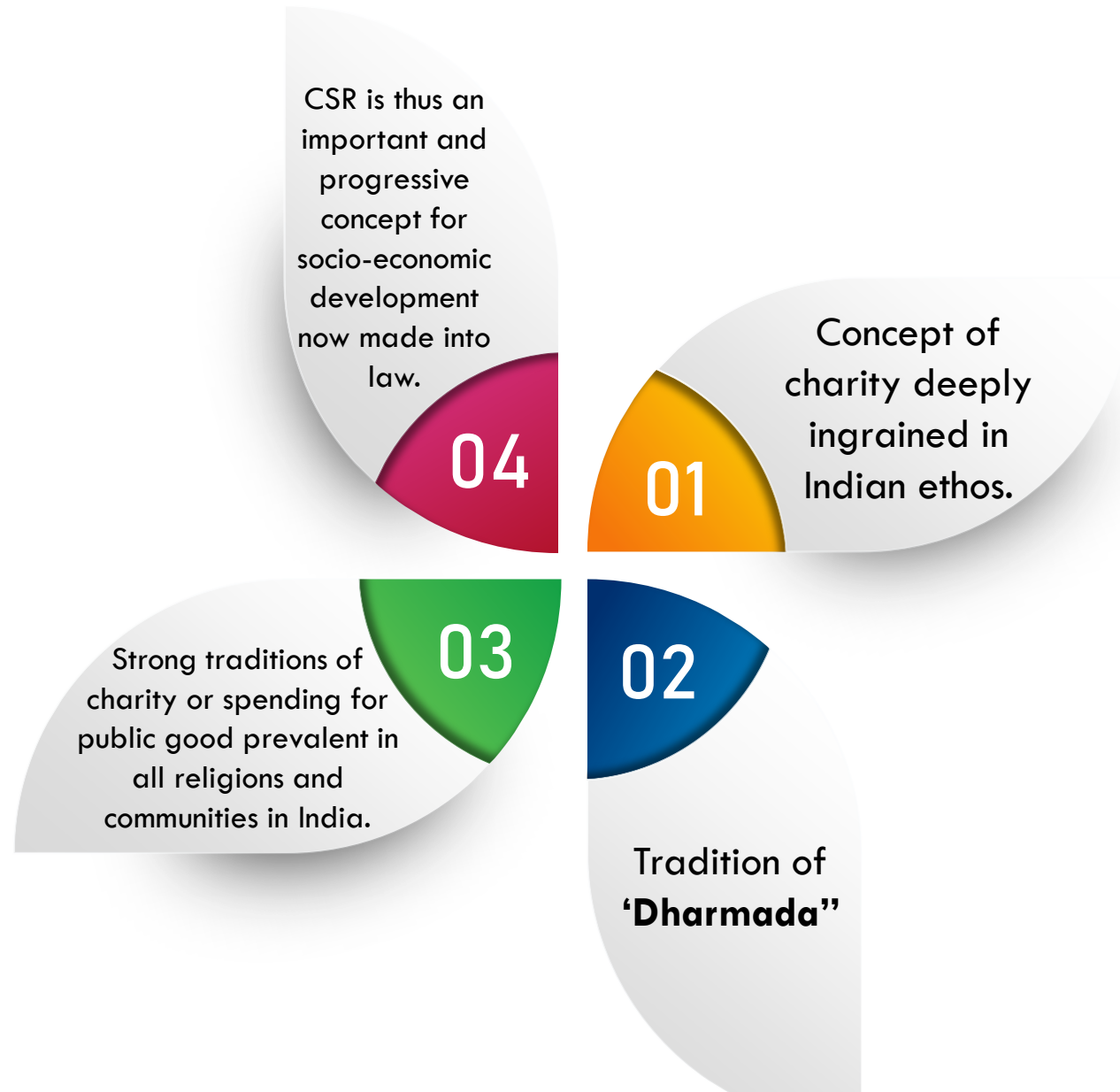


WEBINAR ON CORPORATE SOCIAL RESPONSIBILITY & RECENT CHANGES



Concept of CSR not new to India



Background of Law relating to CSR



No proposal in the Companies Bill when originally introduced in the Lok Sabha.



First time, the suggestion emerged during discussions in the Parliamentary Department Related Standing Committee.



The then Secretary, MCA agreed to include a proposal requiring certain companies to constitute CSR Committee and spend 2% of profits on CSR.



The proposal (and later as passed by the Parliament) was based on the principle of 'Comply or explain'



Later, thinking took a U-turn and the Companies (Amendment) Act, 2019 made CSR spending mandatory.



