

PVUNL Model of Community Development Amid COVID-19

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ABSTRACT

On 30th January 2020 World Health Organization declared a public health emergency of international concern over the global outbreak of novel corona virus. It asked all nations to review preparedness plans, identify gaps, and evaluate the resources needed to prevent, identify, isolate and care for the cases arising out of the transmission of the virus.

On 23rd March, India decided to allow the use of CSR funds for COVID-19 related activities. Patratu Vidyut Utpadan Nigam (PVUN) Limited is under project construction phase. It need not carry out CSR activities. Yet, it came forward to help all the stakeholders through local and district administration. It helped district administration in creating facilities for prevention and cure of COVID-19 under Community Development programme.

Though PVUNL's efforts were applauded, it wondered how could it do more to help the people in need, local administration, and district administration in the fight against the pandemic?

Dilemma/Questions: India declared nationwide lockdown to prevent the spread of novel Corona Virus on 23rd March. In such a situation how PVUNL managed to carry out the activities to help the people in need, local administration, and district administration in the fight against the pandemic?

Theory: This case is related to Corporate Social Responsibility/ Community Development program. The decision to allow COVID-19 related expenditure to be included in CSR expense may be a part of Strategy Management.

Basis of the Case: The case is based on the global event caused by novel SARS Corona Virus leading to death of thousands of people across the world due to COVID-19.

Type of the case: Applied Problem Solving

Protagonist: Present

Findings/Options: Based on the notification by the Ministry of Corporate Affairs, GoI, regarding the inclusion of COVID-19 related expenditure in CSR expenses, PVUNL could hand over or transfer the balance of CD program fund to the concerned authorities. But it accessed the need of the stakeholders and decided to make a meaningful expenditure to deliver maximum benefit to the society whereas ensuring its visibility and brand building.

Discussions/Case questions:

1. Critically analyse the decision of the Government of India to include COVID-19 related expenses under CSR expenditure?

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Disclaimer: This case has been developed for classroom discussion and is not intended to illustrate either effective or ineffective handling of an administrative situation or to represent successful or unsuccessful managerial decision making or endorse

2. Is there any other example when such relaxation was made in India or abroad?
3. What are the activities normally permitted under CSR?
4. What is the difference between Corporate Social Responsibility and Community Development programme?
5. List out ten most common activities taken up by the corporate world across the world as CSR/CD activities in the fight against COVID-19 pandemic?
6. What alternative strategy PVUNL could have used to serve the stakeholders better?

Keywords: Community development, COVID-19, CSR, stakeholders, pandemic

INTRODUCTION

“Businesses need to go beyond the interest of their companies to the communities they serve.”

– Ratan Tata

COVID-19 is spreading all over the world like wildfire. Novel SARS Corona Virus, which originated from Wuhan in China, had gripped Iran, Italy, Spain, Germany, Britain and many other countries in the initial phase. April 2020 onwards United States of America, Brazil, Russia, and India have emerged as main victims of the pandemic. Looking at the pace at which it was spreading and the havoc it could create in the populous country like India, Indian prime minister announced countrywide lockdown from 25th March 2020.

Mr Sudarsan Chakrabarti, Chief Executive Officer (CEO) of Patratu Vidyut Utpadan Nigam (PVUN) was still in office when this news broke. Since early morning he was preoccupied with myriad issues of the project management. There were serious issues like a hike in the rate of interest of the already sanctioned project loan by the lender; non-payment of sub-vendors by its EPC Contractor BHEL; meeting with local leaders to settle the labour unrest caused due to non-payment by Contractors. But the announcement of nationwide lockdown changed the perspective; all these issues became secondary. Saving the life of people and taking preventive measures against the spread of Corona Virus became the primary issue. Chakrabarti was puzzled how he could help the stakeholders of PVUNL in general and the project affected people (PAP) in particular as a CEO of a responsible company which is a subsidiary of a company of world reckoning.

PVUNL is still in the nascent phase of construction. It is managing its project expenses through a debt-equity ratio of 3:1 thus depending highly on the lender. With such a high level of debt and with no obligation to spend on CSR, he could not use the funds under CSR. He was under dilemma whether he could feign from corporate responsibilities as there was a nationwide lockdown and the company was going through severe fund crisis? Was the contribution made to PM-CARES fund by the employees and also by the company, not enough help to the nation? What provisions could be invoked to provide help to stressed PAPs through local administration or district administration in the trying times of COVID-19?

