

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

UNSTARRED QUESTION NO:501

ANSWERED ON:14.07.2014

CSR OF PSU

K. Shri Parasuraman;Patil Shri A.T. (Nana)

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

- (a) the details of the guidelines issued by the Department of Public Enterprises on Corporate Social Responsibility (CSR);
- (b) the details of the Public Sector Undertakings (PSUs) which have utilised/ have not utilised/ under spent the funds under CSR during each of last three years and the current year along with the reasons for not utilising the funds, PSU-wise;
- (c) the corrective steps taken/ proposed to be taken by the Government for utilisation of the said funds by PSUs;
- (d) whether these guidelines are also applicable to the corporate sector; and
- (e) if not, the reasons therefor?

Answer

THE MINISTER OF STATE FOR HEAVY INDUSTRIES AND PUBLIC ENTERPRISES (SHRI PON. RADHAKRISHNAN)

(a): Department of Public Enterprises (DPE) issued first guidelines on 'Corporate Social Responsibility' (CSR) for Central Public Sector Enterprises (CPSEs) in April, 2010. DPE's revised guidelines on 'CSR & Sustainability' were effective from April, 2013. DPE's revised guidelines mandated all profit making CPSEs to allocate a specific percentage of their Profit After Tax (PAT) of the previous year for undertaking CSR and Sustainability activities/ projects as shown hereunder:

PAT of CPSE in the previous year Range of Budgetary allocation for CSR and Sustainability activities (as % of PAT in previous year)

- (i) Less than Rs. 100 Crore 3% - 5%
- (ii) Rs. 100 Crore to Rs. 500 Crore 2% - 3%
- (iii) Rs. 500 Crore and above 1% - 2%

CPSEs were required to adopt CSR and Sustainability policy with the approval of their respective Boards for undertaking CSR activities.

DPE guidelines, inter alia, made it mandatory for CPSEs to select at least one project in backward districts of the country and one project on environment sustainability.

DPE Guidelines on CSR and Sustainability issued to the CPSEs ceased to exist after the enactment of Companies Act, 2013 and notification of CSR Rules framed thereunder by the M/o Corporate Affairs (MCA) with effect from 1.4.2014. CSR Rules of MCA are applicable to all companies, including CPSEs.

- (b) : PSU-wise data with regard to allocation and utilization of funds under CSR by CPSEs is not maintained centrally in the DPE.
- (c) : Companies which meet the eligibility criteria mentioned in Section-135 of Companies Act, 2013 are mandated to spend, in every financial year, at least 2% of the average net profits of the three preceding financial years, in pursuance of their CSR policy. Under the extant CSR Rules of MCA, CPSEs are mandated to spend the entire amount allocated under CSR during the year of allocation itself and if a company fails to spend such amount, the Board of the company shall, in its report, specify the reasons for not spending the amount during the same year.
- (d) & (e) : Provisions of Section -135 on CSR in the Companies Act, 2013 and the CSR Rules notified thereunder by MCA are applicable to all companies, including the CPSEs with effect from 1.4.2014.