

Role of CSR in Socio-Economic Development: A Case Study of Mahanadi Coalfields Limited (MCL), Odisha

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ABSTRACT

Corporate Social Responsibility or CSR implies a strategic initiative that contributes to brand's reputation. According to Archie Carroll, CSR can be understood as a pyramid of responsibilities namely; economic, legal, ethical & philanthropic framework aims to achieve societal objectives. The study generally explores how MCL's CSR initiative contributes to sustainable development goals and integrating ethical practices by promoting social equity and environmental sustainability. The analysis highlights to know the impact of CSR activities in various areas such as poverty alleviation, employment generation, healthcare services and environmental conservation etc. By aligning corporate goals with the needs of communities and the environment, CSR enhances economic opportunities, promotes social inclusion, and mitigates environmental risks. The study addresses the role of CSR activities in socio-economic development and also explains the allocation of funds of MCL in various developmental activities of Odisha. To make comparative analysis various tools and techniques such as trend percentage, tables and graphs are used from data of five years i.e., FY 2018-19 to FY 2022-23 through secondary sources of information available from annual reports of MCL, Odisha. The study concludes that by adopting innovative and collaborative approaches, MCL's CSR contribution can drive systemic change, balancing profit motives with their responsibility to society and sustainable development.

Keywords- CSR, Social Equity, Environmental Sustainability, Socio-economic, Sustainable development.

I. INTRODUCTION

Social responsibility is the duties or obligation of pursuing policies, making valuable decisions or to follow those line of action which are desirable for the objectives and values of society's development. In recent global economy and corporate culture, the concept of CSR has become an increasingly significance influence on modern business. It is the most powerful weapon for promoting sustainable development and addressing socio-economic challenges impacted by industrial activities. Corporate social responsibility (CSR) is the continuing commitment of corporation to behave in an ethical manner through discretionary business practices and its contribution towards socio economic development or for improving the quality of life of both community and society at a large. Corporate sustainability involves an attempt to measure various performance based on social and environmental dimensions of products, process and strategies in to business activities and also incorporate social and business norms in practice. Both corporate governance and CSR focuses on better image of an organisation encourages to promote fairness, transparency, ethics and accountability in its performance. So, it is difficult to make distinguish between corporate governance and CSR activities as both are extremely importance for companies' reputation. In India, CSR is legally mandated under section 135 of schedule II of Companies Act 2013 making significant shift towards the goal of fostering inclusive growth by spending a portion of their profit for the society's benefit.

Eligibility criteria: if a company (includes foreign company with project or branches in India) having immediately preceding three financial year;

- Minimum net worth of more than ₹ 500 crores or
- Turnover of more than ₹ 1000 crores or

- Having net profit of more than ₹ 5 crores

A company should spend at least 2% of profits in CSR activities. When we concern about the concept of business ethics, it is important for each and every enterprise to understand that ethics involves positive or negative, guiding principle about right or wrong decisions in the organisational context. Usually, business ethics plays a crucial role in creation of a good work culture and mutual trust among employees and also helps to enhance the brand value of the organisations.

About MCL: MCL was incorporated on 3rd April 1992. It is a subsidiary of Coal India Limited (CIL), as one of the largest coal producers in India. Its operation is primarily in Odisha, a state having rich in natural resources yet grappling with certain developmental challenges. MCL has taken a proactive approach through CSR activities aiming to address various issues such as poverty, unemployment, lack of infrastructure and environmental degradation in the regions surrounding its operation. MCL's CSR programs seek to tackle this problem by focusing on health care services, education, skill development and environmental sustainability through inclusive growth of society. MCL has its coal mines spread over four districts of Odisha namely Sambalpur, Deogarh, Dhenkanal and major part of Talcher coalfields falling within Angul districts of Odisha. The company stood 1st rank position in terms of spending CSR funding in developmental activities of Odisha. The head office of MCL is located at Sambalpur district of Odisha.