PVUNL

The Indian state of Jharkhand was carved out from the larger state of Bihar in the year 2000. Since then, industrialization, economic activities, and other developmental activities increased manifolds. A need was felt to improve the power generation capacity of the state to bridge the gap of energy deficit caused by these activities and the rise in household energy demand. The

search for a reliable partner to turn around the power scenario in the state ended after years of negotiations with NTPC Limited. An agreement for the formation of a joint venture (JV) company was signed on 29th September 2015 and incorporated on 15th October 2015 (Kayasth & Sahay, 2017). Patratu Vidyut Utpadan Nigam (PVUN) Limited, a subsidiary of NTPC Limited in a joint venture with Jharkhand Bijli Vitran Nigam Limited (JBVNL) was thus created with stakes of 74% and 26% respectively (PVUNL, 2020).

The JV was formed with specific three objectives. The first objective was to improve the performance of operating units of Patratu Thermal Power Station (PTPS) as it was able to produce only 100 MW against 840 MW installed capacity. The second objective was to revive the operations of the closed generating units of PTPS. The third objective was to add 4000 MW capacity in two phases (2400 MW in Phase-I and 1600 MW in Phase-II). Assets comprising of PTPS plant, machinery, equipment, the scrap lying inside the plant premises, the inventory lying in the stores, and 1234 acres of land of PTPS were transferred to PVUN on 1st April 2016. Value of these assets entitled the Government of Jharkhand (GoJ) to hold a stake of 26% equity in the JV in a cashless transaction.

GoJ is represented in the JV by Jharkhand Bijli Vitran Nigam Limited (JBVNL). JBVNL is the energy distribution arm of Jharkhand State Electricity Board (JSEB). NTPC Limited is the largest power producer in India. It has 62110 MW power generation capacity (NTPC, 2020) comprising of thermal, hydel, solar, and wind energy. NTPC has used forward and backward integrations to expand into the business of coal mining, electric equipment manufacturing, consultancy, and many other related areas.

PVUNL started the work on performance improvement of the generating units by incorporating better operation and maintenance practices. Frequent outages were reduced, its operating parameters were optimized, and plant load factor (PLF) improved. Out of four closed generating units, two were made operational. The balance two units needed major capital investment for their revival. Due to financial issues, PVUNL decided to take up the revival of these units after stabilizing operations of the operational units (Kayasth & Sahay, 2017).

Non-payment of energy bills by JBVNL to PVUNL, stringent environment protection norms set for the coal-based thermal power plants (Exhibit - 1), and non-viable techno-commercial operating conditions of the generating units combined together resulted in PVUNL taking a strategic decision to close down all the units. This resulted in the closure of all the units of PTPS

Exhibit 1: Environment Protection Rule for Emissions from Thermal Power Plants

Condition	SPM (mg/Nm ³)	SO ₂ (mg/Nm ³)	NO _x (mg/Nm ³)	Mercury (mg/Nm ³)
Installed before December 31, 2003	100	600*	600	0.03
Installed after December 31, 2003 but before December 31, 2016	50	600*	300	0.03
Installed after December 31, 2016	30	100	100	0.03

* For unit capacity of > 500 MW this limit was 200 mg/Nm³

(Source: Ministry of Environment, Forest and Climate Change Gazette Notification dated December 7, 2015.)

in January 2017. Then PVUNL's priority changed and setting up of Patratu Super Thermal Power Project, Phase-I (3*800 MW) became the topmost priority (Kayasth & Sahay, 2018). Additionally, PVUNL has been bestowed with responsibilities of dismantling the decommissioned PTPS plant of 840 MW, and development of a captive coal mine at Banhardih, located 85 kilometres away from the PVUNL Patratu site.

Construction of most modern ultra super critical Patratu Super Thermal Power Project, Phase-I (3*800 MW) is in progress. M/s BHEL has been given EPC contract to make the plant operational by the year 2022. Due to Force- Majeure condition brought upon by the spread of COVID-19 and disruption in the supply value chain delay of six month is expected. However, PVUNL and BHEL are working on a comprehensive recovery plan to make-up for the delay caused by COVID-19. Retired generating unit#1 to 10 of PTPS (840 MW) have been auctioned and dismantling work is in progress to make way for phase-II (2*800 MW) of the expansion project of PVUNL. Mr Chakrabarti has tackled all these issues diligently with the help of his team at Patratu and hopes to meet all the commitments as per the JV agreement between NTPC and JBVNL.

