

CORPORATE SOCIAL RESPONSIBILITY

MCRHRD SPECIAL FOUNDATION COURSE, 18TH FEB 2021



PRESENTATION FLOW

What is the history of CSR in India?

What is the CSR Act all about?

Which Corporates qualify for CSR Spending?

What the areas where CSR funds could be spent?

Are there any penal provisions for non-compliance?

How is CSR beneficial to Society?

WHAT IS THE HISTORY OF CSR IN INDIA?

- Among the richest traditions of Corporate Social Responsibility in the world
- CSR Term is comparatively new but concept dates back hundreds of years.

Charity and Philanthropy

- Influenced by family and religious values, traditions and culture
- During pre-independence era, the pioneers of industrialization like Tata, Birla, Godrej, Bajaj promoted the idea by setting up charitable foundations

CSR as Social Development contribution

- Influence of Mahatma Gandhi during Independence struggle on industrialists to set up trusts for education, social reform, women empowerment etc.

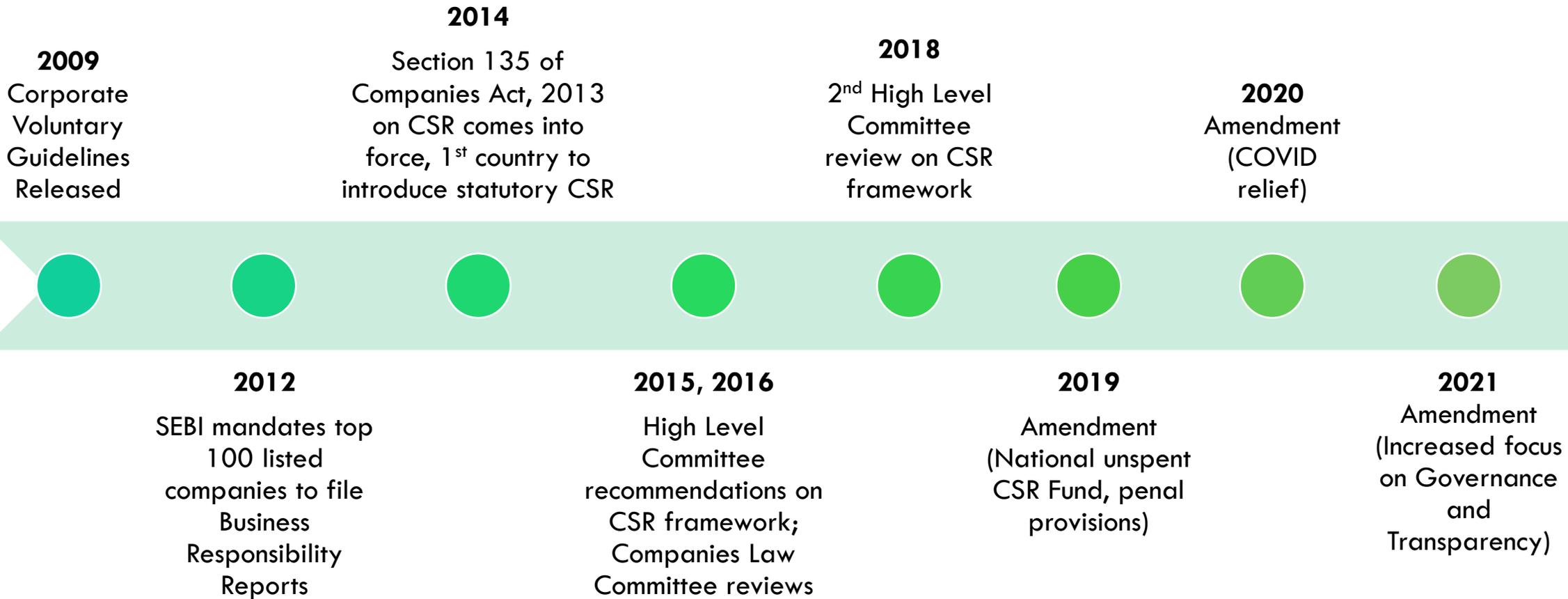
CSR under mixed economy

- PSUs vs Private Enterprises deliberations; private sector becoming more active in socio-economic development activities too

CSR in Globalized world

- Liberalization and Privatization gave further impetus to developing CSR as a sustainable business strategy

WHAT IS THE CSR ACT ALL ABOUT?



WHICH CORPORATES ARE ELIGIBLE FOR CSR SPENDING?

Any Company having in the preceding financial year

- Net Worth > 500 Crore
- Turnover > 1000 Crore
- Net Profit > 5 Crore

- Prescribed CSR Spent: **2%** of average net profit of three (3) preceding years,
 - Excess amount spent can be setoff against CSR spending obligation for next 3 years, subject to riders
- Through **CSR Committee** and a stated **CSR policy**
- **Reporting** a must in the format provided in the Companies' annual report

WHAT THE AREAS WHERE CSR FUNDS COULD BE SPENT? (1 / 2)

**Eradication of Hunger, Poverty
and Malnutrition, promotion
of Healthcare and Sanitation
(WASH)**

**Promotion of Education
including Livelihood
Enhancement projects**

**Promotion of Gender Equality,
Socio-economic Equality**

**Safeguarding Environmental
Sustainability**

**Protection of National
Heritage, Art and Culture**

**Measures for the benefit of
Armed Forces veterans and
their dependents**

WHAT THE AREAS WHERE CSR FUNDS COULD BE SPENT? (2 / 2)

