

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

UNSTARRED QUESTION NO:2031
ANSWERED ON:11.08.2011
CORPORATE SOCIAL RESPONSIBILITY
Krishnaswamy Shri M.;Reddy Shri Anantha Venkatarami

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

- (a) whether the Department of Public Enterprises has issued guidelines on Corporate Social Responsibility (CSR) for Public Sector Enterprises (PSEs) in April 2010;
- (b) If so, the details thereof;
- (c) whether some PSEs have failed to spend the stipulated amount on CSR;
- (d) if so, the details thereof; and
- (e) the details of funds allotted to PSEs sector-wise under CSR for the last three years and the current year?

Answer

THE MINISTER OF HEAVY INDUSTRIES & PUBLIC ENTERPRISES (SHRI PRAFUL PATEL)

(a): Yes, Madam.

(b): Corporate Social Responsibility (CSR) as a philosophy underscores the commitment of Central Public Sector Enterprises (CPSEs) to 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. As per the guidelines issued by the Department of Public Enterprises (DPE), the CPSEs should dovetail their corporate commercial interest with the objective of sustainable development of the society. The CPSEs are expected to undertake activities under CSR 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.

As per DPE guidelines, it is mandatory for the CPSEs to create 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 are non-lapsable. Special stress has been laid on the proper monitoring of the CSR projects undertaken. The Boards of the CPSEs are responsible for the implementation of the CSR activity and the same forms a part of the annual Memorandum of Understanding (MOU) signed between the CPSEs and the Government.

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

(c) & (d): As per the guidelines, the CPSEs have to allocate funds every year for CSR activities as a percentage of net profit of the previous year. This CSR Fund fixed for each financial year does not lapse and the unspent amount, if any, is carried forward to the next year's CSR Fund.

(e): No funds are allotted to CPSEs sector-wise under CSR. The CPSEs are to themselves allocate funds yearly for CSR activities depending on their net profit in the previous year.