

Corporate Social Responsibility in PSUs Companies Act 2013

Scenario, Opportunities, Concerns and Challenges

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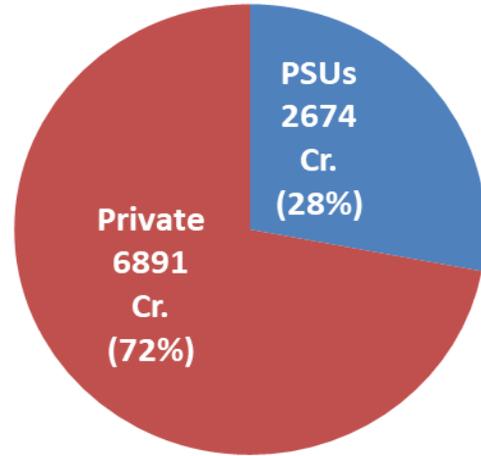
The CSR Scenario

S. No.	Company Type	2014-15		2015-16	
		No. of companies which have filed CSR reports	Actual CSR expenditure (Rs. Crore)	No. of companies which have filed CSR reports	Actual CSR expenditure (Rs. Crore)
1.	Public Sector	315	2674	397	4163
2.	Private Sector	14629	6891	18787	9665
	Total	14944	9565	19184	13828

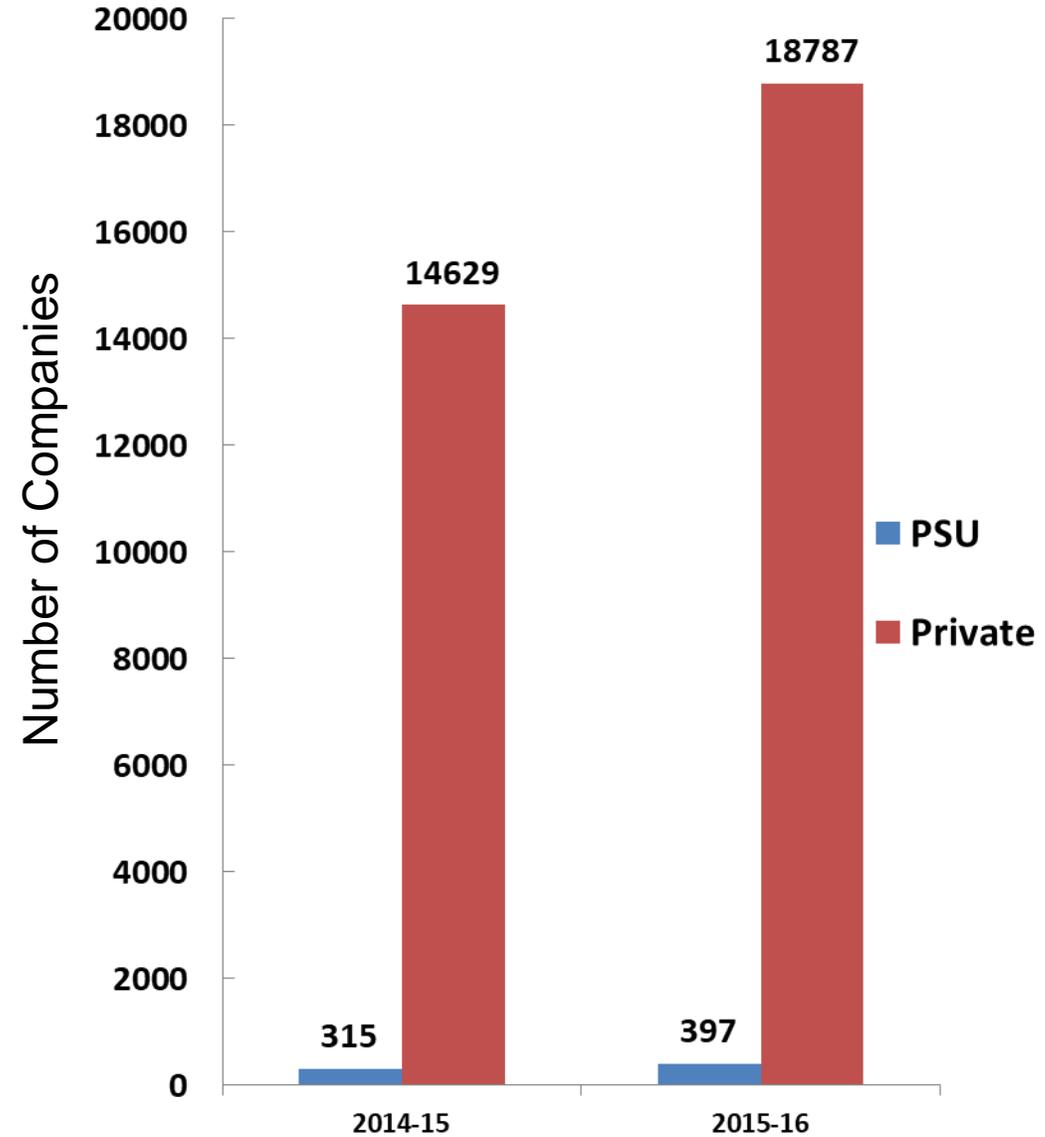
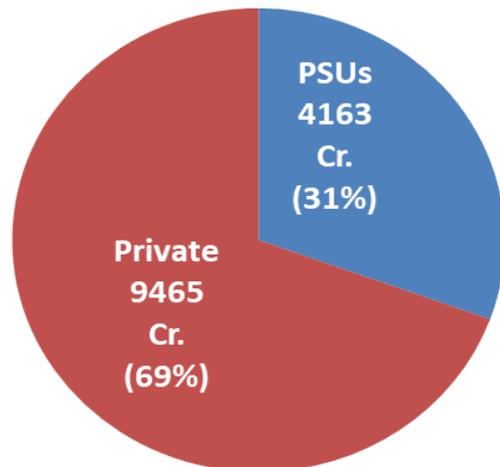
*Data Source: CSR Portal www.csr.gov.in