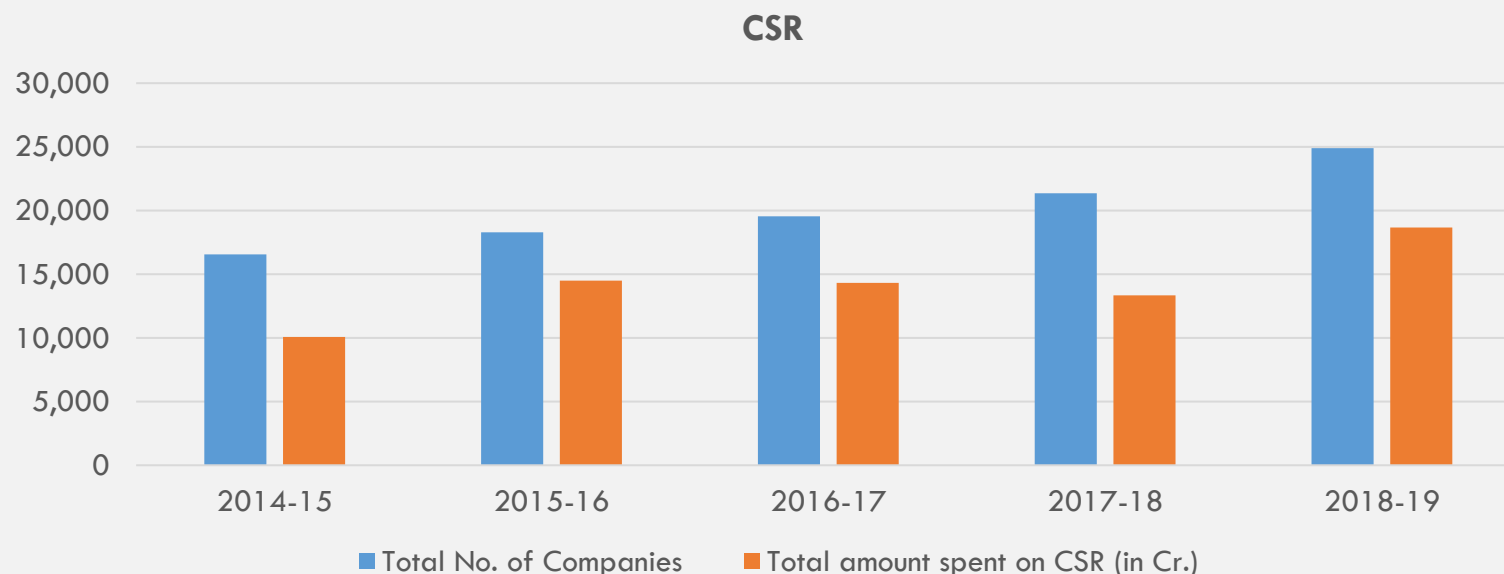
An overview of the CSR expenditure by Companies



Overall CSR Contribution

FY	Total No. of Companies	Total no. of companies liable but not reporting	%age of companies complied with CSR	Total CSR prescribed amount (in Cr.)	Total amount spent on CSR (in Cr.)	Compliance in terms of CSR expenditure (%)
2014-15	16,548	6,130	63%	17,141	10,066	59%
2015-16	18,290	5,335	71%	17,044	14,504	85%
2016-17	19,532	6,350	67%	19,790	14,312	72%
2017-18	21,337	9,753	54%	23,248	13,327	57%
2018-19	24,902	NA	NA	NA	18,653	NA

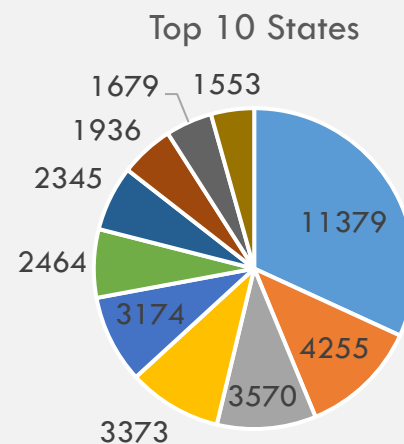
Source: Report of the High-Level Committee on Corporate Social Responsibility 2018 and National CSR Portal (Government Website).



Top 10 States for amount spent in CSR Activities

S. No.	State	2014-15	2015-16	2016-17	2017-18	2018-19	Total (in Crores)	%age
1.	Maharashtra	1446	2052	2488	2546	2847	11379	15.96%
2.	Karnataka	403	785	888	957	1222	4255	5.97%
3.	Gujarat	313	551	871	775	1059	3570	5.01%
4.	Andhra Pradesh	414	1294	753	269	643	3373	5.23%
5.	Tamil Nadu	540	633	551	627	823	3174	4.45%
6.	Delhi	237	493	521	551	662	2464	3.46%
7.	Odisha	252	624	317	469	683	2345	3.29%
8.	Rajasthan	300	501	325	264	546	1936	2.72%
9.	Uttar Pradesh	149	424	328	301	477	1679	2.36%
10.	Haryana	187	376	390	265	335	1553	2.18%

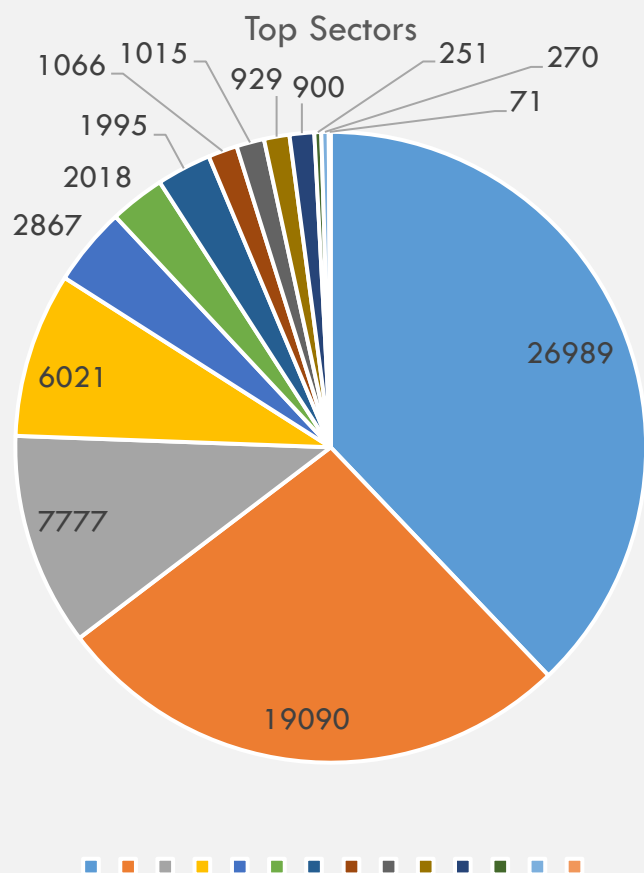
Source: National CSR Portal (Government Website)



■ Maharashtra ■ Karnataka ■ Gujarat ■ Andhra Pradesh ■ Tamil Nadu ■ Delhi ■ Odisha ■ Rajasthan ■ Uttar Pradesh ■ Haryana



