

No. 15(3)/2007-DPE(GM)-GL-101
Government of India
Ministry of Heavy Industries & Public Enterprises
(Department of Public Enterprises)

Public Enterprises Bhawan
Block No. 14, CGO Complex
Lodi Road, New Delhi-110003.

Dated the 1st November, 2011

Subject:- **Guidelines on "Corporate Social Responsibility for Central Public Sector Enterprises" issued by Department of Public Enterprises in April, 2010.**

The undersigned is directed to refer to this Department's O.M. of even number dated 9th April, 2010 on the subject mentioned above wherein as per clause 5.1 of DPE Guidelines, the slabs of CSR expenditure for CPSEs for every financial year are clearly laid down, based on their Net Profit of the previous year.

2. The subject of "Corporate Social Responsibilities of Central PSUs in Chhattisgarh" was discussed in the Committee of Secretaries meeting held on October 17, 2011 and the following decisions were taken on the manner of selection of CSR activities and CSR expenditure by CPSEs in Chhattisgarh and also elsewhere in the country.

- i) It was observed that some CPSEs have tendency to peg their CSR expenditure on the lower end of the recommended slabs.

It was decided that the Administrative Ministries/Departments should advise the CPSEs to maximise the allocations, release, and utilisation of funds for the CSR activities within the existing slabs.

- ii) Clause 3.5 of DPE Guidelines mentions that "Initiatives of State Governments, District Administration, Local Administration as well as Central Government Departments/Agencies, Self-help Groups, etc., could be dovetailed/synergized with the initiatives taken by the CPSEs".

Clause 3.6 of the Guidelines mentions that "Every care should be taken to ensure that there is no duplication of CSR activities undertaken by the CPSEs with that of programmes run by Central, State and Local Governments".

It was observed that in spite of these Guidelines, the CPSEs are at times not consulting the State Governments/district administration, who are important stake holders in the CSR activities.

It was decided that the administrative Ministries/Departments may advise CPSEs under their control to consult the concerned State Governments in the finalization of their CSR plans and to have State level committees for CSR activities in each State where such activity is undertaken by that CPSE, similar to the one set up by National Mineral Development Corporation Ltd. (NMDC) in Chhattisgarh.

The administrative Ministries/Departments/CPSEs may seek the details of the successful CSR models of NMDC from the CPSE or from the administrative Ministry concerned.

- iii) In **Annexure-I** of DPE Guidelines "Health and Family Welfare" is listed as one of the areas/activities that can be taken up by a CPSE for CSR work.

Emphasising the importance of this CSR activity, it was recommended that CPSEs should consider setting up of dispensaries in remote locations, which would provide out-reach services, with referral services being provided by existing Hospitals.

3. All administrative Ministries/Departments should advise the CPSEs about the decisions taken as aforesaid.
4. This issues with the approval of the Secretary, Department of Public Enterprises.

(Rakesh Bhartiya)
Director
Tele: 24360218

All administrative Ministries/Departments concerned with CPSEs.

No. 15(3)/2007-DPE(GM).-GL-101
Government of India
Ministry of Heavy Industries and Public Enterprises
(Department of Public Enterprises)

Public Enterprises Bhawan
Block No. 14, C.G.O. Complex
Lodhi Road, New Delhi-110 003

Dated the 21st June, 2011

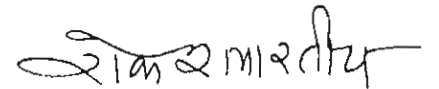
OFFICE MEMORANDUM

Subject: Guidelines on Corporate Social Responsibility for Public Sector Enterprises.

The undersigned is directed to refer this Department's OM of even number dated 9.4.2010 followed by OM dated 4.2.2011 on the subject mentioned above and to circulate the following clarification:

"The expenditure incurred by the Central Public Sector Enterprises (CPSEs) in the form of fee charged for participation in the CSR training programmes/workshops or for sponsorship of such workshops/programmes organized by TATA Institute of Social Sciences (TISS), etc will be allowed to be included under the CSR Budget of CPSEs".

