

# **Studies on the comparison of Corporate Social Responsibility practices followed in Industrial Sectors**

## **A Dissertation**

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In

**Environmental Science and Technology**

Submitted

By

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**Thapar University, Patiala  
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## DECLARATION

I, the undersigned, hereby declare that the work presented in the M.Tech thesis entitled “**Studies on the comparison of Corporate Social Responsibility practices followed in Industrial Sectors**” has been carried out by me under the supervision and guidance of *Dr. Amit Dhir*, Assistant Professor, *School of Energy and Environment*, Thapar University, Patiala. Further, I declare that no part of this dissertation has been submitted for a degree or any other qualification of any other university or examining body in India/elsewhere.

Place: Patiala

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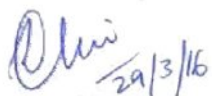
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## CERTIFICATE

This is to certify that thesis entitled, "Studies on the comparison of Corporate Social Responsibility practices followed in Industrial Sectors" submitted by Mr. Kamal Singla in partial fulfillment of the requirements for the award of Masters in Technology Degree in Environmental Science & Technology at Thapar University, Patiala is an authentic work carried out by him under my supervision and guidance.

To the best of our knowledge, the matter embodied in this thesis has not been submitted to any other university/ institute for award of any degree or diploma.



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## **ABSTRACT**

Corporate Social Responsibility came as a responsibility towards society in business in the Eighteenth Century. There are many countries which have adopted CSR approach for the purpose of their business management for centuries. The Ministry of Corporate Affairs, India has issued a notification defining CSR in Companies (Corporate Social Responsibility Policy) Rules, 2014 on Feb.27, 2014. This notification was examined by Ministry of Environment and Forests and an Office Memorandum was issued on Aug.11, 2014 making some amendments in the conditions while imposing on grant of Environmental Clearance. The observations of various studies regarding the CSR practices followed across the various industrial sectors have been analyzed and observed that CSR practices which are actually carried out post environmental clearance needs more attention. The questionnaire relating to CSR activities performed by the industrial sectors was prepared and survey has been carried out in different industrial sectors in Punjab to know the actual status of CSR activities performed by the industries. It has been observed that only 5-6 activities are performed by various industries as a part of their CSR and rest of the main activities are being ignored. There was no emphasis on social business projects and promoting gender equality mentioned in Schedule VII of Companies Act, 2013. The industrial sectors are spending some amount on the activities such as education, health, employment generation, sports activities and funding to NGO's/ social organization. However, these sectors are not complying with the CSR Rule as they are not spending 2% of their net profit on CSR activities. Hence, it is concluded that 2% of the total profit earned by the industry must be religiously spent on CSR activities for the betterment of the society in general and neighborhood in particular. Moreover, the monitoring of CSR activities performed by industrial sectors must be accessed in order to implement the CSR in better way.

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## **ABBREVIATIONS**

CSR- Corporate Social Responsibility

HCD- Human Capital Development

OM- Office Memorandum

MNC-Multi National Companies

BRIC- Brazil, Russia, India, China

UNEP- United Nation Environment Programme

SEIAA- State Environment Impact Assessment Authority

SEAC- State Expert Appraisal Committee

EC- Environment Clearance

NGO- Non Government Organization

MoEF- Ministry of Environment & Forests

UNICEF- United Nation International Children Education Fund

SBM/ SBA- Swachh Bharat Mission/ Abhiyan

# **CHAPTER-1**

## **INTRODUCTION**

The word Corporate Social Responsibility (herein afterwards CSR) is defined as responsibility of company towards environment in which it works. It is not confined to that area rather there is wider scope of it. There are many deliberations on CSR and they have moved from whether companies have other responsibilities except maximizing the profit and to how can these companies comply with the broader responsibilities. The CSR is not a charity or mere donation.