Top Sectors for amount spent in CSR Activities



S. No.	State	Total (in Crores)	%age
1.	Education and Differently Aabled Livelihood	26989	37.87%
2.	Health, Eradicating Hunger Poverty and Malnutrition, Safe Drinking Water and Sanitation	19090	6.79%
3.	Rural Development	7777	10.91%
4.	Environment Animal Welfare and Conservation of Resources	6021	8.45%
5.	Not mentioned	2867	4.02%
6.	Gender Equality, Women Empowerment, Old Age Homes and Reducing Inequalities	2018	2.83%
7.	Any Other Fund	1995	2.80%
8.	Prime Minister's National Relief Fund	1066	1.50%
9.	Heritage Art and Culture	1015	1.42%
10.	Swachh Bharat Kosh	929	1.30%
11.	Encouraging Sports	900	1.26%
12.	Slum Area Development	251	0.35%
13.	Other Sectors (Technology Incubator and Benefits to Armed Forces and Admin Overheads	270	0.38%
14.	Clean Ganga Fund	71	0.10%

Source: National CSR Portal (Government Website)

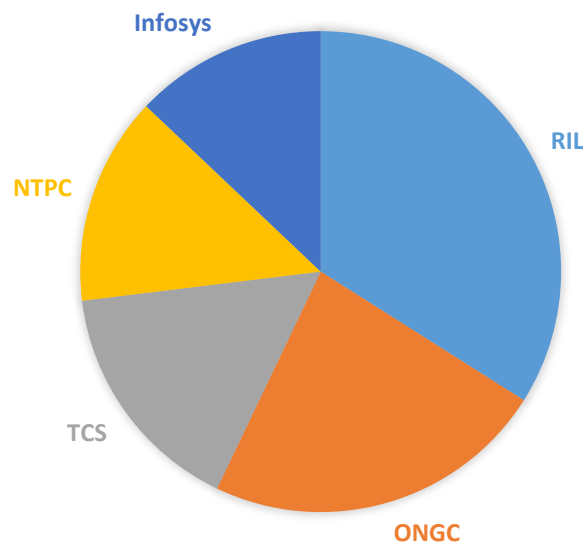


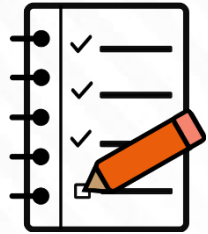
Top 5 Companies for amount spent in CSR Activities

S. No.	Company	2014-15	2015-16	2016-17	2017-18	2018-19	Total
1.	Reliance Industries	761	640	649	745	849	3644
2.	ONGC	495	409	505	482	587	2478
3.	TCS	218	280	380	400	434	1712
4.	NTPC	205	492	278	242	285	1502
5.	Infosys	240	202	289	313	342	1386

Source: National CSR Portal (Government Website)

TOP 5 COMPANIES SPENDS FOR CSR ACTIVITIES





Legal Framework



Applicability of Section 135



Every company including holding or subsidiary, and a foreign company having its branch office or project office in India, having:

- ✗ net worth of **Rs. 500 crore or more; or**
 - ✗ turnover of **Rs. 1,000 crore or more; or**
 - ✗ net profit of **Rs. 5 crore or more**
- during the immediately preceding financial year.

✗ **Section 8 Companies are also covered under the CSR provisions.**

✗ **Section 384 empowers the Central Government to apply the provisions of CSR provisions on foreign company having its branch office or project office in India.**

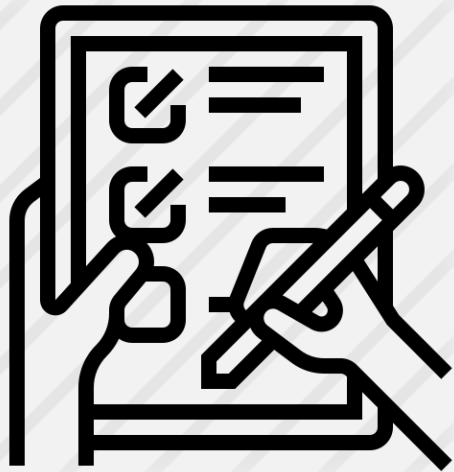




Qualified CSR Activities



Schedule VII



- ✍ Activities to be undertaken by the company shall be in areas or subject, specified in **Schedule VII**.
- ✍ Schedule VII is an indicative list of activities, while activities other than those mentioned in Schedule VII can be carried but in substance they should be based on subjects outlined therein.
- ✍ As per the FAQs released by MCA (*Circular No. 01/2016 dated 12/01/2016*), activities mentioned in Schedule VII should be interpreted liberally. The items enlisted in the amended Schedule VII of the Act, are broad-based and are intended to cover a wide range of activities.





**Activities would not qualify
for CSR**






Activities would not qualify for CSR



The CSR activities that benefit only the **employees of the company and their families.**

For example:

-  **Distributing medicines or food to employees or their families;**
-  **Reimbursement of school fees of children of employees;**
-  **Healthcare facility for employee and their families.**

Note: **Activities undertaken by a Company generally for a society which includes employees or their families are beneficiaries shall be allowed.**

Vide Circular No. 01/2016 dated 12/01/2016.



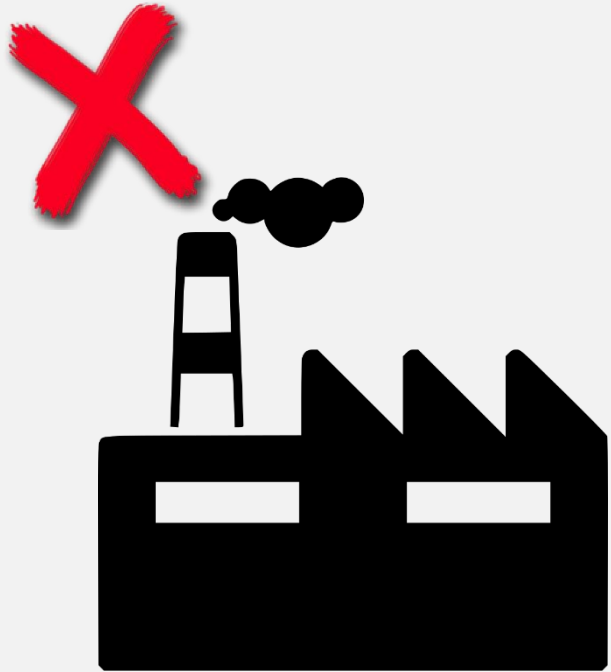
Activities would not qualify for CSR



Contribution of any amount directly or indirectly to any **political party**.