2. All the administrative Ministries/Departments are requested to bring this clarification to the notice of CPSEs under their control for necessary action.
3. This issues with the approval of Secretary (PE)



(Rakesh Bhartiya)
Director
Telefax:24360218

To

Secretaries of all administrative Ministries/Departments concerned with CPSEs (as per list)

No. 15(3)/2007-DPE(GM)-GL-100
Government of India
Ministry of Heavy Industries & Public Enterprises
Department of Public Enterprises

Block No. 14, CGO Complex,
Lodi Road, New Delhi-110003.

Dated the, 4th February, 2011

OFFICE MEMORANDUM

Subject:- **Guidelines on Corporate Social Responsibility for Central Public Sector Enterprises.**

The undersigned is directed to refer to this Department's O.M. of even number dated 9th April, 2010 on the subject mentioned above and to circulate the following clarifications:-

- (i) Any contribution (which is not project based) towards any of the areas of activities mentioned in the Annexure attached with the CSR Guidelines would also count as a CSR activity. This would be subject to the condition that the total amount for all such contributions during the full financial year should not exceed 5% of the CSR budget of the organization.
- (ii) All contributions to the National Corporate Social Responsibility Hub (NCSR Hub) located within the TATA Institute of Social Sciences (TISS), Mumbai would be considered as CSR expenditure within the ambit of the CSR Guidelines.

2. All the administrative Ministries/Departments are requested to bring these clarifications to the notice of CPSEs under their control for necessary action.

(Rakesh Bhartiya)
Director
Tele: 24360218

To

Secretaries of all administrative Ministries/Departments concerned with CPSEs.

F.No.15(3)/2007-DPE(GM)-GL-99
Government of India
Ministry of Heavy Industries and Public Enterprises
(Department of Public Enterprises)

Public Enterprises Bhawan
Block No. 14, C.G.O. Complex
Lodhi Road, New Delhi-110 003

Dated the 9th April, 2010

OFFICE MEMORANDUM

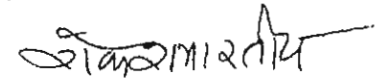
Subject: **Guidelines on Corporate Social Responsibility for Central Public Sector Enterprises.**

The undersigned is directed to enclose the "Guidelines on Corporate Social Responsibility for Central Public Sector Enterprises". These guidelines will supercede any other guidelines/circulars/instructions etc, that may have been issued by any Ministry/Department on any prior date including the guidelines issued by DPE dated 29.11.1994.

2. These guidelines issue with the approval of Minister (Heavy Industries & Public Enterprises).

3. All the administrative Ministries/Departments are requested to bring these guidelines to the notice of CPSEs under their control for necessary action.

Encl: as above



(Rakesh Bhartiya)
Director
Tele:24360218

To

Secretaries of all administrative Ministries/Departments concerned with CPSEs

Copy to:

Chief Executives of all CPSEs

15(3)/2007-DPE (GM)
Government of India
Department of Public Enterprises
Ministry of Heavy Industries & Public Enterprises
New Delhi

GUIDELINES

ON

CORPORATE SOCIAL

RESPONSIBILITY

FOR

CENTRAL PUBLIC SECTOR

ENTERPRISES

MARCH 2010

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1. CONCEPT

1.1. Public Corporations have legal responsibilities to maximize shareholder profits; but a shift in corporate mindset led by social expectations and pressure is causing business leaders to rethink their responsibilities with respect to corporate performance measured in terms of economic impact, social impact and environmental impact - commonly called the **Triple Bottom Line**.

1.2. Economic growth is possible only through consumption of inputs available in the environment and society. The harnessing of natural resources has a direct impact on the economy, the environment and society at large. **Corporate Social Responsibility (CSR)** is a concept whereby organizations serve the interests 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.

1.3. Corporate Social Responsibility is a Company's commitment to operate in an economically, socially and environmentally sustainable manner, while recognizing the interests of its stakeholders. This commitment is beyond statutory requirements. Corporate Social Responsibility is, therefore, closely linked with the practice of **Sustainable Development**. Corporate Social Responsibility extends beyond philanthropic activities and reaches out to the integration of social and business goals. These activities need to be seen as those which would, in the long term, help secure a sustainable competitive advantage.