In 1916, J.M. Clark, in his Journal of Political Economy said “if men are responsible for the known results of their actions, business responsibilities must include the results of business dealings, whether these have been recognized by law or not”. But in actual, CSR came as a responsibility towards society in business in eighteenth century. An important example is a chocolate making company namely Cadbury in the United Kingdom that has tremendous growth in the 1870s and moved to ‘Greenfield’ site in 1879 which came to be called Bournville ( Koutsodimou et al., 2004), some miles from its original site i.e. Birmingham. The opening of the Cadbury ‘factory in a Garden’ marked a new era in its industrial relations and welfare of its employee with joint consultation being one of the initiatives introduced by the pioneering Cadbury brothers. In 1899, the Cadbury started training programs for its employees and giving education, pension funds, and medicines from medical department.

There are many companies which have adopted a CSR approach for the purpose of business management since centuries. The current concept about CSR is to make it a common practice for corporations to create an impact that can make a difference to the quality of life of the present and future generations.

### **1.1 DEFINITIONS OF CSR**

Basically, CSR analyses economic, legal, moral, social and physical aspects of environment. The definition of CSR in broader manner is concerned with what is -or should be- the relationship between corporates, citizen and the Government. If we go into more detail, the definition is concerned with the relationship between a company and the local society in which it resides or operates. The relationship between corporation and its stakeholders also comes under CSR.

The definitions of CSR are specific and every definition has some meaning relating with the dimension of the issue. Number of debates are taking place in the arena of ethics- should there be any regulations made for controlling the corporations or the ethical base of citizenship has been lost and needs to be replaced before socially responsible behavior will ensue? However, analyzing these debates, one can say that it is concerned with some sort of social agreement between the company and the society. This social agreement implies that it is an entirely altruistic act i.e. there is no meaning of selfishness. However, there is no agreed definition of CSR. Hence, the question arises as to what exactly can be considered to be corporate social responsibility?

Thus, CSR is a concept wherein corporate try their level best to integrate social, environmental concerns with their business operations and in their interaction with their stakeholders on a voluntary basis.”

### ***1.1.1 Corporations are part of society***

A growing number of authors, however, have acknowledged that the activities of an industry impact upon the external environment and made suggestions that one of the roles of accounting should be to report upon the impact of an organization. Such a suggestion came in the 1970's and a concern with a wider view of company performance is taken by some writers which indicate concern with the social performance of a business, as a part of society at large. Indeed, the desirability of considering the social performance of a business has not always been accepted and has been the subject of extensive debate. Thus, Hetherington (1973) states that “there is no reason to think that shareholders are willing to tolerate an amount of corporate non-profit activity which appreciably reduces either dividends or the market performance of the stock”.

Similarly, the Carroll (1979), one of the early CSR theorists states that:

“Business encompasses the economic, legal, ethical and discretionary expectations that society has of organization at a given point of time”

### ***1.1.2 Profit is all that matters***

Some people in corporate world have taken the view that a corporation should not be concerned with social responsibility. There is one and only one social responsibility of business- to utilize its resources in order to increase its profits so long as it stays within the

rules of the game, which is to say, engages in the open and free competition without deception or fraud”

Equally, some people are more scoffing in their view of corporate activity. They had the opinion that “Business is what a turning point and it turns a social problem into economic opportunity which in turns economic benefits into productive capacity, into human competence, into well paid jobs and into wealth”

## **1.2 CHARACTERISTIC OF CSR TRENDS**

### ***Phase 1- CSR Initiation Phase (1960-1990)***

The environmental issues gained momentum in 1960’s that led to trigger among natural environmental protection agencies and United Nations Environment Programme (UNEP). The global warming was attributed to emissions of carbon dioxide generated from burning of fossils fuels and other green house gases from human activities. The need was felt to clarify the requirements for ecologically sustainable development.

In early 80s, other issues came into notice i.e. social inequity, poverty, population pressure, and terms of trade as a critical characteristic for the proper functioning of ecosystem. In the late 80s, the Brundland report established the principles of sustainable development and it led to the emergence of key concepts associated with natural capital and measuring sustainability. From 1975 to 1987, the conceptual models for social responsibility accounting Ramanathan whose work is regarded influential was proposed by the authors, but provides limited assistance in determining what should be included in social accounting reports. (Ramanathan , 1976)

The adoption and reporting of CSR during these 30 years were associated with issues related to environment. In the 70s, many countries started focusing on environment and promoted its reporting. In France, it was made mandatory for the companies having employees more than 300 to produce an employee report. The companies in the Germany engaged themselves in the social model of corporate management. The external audits of companies at smaller scale were taken by Social Audit Limited that was established in UK in 1978. In India, the largest integrated private sector steel company started social auditing in the year 1979. In this period, the Europeans focused on employee relations with attention to standardization / impact measurement.