Activities would not qualify for CSR

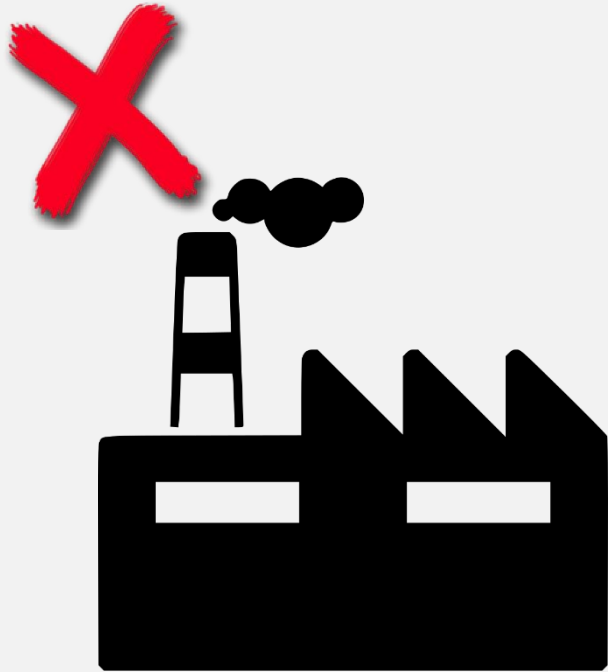


Activities undertaken by the company in pursuance of its normal course of business.

- ✍ The term normal course of business **is not defined** under the Act and CSR Rules.
- ✍ **Black's Law Dictionary (8th edn.)** defines 'ordinary course of business' as 'the normal routine in managing a trade or business' and terms it as 'regular course of business', 'ordinary course', 'regular course'.



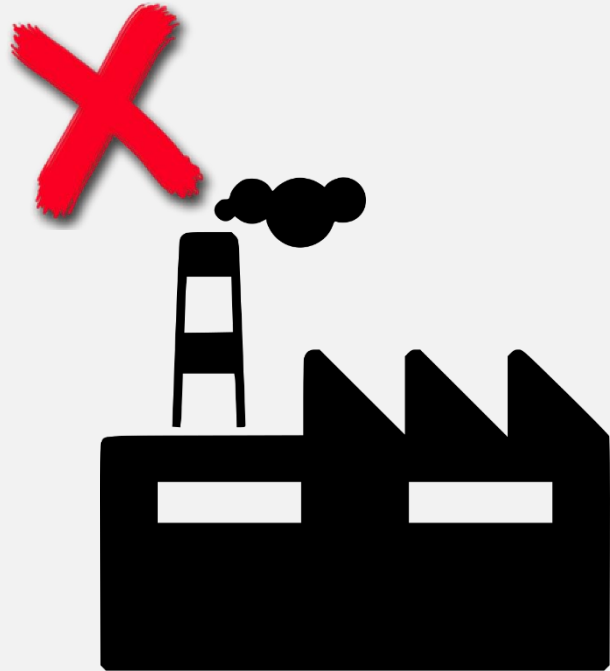
Activities would not qualify for CSR



- ✍ In simpler terms as derived from the **legal meaning**, the term 'normal course of business' shall mean things which are done in routine nature or which are arising out of customs and trades associated with a business.
- ✍ In the context of CSR, 'normal course of business' would mean that any activity which is undertaken by it regularly would constitute to CSR but in this regard the necessary factors to be considered is to verify that such activity—
 - must be in conformity with the CSR Policy and Schedule VII to the Act; and
 - shall not be undertaken with the profit motive.



Activities would not qualify for CSR



- ✍ In this regard, a reference may be given to an affidavit dated 28.03.2014 filed by the Ministry of Corporate Affairs in the case of **Mohd. Ahmad (Minor) vs. Union of India and Ors (W.P. (Civil) 7279/2013)** which clarified the scope of normal course of business used in Rules 4 and 6 of the Rules, by giving the following example-

"....a pharmaceutical company donating medicines/drugs within section 135 read with Schedule VII to the Act is a CSR Activity, as the same is not an activity undertaken in pursuance of its normal course of business which is relatable to health care or any other entry in Schedule VII."



Activities would not qualify for CSR

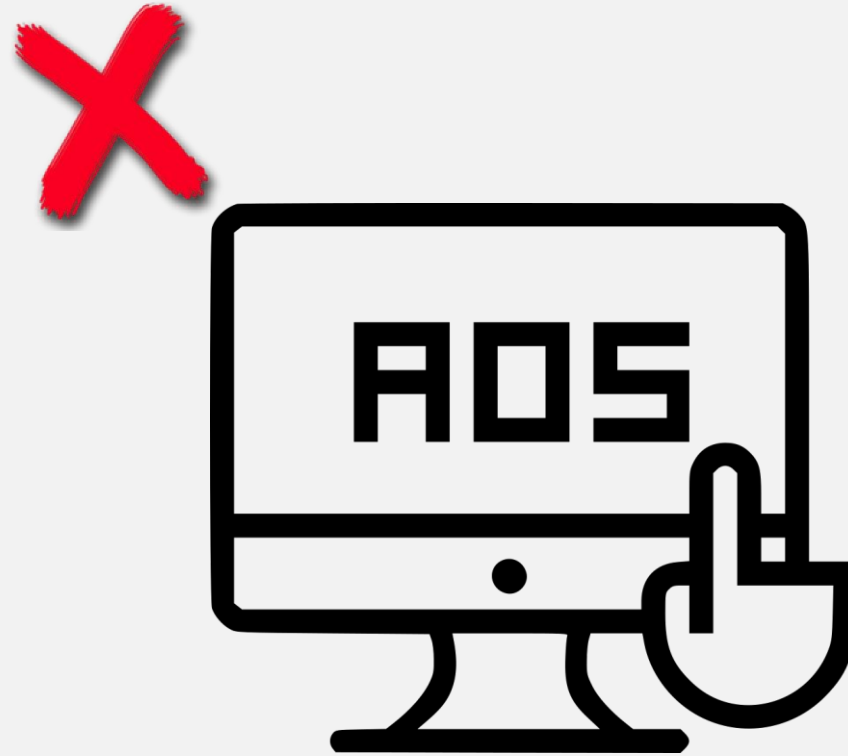
Activities undertaken outside India.