THE PROJECT LEADER

Mr Chakrabarti had served NTPC, one of the parent companies of PVUNL, for more than thirty five years. For most of the times, he served the company as a system designer and joined PVUNL as its CEO only two years back. His role has changed from a system designer to an executioner of the design. Here, he has to face the ground realities of the project implementation along with the myriads of issues associated with it. The most challenging task is to develop Banhardi coal mine at Latehar (falling in Naxalite Area) and establishing its transportation linkage to PVUNL site at Patratu. He is a man of steel and is sure to resolve all the issues at hand with his strong negotiation skills and authoritative leadership.

CONTRIBUTION OF PVUNL TOWARDS PREVENTION OF COVID-19

On 23rd March 2020, the Ministry of Home Affairs (MHA) stated that India had decided to treat COVID-19 as a notified disaster. Hence, funds spent on various activities related to COVID-19 would be covered under the existing items under Schedule VII of the Companies Act, 2013 notified for CSR expenditure. Though this was not applicable to PVUNL, Chakrabarti's urge to serve the society in the trying times of this global pandemic made him call an emergency meeting of top executives of the company to chart the course of action contributing in the fight against Covid-19.

For the first time, Covid-19 made the intra-project meeting to be held online. Due to a perceived security threat in using digital platform "zoom," PVUNL had decided to use "Teams" by Microsoft. There was a suggestion about getting the work done on a deposit basis. This was contested by Neeraj Mittal, GM (C&M). He said that the measurement of the job done would be hard to establish in such cases. He, further, said that NTPC avoided such type of activities unless and until there was no other alternative available. Mr P K Biswas, Head (HR) opined that the district authority might not accept such a proposal as it was difficult to find workers in the lockdown

period. Mr Anendu Acharya, CFO (PVUNL), said that CSR criteria to spend at least 2% of the average net profit for the preceding 3 financial years was not applicable to PVUNL as the company was not earning anything as yet. He, however, suggested that the activities could be done under Initial Community Development expenses as permitted during the project construction stage. He also suggested to keep proofs and measurements of each activity carried out by PVUNL. All top executives present in the meeting decided to help the PAPs, the society, the local administration, and the district administration under the Initial Community Development (ICD) program of the new project expenditure.

Accordingly, a committee was constituted to coordinate with the administration at District level, Block level, and Panchayat level to access the emerging requirements to prevent the spread of COVID-19 in the surrounding areas and also about the immediate help required in the surrounding areas. After the need assessment, deliberations, and requisite approval from competent authorities, following initiatives were taken up by PVUNL (Patratu Darpan, 2020) to contain the pandemic and also to extend help to the people in need:

- (i) **COVID Isolation Ward:** PVUNL converted the portable metallic cabins, commonly known as porta-cabins, into isolation ward for likely COVID-19 patients. Eight patients could be accommodated in the created facility. This was fitted with all necessary amenities, including air conditioners, and handed over to district hospital under the instruction of Deputy Commissioner (DC), Ramgarh District of Jharkhand where PVUNL's Patratu site is located (Exhibit 2).

Exhibit 2: Porta cabin converted into Covid-19 Care Unit



- (ii) **Ventilator Machine:** In the initial days, ventilator machines were scarce in India. There was no ventilator machine available at the district hospital, Ramgarh. PVUNL arranged for one such machine with the provision of patient's multi-parameter monitoring. It was installed on priority at the district hospital under the supervision of the Chief Medical Officer of Ramgarh.
- (ii) **Sample Collection Booth:** PVUNL provided three sample collection booths to the district authority. These booths were so uniquely designed that the health worker and the person under test were completely isolated from one other. Due to its looks, it was called a telephone booth type sample collection unit (Exhibit 3).

Exhibit 3: Telephone Booth type Sample Collection Cubicle



- (iii) **Mobile Sample Collection Van:** On the request of DC, Ramgarh, an ambulance was converted into a mobile sample collection booth. These booths were so uniquely designed that the health worker and the person under test were completely isolated from one other. This van could reach any distant motorable corner of any village. Thus, this turned out to be of great help in sample collection from remote areas (Exhibit 4).

