy efficiency is reviewed on monthly basis to identify the weak areas and rectify the shortcomings. Efforts are being made for energy conservation utilizing variable frequency drives wherever possible and introducing solar panel lighting in office buildings. The corporate philosophy on Corporate Governance has been to ensure fairness to stakeholders through transparency, full disclosures, empowerment of employees and collective decision making. It help employees or their families, also extends its scope of CSR activities to the families of those that they see beyond the glass cabins in rustic surroundings.

7. REFERENCES

- [1] Jorge A. Arevalo and Deepa Aravind "Corporate Social Responsibility practices in India, Approach, Drivers and Barriers", 2011, vol-11 pp 399-414,
- [2] Chih Hung Chen, "The Major Components of CSR", Journal of Global Responsibility, Vol-2, N0-1, pp 85-99
- [3] Daniel silberhorn and Richar C Warren, "Defining CSR
- [3] www.sustainability.com 2013
- [4] <http://fert.nic.in/page/national-fertilizers-limited-nfl>
- [5] Welford, R. (2011) 'Corporate Social Responsibility in China and India' Journal of Corporate Citizenship, Issue 17.
- [6] <http://fert.nic.in/page/fertilizers-and-chemicals-travancore-limited-fact>
- [7] www.nationalfertilizers.com