II. REVIEW OF LITERATURE

It was emphasized that the present study employs a qualitative theoretical research technique and utilizes secondary data to examine the influence of corporate social responsibility (CSR) on the collapse of the agriculture business. It was found that the researcher study highlights that the CSR initiatives in India focus on sustainable practices, farmer welfare, technology dissemination, fair market access, community development, environmental conservation, women's empowerment, and collaborations (Simte & Singh, 2024). The researcher has highlighted that the primary part gives an understanding about the idea of Corporate Social Responsibility (CSR) and its relationship between organisational ethic and culture with its other dimensions and comparability over the period. The researcher has been collected from data sample of 200 respondents based on purposive sampling technique has been selected and interviews have been conducted to collect the primary data. It was found that the MCL has done very good work for the welfare of people and community development (Meher, 2024). It was shown that the main part of the Indian corporate is appropriate the number of shares of their CSR concerning the health and sanitation sector followed by agriculture and rural development, and education. It was found that the CSR expenditure of the companies have different from the sustainability (Banerjee & Pulikkamath, 2019). It was examined the combination between corporate governance and corporate social responsibility. It has been proven that learning about corporate governance, model, CSR, Board of Directors, CSR committee and the evaluation of social audit, coverage of CSR, Benefits of neighborhood citizens, mechanism of employments and neighborhood welfare activities (Rajendran & Vethirajan, 2022). It was studied that the crucial achievement is to demonstrate the role that CSR plays in measuring the impact on rural development and sustainable development. It was found that this includes corporate social responsibility from an Indian perspective and Carroll's pyramid (Malhotra et al., 2021). It used to be highlighted that the logical query that follows this premise; due to the fact expenditure via CSR was already obligatory in India had been used in addition to refinement of the enablers. It was found that the enablers revealing their inter dependent and members of the family and the model of used to Interpretive Structural Modelling (ISM) which added out the contextual relationships amongst the enablers (Kanji & Agrawal, 2020). The researcher study was based on qualitative assumptions, it used secondary resources to collect potential information from annual reports, published journals, and previous studies. It was found that the subject of the significance of CSR activities was adopted context of India (Hole et al., 2019). It was analyzed that the effort used to be made to draw the link between Corporate Social Disclosures (CSD) or Sustainability Reporting (SR) and Corporate Reporting (CR) and their relevance to inclusive Corporate Governance (CG) by exploring the principles and their interlinks beside shown up the need and significance for each voluntary disclosures and obligatory reporting of CSR activities (Yadav & Budhiraja, 2019). The researcher revealed that the purpose of the study was to highlight and compare various CSR activities carried out by Mahanadi Coal Fields Ltd (MCL) and National Aluminum Company Ltd (Nalco) between the financial year 2011-12 and 2015-16. It was found that the CSR activities practiced by other public sector companies have suggested providing a better quality of life for the community residing in the environs of their plant and facilities (Mohanty, 2017). It was suggested that the substantial expenditure of money and efforts by the industry of CSR initiatives could cause very limited outcomes. It was shown that the integration of industry and conducting standard measurement practices for the CSR activities measures in core business operations of the need assessment before undertaking CSR activity as well as periodical impact assessment to align CSR activities with sustainable development goals (Singh & Mishra, 2016).

1. Objectives of the Study

1. To understand the concept or role of CSR activities in socio-economic development of people of Odisha.
2. To study the allocation of expenditure of Mahanadi Coal field limited (MCL) in various developmental activities of Odisha.

2. Methodology

The study made on the details CSR initiatives of the company taken from various data and annual reports available on the websites of MCL, Odisha. Secondary methods of data collection are used for the study. For the purpose of analysis and interpretation of the MCL towards CSR activities five years data i.e. FY 2018-19 to 2022-23 have been collected through secondary sources of information. Statistical tools such as percentage, table, charts and trend analysis were used to make comparative analysis for the study period.