2. PLANNING

2.1. The planning for Corporate Social Responsibility should start with the identification of the activities/projects to be undertaken. CSR projects/activities may be undertaken in the periphery where a company carries out its commercial activities as far as possible. Where this is not possible or applicable, a Company may choose to locate CSR projects anywhere in the country. Company specific Corporate Social Responsibility strategies should be developed that mandate the design of **Corporate Social Responsibility Action Plan** (Long-term, medium-term and short-term), with a shift from the casual approach to the **project based** accountability approach. The business plan under CSR should be integrated with the social and environment concerns related to the business of the company.

2.2. Selection of activities under CSR may be made to ensure that the benefits reach the smallest unit i.e. village, panchayat, block or district depending upon the operations and resource capability of the company. The approach to CSR planning needs to be shifted from an ad-hoc charity to a long-term sustainable approach. The Project Management and Monitoring skills available with the companies could be shared as far as possible, with the local administration by training and setting up required structures and systems.

2.3. The long-term Corporate Social Responsibility Plan should match with the long term Business Plan. This should be broken down into medium term and short term plans. Each of these plans should clearly specify:

- i) Requirements relating to baseline survey;
- ii) Activities to be undertaken;
- iii) Budgets allocated;
- iv) Time-lines prescribed;
- v) Responsibilities and authorities defined;
- vi) Major results expected.

2.4 Such plans should also clearly specify the implementation guidelines and the involvement of the implementing agency. The procedures and methodologies prescribed for monitoring should be highlighted as well as the modalities of the **concurrent** and **final evaluation**. Finally, there should be a clear specification regarding mandatory documentation of the experience.

3. IMPLEMENTATION

- a. CSR initiatives of Central Public Sector Enterprises (CPSEs) should consider the following parameters for identification/selection of schemes/projects:
- (i) Thrust should be given wherever possible to areas related to the business of the CPSEs as a natural corollary to the business.
 - (ii) Investment in CSR should be project-based. Mere donations to philanthropic/ charity or other organizations would not come under the category of CSR.
 - (iii) CSR activities should generate community goodwill, create social impact and visibility.
 - (iv) For every project, the time-frame and periodic milestones should be finalized at the outset.
 - (v) CSR activities should also involve the suppliers in order to ensure that the supply-chain also follows the CSR principles.
 - (vi) CSR activities should help in building a positive image of the company in the public perception.
 - (vii) CSR activities may be related to United Nations Global Compact Programme on Environment.
 - (viii) CSR projects may be closely linked with the principles of Sustainable Development, based on the immediate and long-term social and environmental consequences of their activities.

- (ix) Every CPSE should shoulder responsibility for restoring / compensating for any ecological damage that is taking place as a result of its operations.
- (x) Care may be taken to ensure that CPSEs work towards fulfillment of the National Plan goals and objectives, as well as the Millennium Development Goals adopted by our country, ensure gender sensitivity, skill enhancement, entrepreneurship development and employment generation by co-creating value with local institutions/people.
- (xi) Central Public Sector Enterprises should redefine their business continuity plan to factor in hazards, risks and vulnerabilities. They should also create value in innovative social investments in the community and may focus on the areas of "Preparedness and Capacity Building" in Disaster Management (DM).
- (xii) Public-Private Partnership between the Government and the Central Public Sector could also be encouraged to leverage the strengths of the latter in Disaster Management. CPSEs need to network with the Ministries in Government of India / NDMA at the National level and State Governments / SDMAs at the State level to strengthen and formalize their role in the DM process for ensuring preparedness of the communities towards disaster resilience.

3.2 Project activities identified under CSR are to be implemented by **Specialized Agencies** and generally NOT by staff of the CPSE concerned. Specialized Agencies could be made to work singly or in tandem with other agencies.

3.3 Such specialized agencies would include:-

- i) Community based organizations whether formal or informal;
- ii) Elected local bodies such as Panchayats;
- iii) Voluntary Agencies (NGOs);
- iv) Institutes/ Academic Organizations;
- v) Trusts, Missions, etc.;
- vi) Self-help Groups;
- vii) Government, Semi-Government and autonomous Organizations;
- viii) Standing Conference of Public Enterprises (SCOPE);
- ix) Mahila Mandals/ Samitis and the like;
- x) Contracted agencies for civil works;
- xi) Professional Consultancy Organizations, etc.

