

**GOVERNMENT OF INDIA  
MINISTRY OF CORPORATE AFFAIRS**

**RAJYA SABHA  
UNSTARRED QUESTION NO. 1253  
ANSWERED ON MONDAY, THE 19<sup>th</sup> AUGUST, 2013**

**NON-COMPLIANCE OF CSR GUIDELINES**

**QUESTION**

1253. SHRI AAYANUR MANJUNATHA :

Will the Minister of CORPORATE AFFAIRS be pleased to state:

- (a) Whether Government is aware that despite guidelines on Corporate Social Responsibility (CSR), public sector companies and corporates are not spending two per cent of their profit on discharging social responsibility;
- (b) If so, the details thereof especially in respect of Karnataka;
- (c) Whether Government has conducted any assessment to ascertain whether the companies are complying with the laid down CSR guidelines; and
- (d) If so, the details thereof?

**ANSWER**

THE MINISTER OF STATE  
(INDEPENDENT CHARGE)  
IN THE MINISTRY OF CORPORATE AFFAIRS

(SHRI SACHIN PILOT)

(a) & (b) : The Department of Public Enterprises (DPE) has issued guidelines on Corporate Social Responsibility (CSR) and Sustainability for Central Public Sector Enterprises (CPSEs) in April, 2013 wherein each CPSE shall, with the approval of its Board of Directors, make a budgetary allocation for CSR and Sustainability activities/projects for the year. The budgetary allocation is to be based on the profitability of the company and it is determined by the Profit After Tax (PAT) of the company in the previous year as per the following details:

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%

The DPE is not centrally maintaining the data on CSR spendings by CPSE. The requirement to spend two per cent of the profits is not yet applicable to Corporates which are not Government companies and would be applicable once the Companies Bill, 2013, as passed by the Parliament, is enacted.

(c) & (d): The performance of CPSEs on CSR and Sustainability is evaluated by the DPE through the MoU mechanism signed with the CPSE concerned. The guidelines make it mandatory for all CPSEs to have a two-tier structure, comprising of a Board level Committee headed by either the Chairman and/or Managing Director, or an Independent Director, and a group of officers headed by a senior executive not less than one rank below the Board level. This two-tier structure is expected to have the authority and influence to be able to move forward the CSR agenda of the company. The implementation of CSR guidelines is also monitored by the administrative Ministry/Department concerned with CPSEs. An appropriate mechanism is being developed for reporting.

\*\*\*\*\*