3. Data Analysis

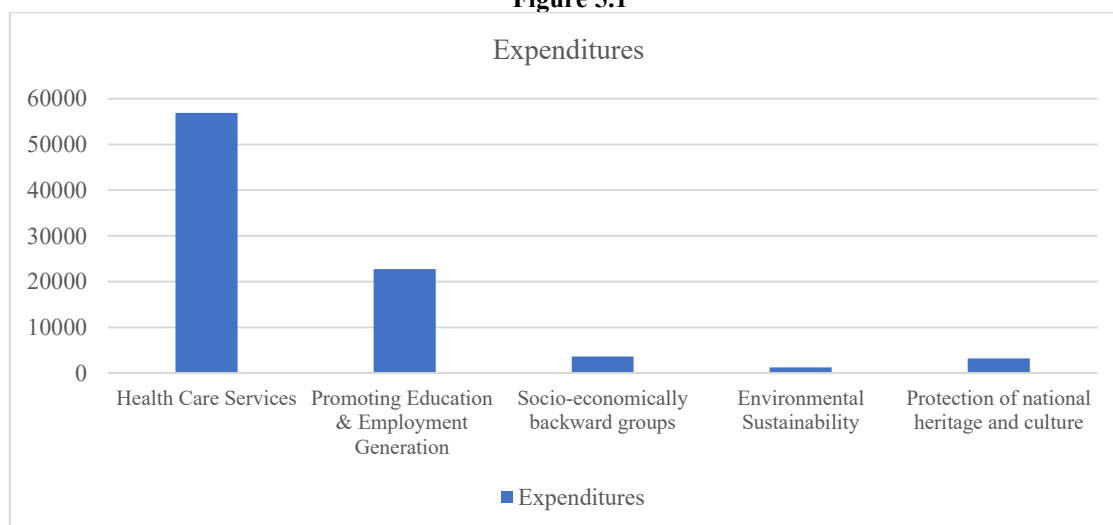
Table 5.1 Allocation of CSR Expenditure of MCL, Odisha on various Developmental Activities (in Crores)

Activities	Expenditures					Total
	2018-19	2019-20	2020-21	2021-22	2022-23	
Health Care services	5401.22	5140.17	16462.71	21443.59	8451.76	56899.45
Promoting Education & Employment Generation	6941.82	7913.48	1078.81	1170.79	5660.01	22764.91
Social-economically backward groups	623.11	725.7	413.75	666.89	1182.44	3611.89
Environmental Sustainability	245.78	410.65	94	168.6	304.79	1223.82
Protection of national heritage and culture	757.02	620.38	286.73	42.79	1139.54	3224.46

Source: Annual Report, MCL, Odisha

Table 5.1, shows the expenditure of MCL's CSR activities on various sectors taken for last 5 years data i.e., FY 2018-19 to 2022-23. It shows that there was higher allocation of funds in health care services i.e, ₹ 56899.45 crores and less amount i.e, ₹ 1223.82 crores of expenditure made on environmental sustainability.