- ✗ As per CSR Rules, the activities undertaken outside India will not be considered for purpose of CSR.
- ✗ The Rule is not clear on an issue i.e. where the beneficiary is an Indian resident.
- ✗ Will sending students on scholarship to study outside India will not be counted towards CSR.



Activities would not qualify for CSR

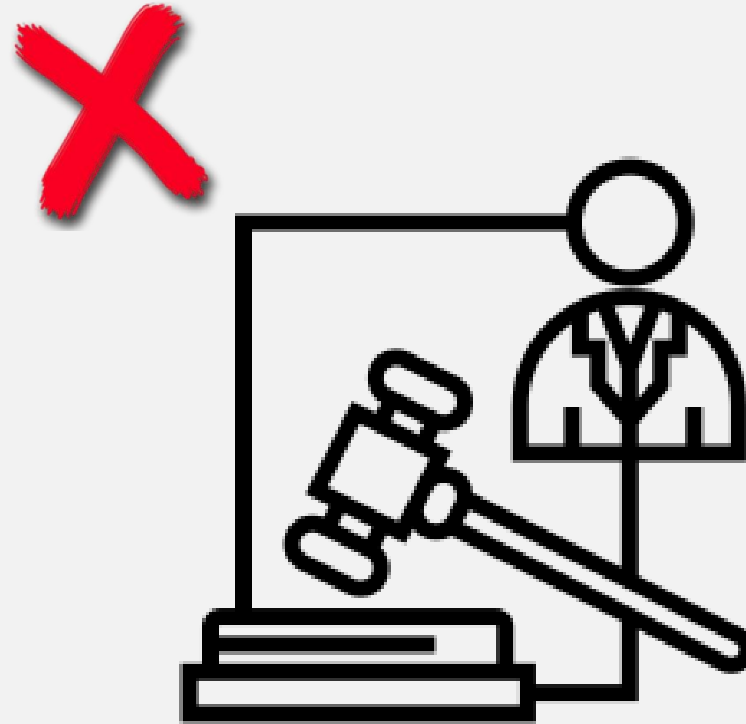


One-off events such as marathons/ awards/ charitable contribution/ advertisement/ sponsorships of TV programmes etc.

Vide Circular No. 01/2016 dated 12/01/2016.



Activities would not qualify for CSR

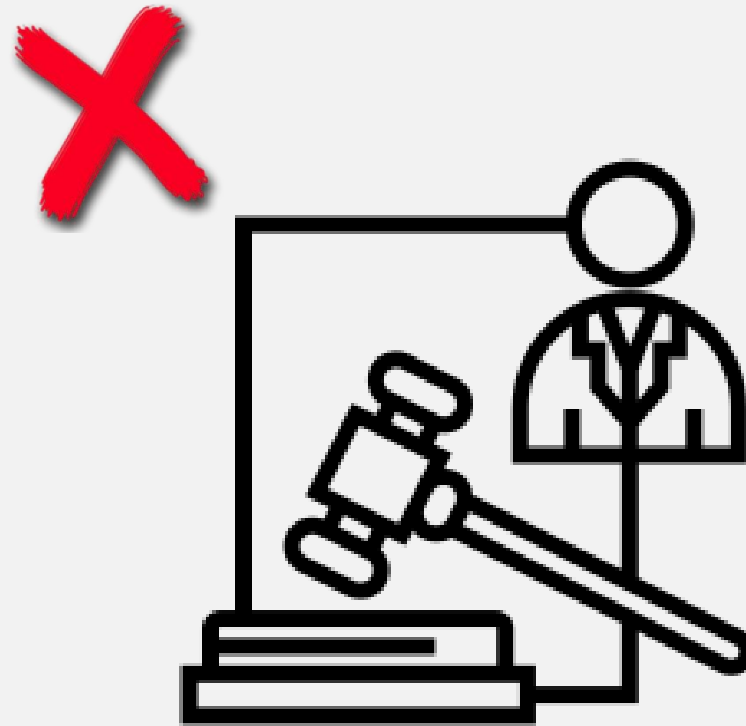


Expenses incurred by companies for the fulfilment of any other Act/ Statute of regulations (such as Labour Laws, Land Acquisition Act, 2013, Apprentice Act, 1961 etc.)

Vide Circular No. 01/2016 dated 12/01/2016.



Activities would not qualify for CSR



Contribution to Chief Ministers Relief Fund.

Vide Circular No. 15/2020 dated 10/04/2020.



Locality for CSR Expenditure



- ✍ While undertaking CSR projects or activities, preference shall be given to the **local area where the company operates**.
- ✍ This requirement was provided primarily for manufacturing companies, in order to facilitate development of their near by areas.
- ✍ In case of companies having single office, there primary target should be to incur expenditure in same city but nothing prohibits expenditure otherwise.
- ✍ In case of companies with offices across states or Country, expenditure can be undertaken at any place, where it operates.





CSR Expenditure



Minimum CSR Expenditure

- ✍ The Board of every eligible company shall ensure it spends in every financial year, **at least 2% of the average net profits** of the company made during the **three immediately preceding financial years** in pursuance of its CSR Policy.
- ✍ In case average net profit is negative, **no CSR expenditure needs to be undertaken.**
- ✍ Transferring necessary CSR Funds to Trust/Section 8 etc., will amount to meeting CSR obligation.
- ✍ Creating provision in books towards CSR expenditure will not amount to meeting CSR obligation.



