

**GOVERNMENT OF INDIA
CORPORATE AFFAIRS
LOK SABHA**

UNSTARRED QUESTION NO:2030

ANSWERED ON:11.08.2011

CORPORATE SOCIAL RESPONSIBILITY

Joshi Shri Mahesh;Reddy Shri Anantha Venkatarami;Yadav Shri Arun Subhashchandra

Will the Minister of CORPORATE AFFAIRS be pleased to state:

- (a) whether the Government has issued directions to public sector companies and corporate to spend 2 per cent of their profit on discharging social responsibility;
- (b) if so, the details of the directions issued in this regard;
- (c) whether after issuance of such directions, the Government has conducted any assessment to ascertain that companies are complying with the Government directions;
- (d) if so, the details thereof; and
- (e) if not, the reasons therefor?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF CORPORATE AFFAIRS (SHRI R.P.N. SINGH)

(a) and (b) The Department of Public Enterprises, Ministry of Heavy Industries and Public Enterprises have issued comprehensive guidelines on Corporate Social Responsibility (CSR) for Central Public Sector Enterprises (CPSEs) in April 2010. In 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 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 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. CSR guidelines for CPSEs further provide that loss making companies are not required to earmark specific funding for CSR activities. So far comparable directions have not been issued by the Ministry of Corporate Affairs.

(c) to (e): Implementation of CSR Guidelines in the CPSEs is monitored by the respective Ministries/Departments concerned with CPSEs and the MoU Task Force at the time of MoU negotiation meetings between CPSE and the administrative Ministry, assess the performance of CPSEs on CSR. Out of the 50 marks allocated for non-financial parameters for the annual MoU assessment of each CPSE, 5 marks are earmarked for implementation of CSR projects by the CPSE.