Figure 5.1



Source: Annual Report, MCL, Odisha

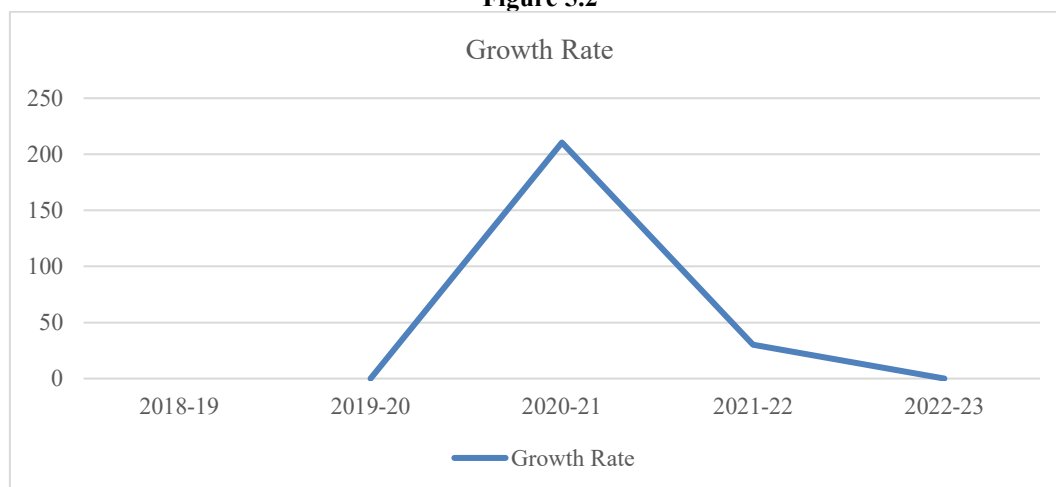
Table 5. 2 Health Care Services

Year	Actual Expenditure	Growth Rate
2018-19	5401.22	
2019-20	5140.17	(-)4.83
2020-21	16462.71	210.47
2021-22	21443.59	30.26
2022-23	8451.76	(-)60.59

Source: Annual Report, MCL, Odisha

Table 5. 2 makes it apparent that MCL's CSR activities on health care services in FY 2021-22 was very high i.e, ₹ 21443.59 crores and in FY 2020-21 more funds flow in health care services during COVID-19 pandemics. A huge growth rate of expenditure made in FY2020-21 i.e, 210.47% as compared to FY 2019-20. As the growth percentage based on previous year data there was no growth rate in FY 2018-19 and during FY 2019-20 it gives negatives in growth i.e, 4.83%.

Figure 5.2



Source: Annual Report, MCL, Odisha

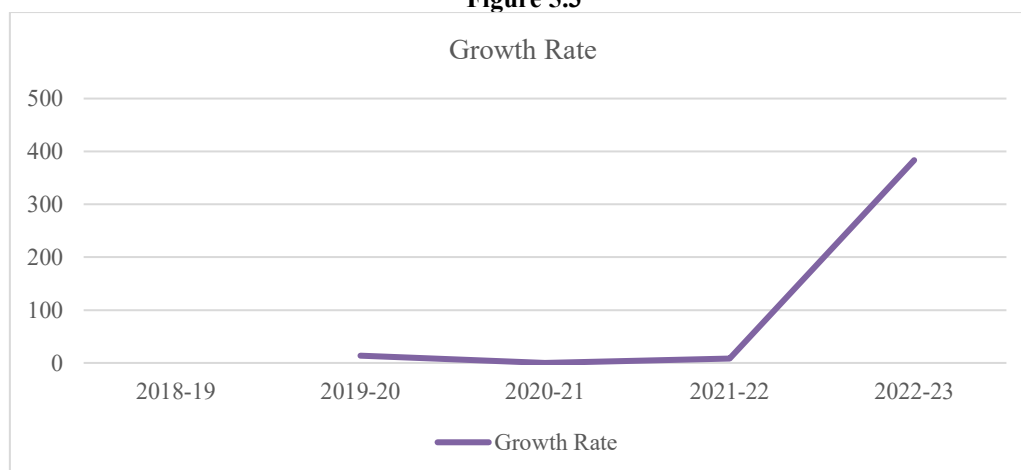
Table 5.3 Promoting Education & Employment Generation

Year	Actual Expenditure	Growth Rate
2018-19	6941.82	
2019-20	7913.48	14.00
2020-21	1078.81	(-) 86.4
2021-22	1170.79	8.38
2022-23	5660.01	383.43

Source: Annual Report, MCL, Odisha

Table 5.3 depicts a large amount of expenditure made in FY 2019-20 i.e., ₹ 7913.48 and shows growth percentage of 383.43 % in FY 2022-23 in generating employment opportunity as compared to all four years data. It also have seen that negative growth rate in FY 2020-21 i.e., 86.4% while less amount of expenditure made during FY 2020-21.