3.4 CPSEs should generate awareness among all levels of their staff about CSR activities and the integration of social processes with business processes. Those involved with the undertaking of CSR activities should be provided with adequate training and re-orientation.

3.5 Initiatives of State Governments, District Administration, Local Administration as well as Central Government Departments/ Agencies, Self-Help Groups, etc., would be dovetailed/ synergized with the initiatives taken by the CPSEs.

3.6 Every care should be taken to ensure that there is no **duplication** of CSR activities undertaken by the CPSEs with that of programmes run by Central, State and Local Governments.

3.7 While assigning CSR projects to specialized agencies, every possible effort must be made to verify the reliability and clean track record of such agencies. CPSEs may make efforts to prepare suitable panels of such agencies or they may select from panels maintained by Government, Semi-Government, Autonomous Organization or the National CSR Hub, etc.

3.8. Activities related to Sustainable Development will form a significant element of the total initiatives of CSR.

3.9. Such activities should come under the 3 UN Global Compact Principles pertaining to the Environment. Businesses are asked to:

- i) Support a precautionary approach to environmental challenges;
 - ii) Undertake initiatives to promote greater environmental responsibility;
- and

- iii) Encourage the development and diffusion of environmentally friendly technologies.

3.10. Companies may also keep in mind the Environmental Management System as per ISO 14001.

4. RESEARCH, DOCUMENTATION, ADVOCACY, PROMOTION & DEVELOPMENT

4.1. The Department Of Public Enterprises, in conjunction with SCOPE and the CPSEs will create a **National CSR Hub** which will undertake/facilitate the following activities:

- i) Nation-wide compilation, documentation, and creation of database;
- ii) Advocacy;
- iii) Research;
- iv) Preparation of Panels of Implementing organisations/ monitoring and valuation Agencies;
- v) Promotional activities, including production of short films, printing of brochures, pamphlets etc.;
- vi) Conferences, Seminars, Workshops -- both national and international;
- vii) Act as a Think Tank;
- viii) Any other matter as entrusted to it from time to time by the Department of Public Enterprises (DPE)

4.2 The National CSR Hub will begin operations with funding provided by Department of Public Enterprises. It will, however, be free to receive funds from:

- i) SCOPE and both Central as well as State PSEs;
- ii) UN Agencies, reputed international agencies such as World Bank, EU and other multilateral bodies and organisations;
- iii) Reputed National and State Bodies;
- iv) Government Departments, Autonomous Organisations, Planning Commission, Attached and Subordinate Offices, Corporations etc.
- v) Philanthropic Missions, Trusts, etc. of national and international repute.

4.3. Decisions relating to the location and functioning of the HUB will be taken by DPE. SCOPE will be kept informed of such decisions and will be free to offer suggestions, inputs etc.

5. FUNDING

5.1 The *CSR budget will* be mandatorily created through a Board Resolution as a *percentage of net profit* in the following manner:-

Type of CPSEs Net Profit (Previous Year)	Expenditure range for CSR in a Financial Year (% of profit)
(i) Less than Rs. 100 crore	3% – 5%
(ii) 100 crore to Rs. 500 crore	2% – 3% (Subject to a Minimum of 3 crores)
(iii) 500 crore and above	0.5% – 2%

5.2 Loss-making companies are not mandated to earmark specific funding for CSR activities.

5.3. They should achieve CSR objectives by integrating business processes with social processes wherever possible and taking up such initiatives which do not involve cash outgo, e.g., by synergising their CSR activities with those of other profit-making cos.

5.4. The CSR Budget should be fixed for each financial year. This funding will not lapse. It will be transferred to a **CSR Fund**, which will accumulate – as in the case of *non-lapsable pool* - for the North East.

5.5. In case CPSEs have different Profit Centers like Factories / Plant locations, they may be allocated separate CSR budgets to be spent by them under the Annual CSR Budget allocations.