Promotion of Sports: rural, nationally recognized sports, Paralympic and Olympic sports

Contribution to PM's National Relief Fund or any other fund setup for socio-economic development

Promotion of Research and Development projects in STEM, by a State or Central undertaking

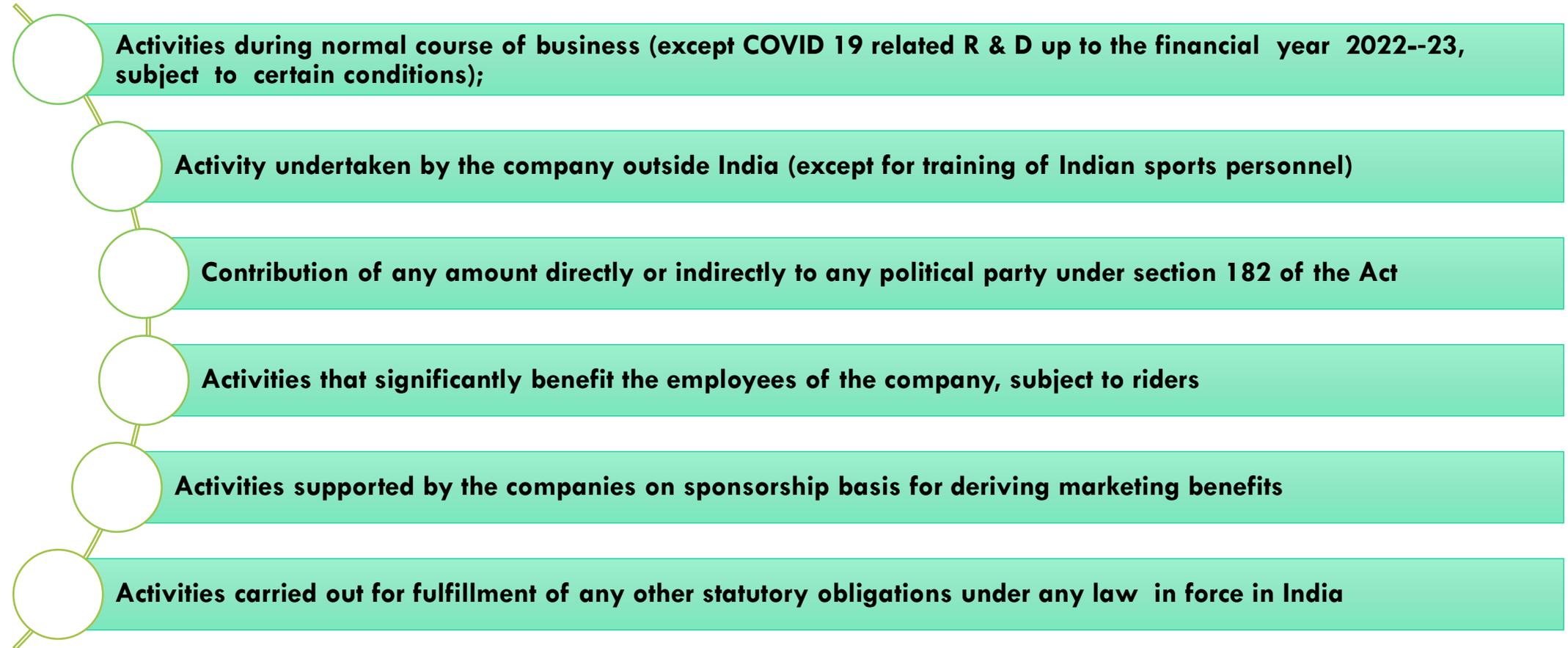
Contributions to Public Funded Universities

Promotion of Rural Development and Slum Area Development

Disaster Management

Other matters as may be prescribed

WHAT THE AREAS WHERE CSR FUNDS CAN NOT BE SPENT?

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- Activities during normal course of business (except COVID 19 related R & D up to the financial year 2022--23, subject to certain conditions);
 - Activity undertaken by the company outside India (except for training of Indian sports personnel)
 - Contribution of any amount directly or indirectly to any political party under section 182 of the Act
 - Activities that significantly benefit the employees of the company, subject to riders
 - Activities supported by the companies on sponsorship basis for deriving marketing benefits
 - Activities carried out for fulfillment of any other statutory obligations under any law in force in India

ARE THERE ANY PENAL PROVISIONS FOR NON-COMPLIANCE?

Voluntary to Mandatory

- In 2020, the Center had introduced monetary and imprisonment provisions for non-compliance

Following protest from Companies, and post review, new rules introduced in Jan, 2021

- Offence decriminalised vide CAA, 2020
- Company liable to pay penalty twice the amount of default or Rs. 1 cr, whichever is less
- Every officer liable to pay penalty @ 10% of default or Rs. 2 lacs, whichever is less

Focus on Transparency and Accountability

- Register their entities conducting CSR obligations
- Conduct Impact Assessment of Large projects
- More leeway in utilization of CSR funds in the spirit of ease-of-doing business

HOW IS CSR BENEFICIAL TO SOCIETY?



Supplement Government's activities for Societal Development



Focus on Local Community Development



Increased Collaboration for Greater Impact and Learning



Focus on Sustainability and Scalability



Encourages Innovation



Knowledge Management



Multi-fold Value Proposition: Funding, Volunteering, Thought Leadership

THANK YOU !