Figure 5.3



Source: Annual Report, MCL, Odisha

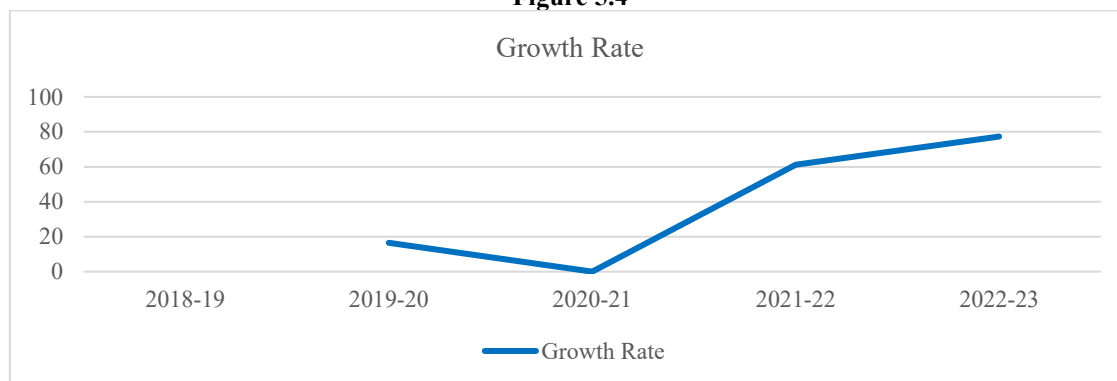
Table 5.4 Social-economically Backward Groups

Year	Actual Expenditure	Growth Rate
2018-19	623.11	
2019-20	725.7	16.46
2020-21	413.75	(-) 43.07
2021-22	666.89	61.18
2022-23	1182.44	77.31

Source: Annual Report, MCL, Odisha

The above table reveals that the CSR expenditure in the FY 2022-23 on social backward groups was more as compared to other four financial years i.e., 2018-19, 2019-20, 2020-21 and 2021-22. It also shows less amount of expenditure made in FY 2020-21. A high growth rate of expenditure made in both FY 2022-23 & 2021-22.

Figure 5.4



Source: Annual Report, MCL, Odisha

Table 5.5 Environmental Sustainability

Year	Actual Expenditure	Growth Rate
2018-19	245.78	
2019-20	410.65	67.08
2020-21	94	(-) 77.11
2021-22	168.6	79.36
2022-23	304.79	80.78

Source: Annual Report, MCL, Odisha

As mentioned in table 5.5 the CSR expenditure of MCL on environment sustainability was higher in the FY 2019-20 i.e., ₹ 410.65 crores & decreases in 2020-21 i.e., ₹ 94 crores. It reflects positive growth percentage in all three FY 2019-20, 2021-22, 2022-23 and decline trend in FY 2020-21 i.e., 77.11 %.

