

**GOVERNMENT OF INDIA
HEAVY INDUSTRIES AND PUBLIC ENTERPRISES
LOK SABHA**

UNSTARRED QUESTION NO:3735

ANSWERED ON:02.12.2010

‘CORPORATE SOCIAL RESPONSIBILITY OF PSUS’

Pal Shri Jagdambika;Singh Dr. Raghuvansh Prasad

Will the Minister of HEAVY INDUSTRIES AND PUBLIC ENTERPRISES be pleased to state:

- (a) the details of guidelines for discharging Corporate Social Responsibility (CSR) by the Public Sector Undertakings (PSUs) and the projects undertaken under CSR by various PSUs;
- (b) whether any amount or any percentage of their annual transaction/income is fixed against CSR;
- (c) if so, the criteria for disbursement of such funds;
- (d) whether the PSUs whose revival is underway as per the recommendations of Board for Reconstruction of Public Sector Enterprises are also supposed to discharge CSR; and
- (e) if so, the details thereof?

Answer

THE MINISTER OF STATE FOR HEAVY INDUSTRIES & PUBLIC ENTERPRISES (SHRI ARUN YADAV)

(a) to (e): A Statement is laid on the Table of the House.

Statement as referred to Lok Sabha Unstarred Question No. 3735 for reply on 2.12.2010

(a) to (c): The Department of Public Enterprises, Ministry of Heavy Industries and Public Enterprises, have issued in April, 2010 comprehensive guidelines on Corporate Social Responsibility for Central Public Sector Enterprises (CPSEs).

The guidelines lay stress on the link of Corporate Social Responsibility with sustainable development and define Corporate Social Responsibility (CSR) as a philosophy wherein organizations serve the interest of society by taking responsibility for the impact of their activities on customers, employees, shareholders, communities and the environment in all aspects of their operations. Under these guidelines, the long-term CSR Plan is to match with the long-term Business Plan of the Organization. The activities under CSR are to be selected in such a manner that the benefits reach the smallest unit i.e., village, panchayat, block or district depending upon the operations and resource capability of the company.

Under these guidelines, CPSEs have to create, mandatorily through a Board Resolution, a CSR budget as a specified percentage of net profit of the previous year. Expenditure range for CSR in a financial year is 3-5% of the net profit of previous year in case of CPSEs having profit less than Rs. 100 crores; 2-3% (subject to minimum of Rs. 3 crores) in case the profit ranges from Rs. 100 crores to Rs. 500 crores and 0.5-2% in case of CPSEs having a net profit of more than Rs. 500 crores in the previous year. The CSR budget has to be fixed for each financial year and the funds would be non-lapsable. Special stress has been laid on the proper monitoring of the CSR projects undertaken. The Boards of the CPSEs would be responsible for the implementation of the CSR activity which would then be a part of the annual Memorandum of Understanding (MOU) signed between CPSEs and the Government.

(d) & (e): CSR Guidelines provide that loss making companies are not mandated to earmark specific funding for CSR activities. They should achieve CSR objectives by integrating business processes with social processes, wherever possible and taking up such initiatives which do not involve cash outgo.