Net Profits under CSR



- ✍ Net Profit calculation is required
 - For the purpose of determining eligibility to comply Section 135;
 - For purpose of calculating amount of CSR expenditure
- ✍ Before the Companies (Amendment) Act, 2019, there was of confusion with respect to manner of calculation Net Profit under Section 135.
- ✍ Amendment Act clarified that Net Profit, for purpose of Section 135, shall mean following:
 - Net profit be calculated in accordance with the provisions of section 198;
 - Adjustments as provided under the Rules.



Net Profits under CSR



- ✗ Section 198 provides the list of items which are eligible for credit and debit for purpose of calculating the net profits.
- ✗ Rules provides for following additional exclusions from income
 - any profit arising from any overseas branch(es); and
 - any dividend received from other companies in India, which are covered and complying with the CSR provisions.





Issues connected with CSR Expenditure





Issues connected with CSR Expenditure

✍ **Whether a company is required to under CSR expenditure even if its in existence for last than 3 years?**

Yes.

✍ **Whether a company is required to under CSR expenditure if it has losses in all three previous years?**

No.

✍ **Whether a company is required to under CSR expenditure if it has losses during the financial year in which expenditure is required?**

Yes, if it has average net profits during last three financial year.





Issues connected with CSR Expenditure

- ✍ **Whether a company can incur expenditure beyond 2% of average net profits for last three financial years?**

Yes, but if expenditure exceeds 5% of net profits as mentioned in Section 181, then approval of shareholders will be required in case of contribution to charitable and other bonafide funds.

- ✍ **Whether a company can carry forward its CSR expenditure during the next financial year?**

The Act is silent on this but any expenditure based on carry forward obligation shall be over and above the expenditure due for that financial year (*Vide Circular No. 01/2016 dated 12/01/2016*).

- ✍ **Whether a company can carry forward excess CSR expenditure during a FY to the next financial year?**



Not allowed as on date







Failure to incur CSR expenditure



Failure to incur CSR expenditure



-  In case of failure to incur requisite CSR expenditure, Board will have to give necessary explanation in Board report.
-  Failure to incur expenditure is not a default under the Act, provided disclosure is made.
-  Failure to make disclosure in Board report, attract penal provisions.
-  In case of default, the company shall be punishable with fine which shall not be less than Rs 50,000 but upto Rs 2,500,000. Every officer who is in default shall be punishable with imprisonment for a term upto 3 years or with fine which shall not be less than Rs 50,000 upto Rs 5,00,000 or with both.



Failure to incur CSR expenditure



- ✍ **MCA has been sending notices to Companies to share information on reasons with respect to failure to meet CSR expenditure.**
- ✍ **It is therefore necessary that CSR Committee and Board meeting minutes should clearly reflect the efforts taken towards undertaking CSR activities or projects .**





Implementation of CSR Policy



Implementation of CSR Policy



- ✍ CSR Committee is responsible for ensuring the implementation of the CSR policy.
- ✍ This is a very important responsibility cast on the CSR Committee.



Implementation of CSR Policy

How to ensure policy implementation?



- ✍ By ensuring that CSR expenditure is only undertaken on areas or subjects identified in the CSR Policy.
- ✍ By ensuring Board take necessary steps to identify activities or projects for the purpose of CSR expenditure.
- ✍ By ensuring the activities undertaken by the Company under CSR achieve the intended objectives and money is properly utilized.
- ✍ By ensuring the monitoring mechanism implemented for supervising CSR projects or programs, is effective.



Implementation of CSR Policy



Why implementation is important?

- ✍ CSR Committee gives a declaration as a part of the Board's report that the CSR policy has been implemented.
- ✍ In case of failure of Board to incur CSR expenditure, questions can be raised to the members of CSR Committee, as to efforts made by them in ensuring the expenditure.





Taxation aspect on CSR Expenditure



Taxation aspect



- ✍ **As per Finance Act, 2014**, any amount spent by a company towards CSR cannot be claimed as business expenditure for the purpose of income tax unless the expenditure relates to Section 30 to 36 of Income Tax Act. (*Vide Circular No 01/2015 dated 21-01-2015 issued by the CBDT*)
- ✍ CSR spending on several activities like contributions to **PM CARES Fund, PM Relief Fund, scientific research, rural development projects, skill development projects, agricultural extension projects, etc.**, which find place in Schedule VII, already enjoy exemptions under different sections of the Income Tax Act, 1961.
(*Vide Circular No. 01/2016 dated 12/01/2016*)





Manner of undertaking CSR Activities



Manner of undertaking CSR Activities

Section 8 Company

Having track record of 3 years in undertaking similar programs and the company has specified the modalities, monitoring and reporting mechanism of such programs



6



Section 8 Company

Either singly or with other company or by the Government or entity established under an Act of Parliament or State legislature

1

Registered Trust

Having track record of 3 years in undertaking similar programs and the company has specified the modalities, monitoring and reporting mechanism of such programs



5

Board may undertake CSR activities directly or through

2

Registered Trust

Either singly or alongwith any other company or by the Government or entity established under an Act of Parliament or State legislature



Registered Society

Having track record of 3 years in undertaking similar programs and the company has specified the modalities, monitoring and reporting mechanism of such programs



4

3

Registered Society

Either singly or alongwith any other company or by the Government or entity established under an Act of Parliament or State legislature





Manner of undertaking CSR Activities

- ✍ In case of Trust/Society/Section 8, set-up by a company, kindly ensure that company is author or member
- ✍ It is not necessary that Director of the company should be the trustee of the Trust .
- ✍ Trust/Society/Section 8, set-up by a company can also engage other NGOs to carry out the CSR activities.
- ✍ In order to ascertain experience of third party Trust/Section 8 etc in carrying similar activities , a broader view has to be taken. A Trust undertaking academic classes for poor, can also take projects for vocational skills.