6. CLARIFICATIONS

6.1. These Guidelines will supersede/override any other Guidelines/Circulars/Instructions etc. that may have been issued by any Ministry/ Department on any prior date. Guidelines on CSR for CPSEs will henceforth issue only from the Department of Public Enterprises.

6.2. These Guidelines are fully in consonance with the draft Guidelines for Corporates issued by the Ministry of Corporate Affairs as per their website.

6.3. Such companies who are operating in sectors such as financial services, and have no specific geographical area or limited area, would adopt and define the areas of their choice for undertaking CSR activities.

6.4. Activities and expenditure related to staff benefits will not count as CSR.

6.5. Also grants to organizations/ institutions that are not specifically implementing CSR projects specified by the CPSE would not count as CSR.

6.6. These Guidelines may be amended by the Department of Public Enterprises from time to time with the approval of the competent authority.

7. BASELINE SURVEY & DOCUMENTATION

7.1. The impact made by CSR activities should be quantified to the best possible extent with reference to base line data, which need to be created by the CPSEs before the start of any project. ***Hence Base-line Surveys are mandatory.***

7.2. Meticulous **documentation** relating to CSR approaches, policies, programmes, expenditures, procurement, etc., should be prepared and put in the ***public domain***, (particularly through the internet) and made available to the National CSR Hub.

8. MONITORING

8.1. Monitoring of the CSR projects is very crucial and needs to be a periodic activity of the Enterprise.

8.2. The Boards of CPSEs should discuss the implementation of CSR activities in their Board meetings.

8.3. Each CPSE should include a separate paragraph/chapter in the Annual Report on the implementation of CSR activities/projects including the facts relating to physical and financial progress.

8.4. The implementation of CSR guidelines will form a part of the Memorandum of Understanding that is signed each year between CPSEs and Government.

8.5. The performance of each CPSE with reference to its CSR activities should be monitored by the Ministry/Department concerned on a regular basis.

8.6. In MoU Guidelines from 2010-11 onwards, 5 marks have been earmarked out of the *non-financial parameters* for CSR activities and 5 marks for Sustainable Development initiatives.

8.7. For proper and periodic monitoring of CSR activities, companies may appoint a CSR committee or a Social Audit Committee or a suitable, credible **external** agency.

8.8 CSR projects should also be evaluated by an ***independent external agency***. This evaluation should be both **concurrent** and **final**.

9. ANNEXE

POSSIBLE AREAS OF ACTIVITIES UNDER CSR (THE LIST IS INDICATIVE AND NOT EXHAUSTIVE)

- i) Drinking Water Facility
- ii) Education
- iii) Electricity Facility
- iv) Solar Lighting System
- v) Health and Family Welfare
- vi) Irrigation Facilities
- vii) Sanitation and Public Health
- viii) Pollution Control
- ix) Animal Care
- x) Promotion of Sports and Games
- xi) Promotion of Art and Culture
- xii) Environment friendly technologies
- xiii) Promotion of livelihood for economically weaker sections through forward and backward linkages
- xiv) Relief to victims of Natural Calamities like earth-quake, cyclone, drought & flood situation in any part of the country
- xv) Supplementing Development Programmes of the Government.
- xvi) Non-conventional Energy Sources
- xvii) Construction of Community Centres/Night Shelters/Old Age Homes
- xviii) Imparting Vocational Training
- xviii) Setting up of skill development centres.

- xix) Adoption of villages
- xx) Taking action on points suggested by Ministry of Forest and Environment pertaining to Charter on Corporate Responsibility for Environment Protection for 17 categories of Industries.
- xxi) Scholarships to meritorious students belonging to SC, ST, OBC and disabled categories.
- xxii) Adoption/Construction of Hostels (especially those for SC/ST and girls),
- xxiii) Skill training, entrepreneurship development and placement assistance programmes for youth.
- xxiv) Building of Roads, Pathways and Bridges.
- xxv) Entrepreneurship Development Programme (EDP)
- xxvi) Disaster Management Activities including those related to amelioration/ mitigation.
- xxvii) Activities related to the preservation of the Environment/Ecology and to Sustainable Development