CSR: PSUs v/s Private Companies

2014-15



2015-16



*Data Source: CSR Portal www.csr.gov.in

CSR Expenditure vis-a-vis Companies

No.	Amount Spent (Rs. Crore) 2014-15	No. of Companies (3828)
1	More than 500	1
2	100 - 500	16
3	10 – 100	121
4	1 – 10	649
5	Less than 1	3041

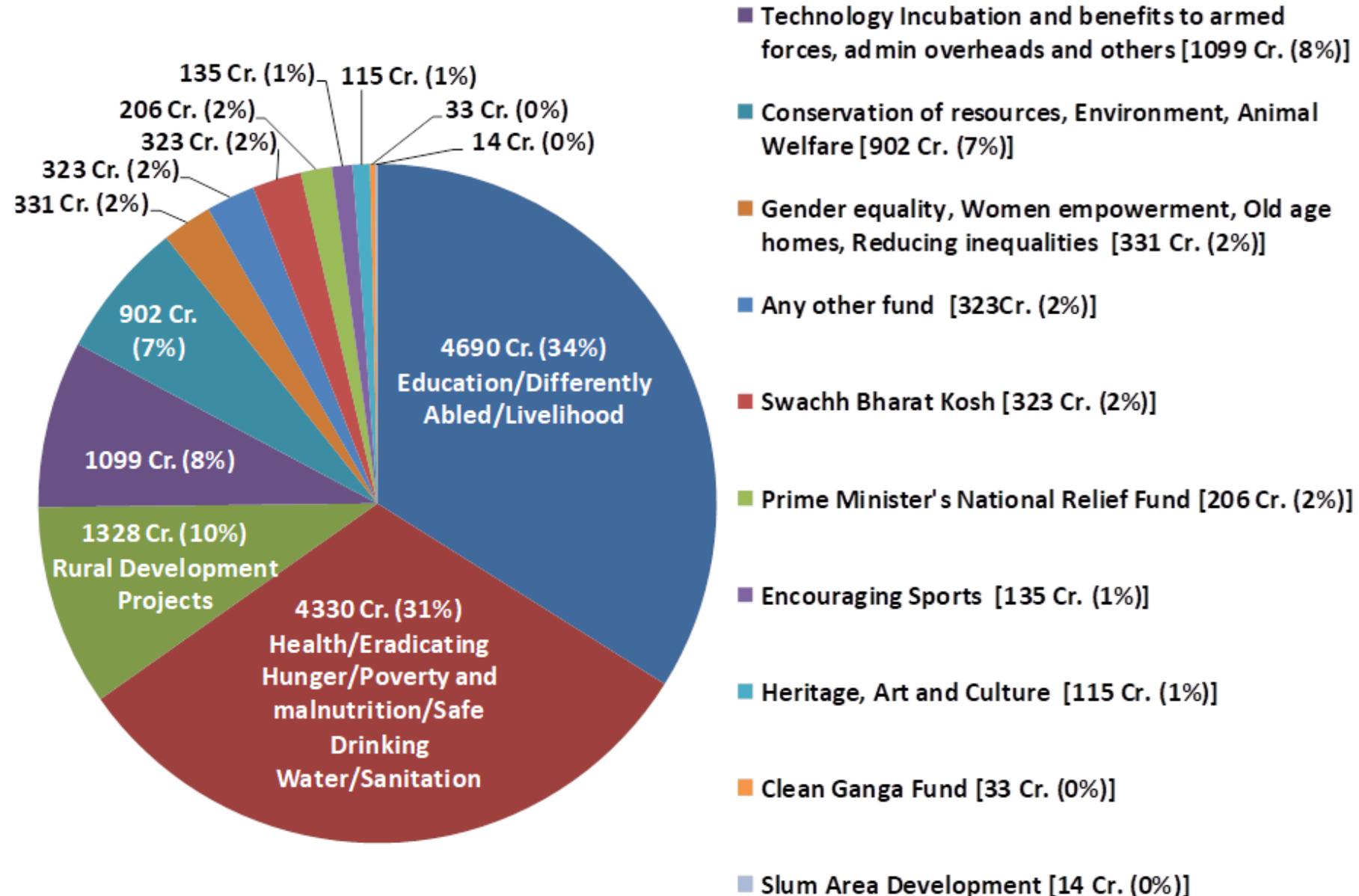
No.	Amount Spent (Rs. Crore) 2015-16	No. of Companies (6672)
1	More than 500	1
2	100 - 500	23
3	10 – 100	160
4	1 – 10	1018
5	Less than 1	5470