Manner of undertaking CSR Activities



Collaborate with other companies

A company may also collaborate with other companies for undertaking projects or programs



Establishment of its Trust/ Society etc.

In such case, it is not necessary that other company should be author/member of said Trust/Society.



Collaboration can happen in following ways:

- by jointly planning and executing;
- by jointly contributing to a common Trust/Society for carrying a common project




In case of States, where registration of trust is not mandatory

Trust registered under Income Tax Act will also be eligible.



Administration Overheads

- 
- I. Expenditure on building CSR capabilities of own and implementing agency;
 - II. Towards administration overheads shall not exceed **5% of total CSR expenditure** of the company in one financial year.

As per Cost Accounting Standards on Administrative Overheads (CAS-11), it shall be generally the cost of resources consumed in activities related to **general management and administration of organization like employee cost, shared service cost, office supplies, legal cost etc.**



Administration Overheads



Expenditure on activities like **identification of implementing partner, examining CSR proposals, hiring of monitoring agency, employee cost of CSR team etc.**, can be considered within administrative overhead.

Expenditure which are directly connected with CSR activity, shall form part of CSR expenditure. **For eg., salaries of teacher hired for giving tuition class to EWS students.**





Amendments not yet Enforced





Companies (Amendment) Act, 2019

- ✍ The Amendment Act, seems to shift the principle from Comply or Explain to Comply only.
- ✍ Provisions inserted though not notified, provides for mandatory expenditure.
- ✍ Failure to spend requisite amount during any financial year has been divided into amount related to ongoing projects and otherwise.
- ✍ Where amount doesn't relate to any ongoing project, then in case of failure to spend the same, the same will have to mandatorily transferred to a Fund specified in Schedule VII, within 6 months of close of financial year.

For example: if during FY 2020-21, a company fails to spend the requisite amount and there is no ongoing CSR project to which it is related, then company has to mandatorily transfer within 6 months of close of FY 2020-21.





Companies (Amendment) Act, 2019

- ✍ Any amount remaining unspent during a financial year, pursuant to any ongoing project, shall be transferred by the company within a period of 30 days from the end of the financial year to a special account to be opened by the company in that behalf for that financial year in any scheduled bank to be called the Unspent Corporate Social Responsibility Account.

Note: Separate account for each FY needs to be opened

- ✍ Such amount shall be spent within a period of 3 financial years from the date of such transfer, failing which, the company shall transfer the same to a Fund specified in Schedule VII, within a period of 30 days from the date of completion of the third financial year.

So amount transferred for FY 2020-21 to such an account, has to be utilized for the project upto FY 2023-24, otherwise shall be transferred to a fund specified in Schedule VII.





Companies (Amendment) Act, 2019

- ✍ As per the draft CSR Rules, “Ongoing Projects” means
- a multi-year project undertaken by a Company in fulfilment of its CSR obligation; and
 - project timelines shall not exceed 3 years excluding the financial year in which it was commenced; and
 - projects that were initially not approved as a multi-year project but whose duration has been extended beyond a year by the Board based on reasonable justification.

Key Issues:

- Projects beyond 3 years not recognized.
- What about ongoing projects which are beyond 3 years
- What if project is delayed beyond 3 years





Companies (Amendment) Act, 2019

- ✍ Empowering the Central Government to give such general or special directions to a company or class of companies as it considers necessary to ensure compliance of provisions of this section and such company or class of companies shall comply with such directions.
- ✍ Clarified that companies which are in existence for less than 3 years, will require to calculate average of net profits basis number of years since incorporation
- ✍ Made non-compliance of provisions with respect to:
 - failure to undertake expenditure; or
 - failure to explain in board report; or
 - failure to transfer amount to specified or unspent accountas a **criminal offence**.



Companies (Amendment) Act, 2019

✍ In case of default:

Company shall be punishable with:	Every officer of the company who is in default shall be punishable with:
<p>Fine: Minimum- Rs. 50 thousand; Maximum- Rs. 25 lakh.</p>	<p>Imprisonment: Maximum- 3 years OR Fine: Minimum- Rs. 50 thousand; Maximum- Rs. 5 lakh. OR Both</p>





Proposed Amendments



Companies (Amendment) Bill, 2020

- ✍ Allowing **carrying forward** of a higher CSR spend beyond the minimum required amount, for set-off with CSR obligation in the next year.

CSR Obligations	Rs 2 crores
Amount Spent	Rs 3 crores
Excess spent can be adjusted next year	Rs 1 crore

- ✍ CSR Committee constitution shall be **optional**, if the CSR expenditure does not exceed Rs. 50 lakhs.



Companies (Amendment) Bill, 2020

- ✍ Decriminalizing the **penal** provision inserted by the Companies (Amendment) Act, 2019 (Not yet Enforced).

Old Penal Provision	New Penal Provision
<p>Company shall be punishable with:</p> <p>Fine: <i>Minimum-</i> Rs. 50 thousand; <i>Maximum-</i> Rs. 25 lakh.</p> <p>Every officer of the company who is in default shall be punishable with:</p> <p>Imprisonment: <i>Maximum-</i> 3 years</p> <p style="text-align: center;">OR</p> <p>Fine: <i>Minimum-</i> Rs. 50 thousand; <i>Maximum-</i> Rs. 5 lakh.</p> <p style="text-align: center;">OR</p> <p>Both</p>	<p>Company shall be liable to: Penalty of twice the amount required to be transferred by the company to the Fund specified in Schedule VII or the Unspent CSR Account, as the case may be, or Rs. 1 crore, whichever is less.</p> <p style="text-align: center;">AND</p> <p>Every officer of the company who is in default shall be liable to: Penalty of one-tenth of the amount required to be transferred by the company to such Fund specified in Schedule VII, or the Unspent CSR Account, as the case may be, or Rs. 2 lakh, whichever is less.</p>