Figure 5.5



Source: Annual Report, MCL, Odisha

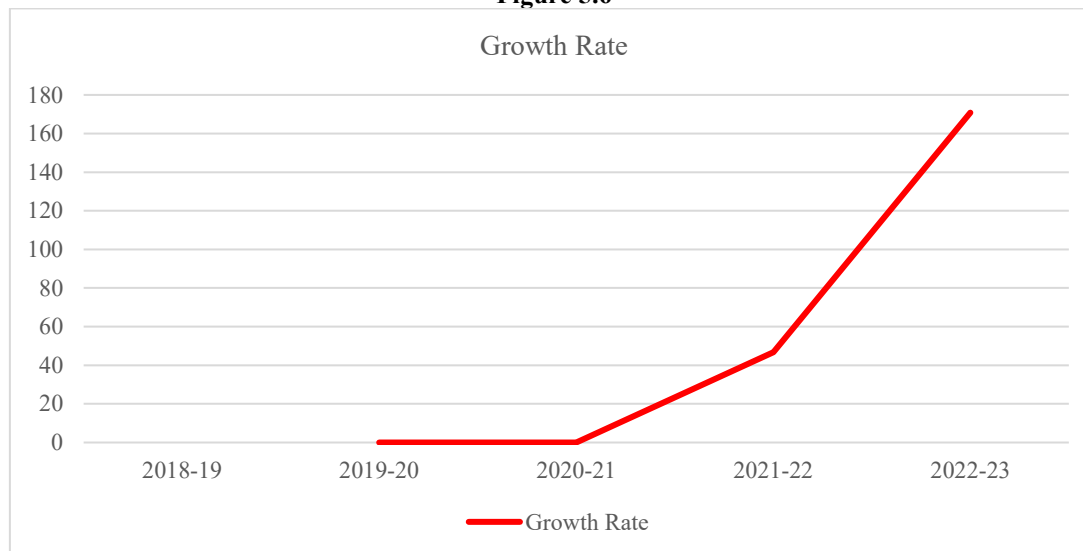
Table 5.6 Protection of national heritage and culture

Year	Actual Expenditure	Growth Rate
2018-19	757.02	
2019-20	620.38	(-) 18.05
2020-21	286.73	(-) 53.67
2021-22	420.79	46.75
2022-23	1139.54	170.81

Source: Annual Report, MCL, Odisha

Table 5.6 gives a remarkable increase in CSR funds from FY 2020-21 to 2022-23. It depicts more amount of expenditure made in conservation of natural heritage and culture and there was a high growth percentage in FY 2022-23 i.e., 170.81% as compared to all three previous years. A less amount of expenditure made in FY 2020-21 i.e., ₹ 286.73.

Figure 5.6



Source: Annual Report, MCL, Odisha

III. Results and Discussions

The role of Corporate Social Responsibility (CSR) in fostering socio-economic development is crucial, especially in resource-rich regions like Odisha. Mahanadi Coalfields Limited (MCL), as a prominent public sector organization, has been instrumental in driving sustainable development in its operational areas. This discussion highlights the key results and observations from the study.

1. From the data analysis, it observed that MCL channelize most of the CSR funds towards the establishment of hospitals and provide improved technology in health care unit for local communities. During Covid-19 pandemic it allocate more expenditure for medical and health facilities.
2. It is found that there is higher growth percentage in the flow of funds of MCL's CSR activities towards the conservation of national heritage and cultural activities.
3. It is further observed that during FY 2021-22 & 2022-23 most CSR expenditure spend towards the generation of employment opportunity and environmental sustainability to mitigate the adverse effects of mining on the ecosystem.
4. The growth rate of economic backward groups increases exponentially from FY 2021-22 and 2022-23. It means the efforts of MCL in CSR programmes have led to enhance skill development, income generation and provides better living standards in the operational areas of the company.

IV. CONCLUSIONS

The philosophy and spirit of CSR should be understood and instilled by employees at all levels and should be ingrained in the company's core values. But in practice, such a foundation for CSR is lacking. International expectations and legal requirements for CSR in India are clearly stated. Though the industry is also making efforts in line with them, the results seem weak in terms of sustainable development. There is a clear gap between the industry's stated intentions regarding sustainable development and the actual implementation of CSR policies. Though the implementation of CSR effort by MCL, odisha in recent years has been very encouraging, further preparatory work is required to achieve the goal of sustainable development. MCL's CSR efforts have contributed significantly issues such as unemployment, illiteracy and environmental degradation. The company focuses skill development in backward groups and boosted local economies by investing in education and enhanced health services as social welfare indicators. The study concludes with recommendation for improving the effectiveness and reaching the vision of MCL's CSR activities through emphasizing the need for greater community involvement, regular impact assessment and built congenial relationship. This study demonstrates the transformative potential of CSR activities in fostering business operation, inclusive growth and achieve sustainable socio-economic goals in future.

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