*Data Source: CSR Portal www.csr.gov.in

CSR-Top 10 Private and Public Sector Companies (2015-16)

S. No.	Private Company	CSR Spent (Rs. Crore)	PSUs	CSR Spent (Rs. Crore)
1	Reliance	639.70	NTPC	491.80
2	TCS	280.22	ONGC	409.00
3	ITC	247.50	Central Coalfields	214.60
4	TATA Steel	204.46	NMDC	210.09
5	Infosys	202.30	Power Finance Corporation	194.48
6	ICICI Bank	171.51	Mahanadi Coalfields	184.64
7	Wipro	159.83	Northern Coalfields	158.14
8	BSES Yamuna Power	157.35	Indian Oil Corporation	156.68
9	AXIS Bank	147.75	Rural Electrification Corporation	131.68
10	HDFC Bank	127.28	South Eastern Coalfields	127.68
	Total	2337.90	Total	2278.79

Sector-wise Distribution of CSR Expenditure (2015-16)



Opportunities

- Many Public Sector Companies have been carrying out CSR activities even before mandate of Companies Act, 2013
- 70 years after independence, now CSR is the biggest opportunity for manpower in corporates, both public and private to contribute directly to nation building
- Opportunity for Corporates for not only using financial resources, but also leverage their highly qualified human resource, infrastructure, machinery, materials, networks, outreach and also brand equity
- CSR funds could compliment flagship programs of Government like *Skill India, Make in India, Swachh Bharat Abhiyan, Clean Ganga* etc. Guidelines required for monitoring of these CSR programs from line ministries

Opportunities (Contd.)

- The private and public sectors would get an entirely new opportunity to contribute to national development
- New cost effective and innovative solutions from the profit and non profit sectors for ever lasting solutions
- CSR projects can strongly contribute towards upliftment of the deprived and ensure inclusive growth
- CSR projects can address the dual purpose of growth and sustainability
- Amount of CSR unspent in any year due to any reason should be spent in the next year(s)
- Many individuals/corporates would be eligible for prestigious national awards for their CSR successes

Concerns

- Inadequate transparency in selection of agencies by CPSUs for:
 - i. Needs Assessment and Baseline Surveys
 - ii. Project Execution and Monitoring
 - iii. Project Evaluation
 - iv. CPSUs and Ministries to ensure reduction in arbitrariness in processing CSR proposals and plans
- Only one time yearly disclosure about CSR by Companies; Could we think of:
 - i. Concurrent reporting on CSR projects/CSR Committee and Board meetings/invitations of interest on their web sites by Companies
 - ii. Is this desirable and possible; If not
 - iii. Could we have quarterly reporting of CSR in Q1, Q2, Q3 & Q4 to MCA and DPE

Concerns (Contd.)

- According to Companies Act, 2013, CSR Committee and eventually, the Board of Directors are responsible for project selection, prioritization and execution.
- It needs to be discussed whether:
 - i. They have the capacity, time and intent to deliver
 - ii. Are additional oversight mechanisms required
 - iii. Should a mandatory CSR audit be introduced
- Overcoming difficulties in spending most of the financial outgo every year
- Maximizing selection of projects especially for the poorest of the poor and the '*aam admi*' in most backward/remote regions

Concerns (Contd.)

- Major issues of coordination between CPSUs, Private companies, State and local governments and Panchayati Raj/Municipal bodies
- Many CSR initiatives are taken in isolation and many executing agencies working as silos
- Possibilities of Corporates distributing their own products under CSR not allowed under Schedule VII
- Reduce spatial skewedness in CSR across the country
- New guidelines to be issued to accommodate use of CSR funds by CPSUs for Disaster Relief and Rescue as it is difficult to use them outside a program or project mode

Challenges

- Understanding the import, intent and purpose of the Companies Act, 2013, rules and Schedule VII
- Execution of the CSR projects within the qualifications stated in Schedule VII
- Institutionalizing a system, also on line, to connect agencies generating and incubating innovative ideas with CPSUs
- Also, this system to ensure that projects for execution by PSUs are chosen in a transparent and open fashion
- Increasing cross boundary interface between agencies and individuals operating in Government, private, non profit and academic domains
- Ensuring the minimum critical mass in schemes to increase their Impact Factor in the country

Challenges (Contd.)

- Maximization of incremental returns against incremental inputs
- Identification of innovative, sustainable and scalable projects
- Mid course corrections in CSR initiatives and experience sharing to avoid reinvention
- Ensuring that projects are executed in defined period
- The projects to have tangible measureable outputs
- The projects and programs to be both financially and environmentally sustainable
- PSUs to develop a '*social vision*' in addition to a vision for economic growth of the country