Draft CSR Amendments Rules, 2020

Rule	Analysis
Definition of 'CSR'	<p>Activity that significantly benefit the employees of the company and their families will be allowed towards CSR provided for such activity, out of total beneficiaries, employee shall not constitute more than 25%.</p> <p>Impact: Will bring some clarity but practical implementation will be challenge</p>
Definition of 'Ongoing Projects'	<p>It is proposed to insert a new definition of 'Ongoing Projects'.</p>
CSR through Section 8 Company	<p>It is proposed that the company may undertake the CSR activity itself or through a Section 8 Company or any entity established under an Act of Parliament or a State legislature. However, such company/ entity shall register itself with the Central Government by filing the Form CSR-1.</p> <p>Impact: i. This will have a major impact on CSR landscape. ii. Companies will have to re-work their CSR plan and redefine various projects and activities iii. More than 90% of NGO sector is in form of Trust/Society etc</p>



Draft CSR Amendments Rules, 2020

Rule	Analysis
Responsibility	<p>CFO or the person responsible for financial management shall give a certificate to the Board with respect to proper utilization of CSR expenditure.</p> <p>Impact:</p> <ul style="list-style-type: none">• CFO will have to make sure that amount spent is utilized as per CSR project.• Will create additional responsibility on the CFO.• Company will have to strengthen the monitoring mechanism.
CSR Committee	<p>CSR Committee to frame an annual action plan in pursuance of its CSR policy for the purpose of carrying the CSR activities and projects.</p> <p>Impact: This document will be an action plan for implementation of CSR project or activity for a particular year.</p>



Draft CSR Amendments Rules, 2020

Rule	Analysis
CSR Reporting	<p>Companies which have spent an average CSR amount of Rs. 5 crore or more in the three immediately preceding financial years will be required to carry impact assessment.</p> <p>Impact: While this will help companies analyse the benefit of CSR activities but will create additional cost burden.</p>
CSR Expenditure	<p>It is proposed to increase the limit of administrative overheads from 5% to 10% of total CSR expenditure. However, such limit shall only be applicable on the company which required to undertake impact assessment.</p> <p>Impact: Will give some window to companies to meet cost of impact assessment.</p>
Surplus arising from CSR projects	<p>New provision relating to surplus arising from CSR projects is proposed to insert. Such surplus shall be ploughed back into the same project or shall be transferred to the Unspent CSR Account.</p>



Draft CSR Amendments Rules, 2020

Rule	Analysis
Creation or acquisition of assets	It is also proposed to insert a new provision that the CSR amount may be spent by a company for creation or acquisition of assets which only be held by a section 8 company having charitable objects or a public authority.
National Unspent Corporate Social Responsibility Fund	<ul style="list-style-type: none">• It is proposed that the Central Government shall establish a 'National CSR Fund' for purpose of transferring the unspent amount of companies, which shall be then used for activities outlined in Schedule VII.• It is also proposed that until such fund is created, the company shall transfer the unspent CSR amount to any fund as specified in Schedule VII.• It is further proposed that the Central Government shall specify the guidelines for the manner of administration of the Fund. <p>Impact: On lines of IEPF, National CSR Fund will be established.</p>



Draft CSR Amendments Rules, 2020

Rule	Analysis
Reporting of CSR Expenditure	<ul style="list-style-type: none">• Detailed formats are proposed to provided information related to CSR activities.• Details of amount spent/unspent for last 3 FYs.• Details of ongoing projects.• Details of amount transferred to unspent account.• Details of assets acquired/created. <p>Note: From disclosure requirement, it seems that MCA may also register each CSR project and assign a project ID</p>
International Organizations	<p>It is proposed that a company may engage international organizations for the designing, monitoring, evaluation of the CSR projects; capacity building of their own personnel for CSR and implementation of a CSR project subject to the prior approval of the Central Government.</p>





Issues still unaddressed

- ✍ Contribution of Trust/Society etc amounts to meeting CSR expenditure obligation , irrespective of fact that whether the said Trust/Society has spent the same or not.
- ✍ Companies with huge CSR obligations sometimes finds it difficult to spend the entire amount during a single financial year
- ✍ Companies having losses during a FY, are still required to undertake CSR expenditure.





Suggestions on 'Corporate Social Responsibility'



Suggestions on 'Corporate Social Responsibility'



01

Need to actively utilize the managerial talent and entrepreneurship possessed by the corporates in undertaking CSR activities.



02

The individual CSR initiatives gain significance for the corporate as these activities directly affect brand image of the company and its products or services.



03

Institutional investors choose to invest in companies that are high on their ESG (environmental, social and governance) compliance.



Suggestions on 'Corporate Social Responsibility'



04

Need to sensitize the companies to take CSR spend more seriously. Need to scale up CSR activities level as part of MD or CEO's job responsibility.



05

Companies should be encouraged to align their CSR policy with their business model to effectively use their huge pool of experienced manpower.



06

Need to revisit Schedule VII with broader principles of holistic development, instead of an activity-based prescriptive approach.



Suggestions on 'Corporate Social Responsibility'



07

Contribution to Funds like Prime Minister's National Relief Fund or such other funds should be discontinued as this negates the very concept of active participation.



08

Corporates should be free to choose the activities closest to their field of expertise.



09

Undertake CSR activities preferably in areas/territories where the Government agencies have not reached/penetrated as such activities are likely to make a big social impact.



Suggestions on 'Corporate Social Responsibility'



10

Corporates should not enter into very large mandates for CSR.



11

Government should come out with some slogan or theme/specific focus area every year for CSR spend, for instance development of some specific sports and promotion of rural and indigenous games.



12

Need for online portal showing the thrust areas/regions for CSR spends and the areas/regions committed by individual corporates so that the efforts are widespread and not duplicated.



Suggestions on 'Corporate Social Responsibility'



13

Need for mechanism to assess quality and efficacy of CSR spend.



14

Need to set up a coordinating agency to see that CSR spending of companies is harmonized for the betterment of all.



15

Smaller companies may be better off by pooling their CSR resources to collectively undertake CSR projects.



Suggestions on 'Corporate Social Responsibility'



THANK YOU

Pavan Kumar Vijay

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