Exhibit 4: Mobile Van as a Booth for COVID-19 sample collection

- (iv) **Relief to the Stranded Drivers:** PVUNL gets construction materials from far-flung areas where BHEL plants are located. After travelling for so many days many lorry drivers and their helpers were stuck up in nearby areas of PVUNL when the nationwide lockdown was announced on 24th March 2020. PVUNL reached out to them and provided with buckets, mugs, edible items (rice, flour, pulses, oil, sugar, salt etc), soaps, hand sanitizers, face masks, and other essential items.
- (v) **Distribution of Food Packets to Needy People:** The public representatives of the project affected ten villages were provided food items, soaps, hand sanitizers, facemasks for further distribution to the needy people in the villages. Thousands of people were benefitted by this.
- (vi) **Community Kitchen for the People in Need:** Assistance with food items were provided to the community kitchen being run by the Youth Club of Patratu to support all needy people who were helpless due to the loss of job and had no other income to bank upon. Food items were also provided to the district administration at Latehar where Banhardi coal mine is located. Thousands of people were fed for the period of lock-down by this community kitchen.
- (vii) **Special Help to Newspaper Hawkers:** Due to nationwide lockdown, newspaper vending stopped almost completely. This rendered all the newspaper hawkers, who belonged to one of the poorest strata of the society, totally jobless. Through a special drive, all such people were provided essential food items and any other help they needed.
- (viii) **Creating Awareness about COVID-19:** Camps were organized by PVUNL to create awareness in the society for the prevention of the spread of COVID-19. Thousands of

people were provided with triple-layered face masks, hand sanitizers, and toilet soaps to maintain hygiene. They were persuaded to follow social distancing, personal hygiene, cough etiquette, use of face mask, and use of homemade immunity boosters.

- (ix) **Health Checkup of Labour:** BHEL is executing EPC contract for PVUNL Patratu Super Thermal Power Project, Phase-I (3*800 MW) for which many contracting agencies are working on the project site. Thousands of workers are staying in the labour colonies. A team of physicians and paramedical staff visited them regularly to create awareness as mentioned above and to check up their health to avoid the spread of the pandemic.
- (x) **Financial Contribution:** All employees of NTPC contributed one day salary to PM-CARES fund specially constituted to deal with the issues arising out of this global crisis. In addition to this, the Company also contributed to COVID-19 Relief Fund of Ramgarh District, and to the PM-CARES fund.
- (xi) **Keeping the Morale High of The CORONA Warriors:** PVUNL organized felicitation camps from time to time to boost up the morale of all people associated with the prevention of the spread of COVID-19, especially the health workers and the staff of Indian Coffee House (ICH), the official caterers of PVUNL.
- (xii) **Creating Quarantine Facility:** PVUNL created quarantine facilities for its employees, for CISF staff who are responsible for the safety and security of all government assets of PVUNL, and for the ICH staff. This was necessitated because many executives and staff started returning from all corners of India after lifting of nationwide lockdown. They were high-risk people as there was a high chance of Covid-19 infection during their travel. All of them were allowed to resume duty only after a mandatory quarantine of fourteen days followed by COVID-19 test confirming them to be COVID- negative. This greatly helped in plugging the spread of the disease as some of the infected CISF personnel were identified during the quarantine. Due to the above protocol, they could be easily identified and isolated.
- (xiii) **Other Preventive Measures:** All necessary preventive measures were taken in the temporary townships, office premises, and transport facilities by daily sanitization. Handheld temperature scanners were provided at all the entry points of the buildings and the plant main gate where the temperature of the employee, contract workers and all associates were monitored. They were permitted to enter only if the temperature was found to be normal and if they were wearing a face mask. Hand sanitizer was kept at all entry points. Social distancing and use of face mask were strictly maintained.

For the welfare of the society, it is essential to keep all the stakeholders of the society informed and protected from the pandemic. In this direction, all the non-essential tours, travels, and meetings were cancelled or postponed. All essential meetings and discussions were done online through a digital platform. All the visitors were informed to visit only if it was unavoidable and essential. Visitor Gate-Passes were issued strictly under the recommendation of the executive department and approval of the head of the HR department. Due to all such preventive measures taken by PVUNL, none of the staff or worker of PVUNL has been infected by COVID-19 so far.

Though Chakrabarti had taken various required actions promptly, he was pained with the spread of the pandemic further in the community around the project and in the district. He was wondering what further steps PVUNL could take to control the spread of the pandemic and welfare of the people, especially those who were affected by the project.

Further Questions

1. Critically analyse the decision of the Government of India to include COVID-19 related expenses under CSR expenditure?
2. Is there any other example when such relaxation was made in India or abroad?
3. What are the activities normally permitted under CSR?
4. What is the difference between Corporate Social Responsibility and Community Development programme?

Suggested Reading:

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