### ***Phase 2- CSR Momentum Building Phase (1990-2000)***

The 90's saw the rise of CSR to unparalleled prominence in political- economic dialogue and momentum building. This can be accredited to the concerns and CSR oriented expectations from people living in the society. The transparency was increased in business activities through the media and communication technologies has been an important factor in the effectiveness of these forces.

The concepts of sustainable development gained popularity in 1992 Earth Summit in Rio de Janeiro. The principles for responsible business were clearly established through the Global Compact and initiatives such as Global Sullivan Principles and Caux Round Table Principles. The Universities recognized the importance of education for the training of decision makers and teachers, towards sustainable development and started the awareness campaigns of environment.

The corporate sustainability gained its importance in companies boardrooms and many extended their prevailing practice of reporting environmental reports to include wider issues such as community and gradually sustainability reports “began to appear,”

The organizations notably the Business for Social responsibility, CSR Europe and the World Business Council for sustainable Development created the momentum for early adoption of CSR principles and practices.

There are number of pioneering efforts on the part of socially responsible companies to implement social and ethical auditing. During the year 2000, the corporate social responsibility reports were at the level of 1% and sustainability reports at 5% (KPMG, 2000).

### ***Phase 3 Mainstreaming Initiation Phase 2000***

During last few years, the CSR movement has continued to mature as expected. It has been possible to reflect back on the achievements through the “Rio + 10” Summit on Sustainable Development in Johannesburg, South Africa in 2002. The emphasis has turned to mainstreaming.

The basic principles have been established with the focus on implementation developments are likely to come from linking CSR with mainstream strategy and management frameworks.

The communication published the Green Paper entitled 'Promoting a European Framework for Corporate Social Responsibility' in July 2001. The aim of this document was to launch a public debate about the concept of CSR and to identify how to build a partnership for the development of a European Framework for the promotion of CSR. Over 250 responses were received to this paper, half of which came from European enterprises (Koutsodimou, 2004)

**Many business surveys during these years from Germany, UK, France, Italy and other European countries indicated that the majority of public companies believe that if business is done with responsibility then it will be the key factor in the long term success of the company.**

The KPMG 2002 International Survey on Corporate Social Reporting shows that non financial reporting is now becoming main concern for big corporations, with 45% of Global Fortune Top 250 Companies publishing a report.

The focus of these reports is slowly shifting from the inclusion of only environmental performance to combine environmental, social and economic reports (i.e. sustainability reports), and an increasingly number of reports are being externally verified. The surveys indicate that sustainability reports increased from 5 % to 15 % between 2000 and 2002 and Corporate Social Responsibility reports increased from 1 % to 7 % in the same period (Van der Veen, 2002).

### **1.3 PRINCIPLES OF CSR**

The CSR activities are uncertain in nature due to which it is difficult to define CSR and to be certain about any such activity. It is therefore crucial to be able to identify such activity and the writers are of the view that there are three basic principles which together comprise all CSR activities. These are Sustainability, Accountability and Transparency.

#### ***1.3.1 Sustainability***

Sustainability is concerned with the effect in which actions taken in the present will have their impact on the options available in the future. If resources are utilized in the present then they are no longer available for use in the future, and this is of particular concern if the resources are finite in quantity.

Thus, raw materials of an extractive nature, such as coal, iron or oil are finite in quantity and once used are not available for future use. At some point in the future therefore alternatives

will be needed to fulfill the functions currently provided by these resources. This may be at some point in the relatively distant future but of more immediate concern is the fact that as resources become depleted then the cost of acquiring the remaining resources tends to increase, and hence the operational costs of organizations tends to increase.

Sustainability therefore, implies that society must use no more of a resource than can be regenerated. This can be defined in terms of the carrying capacity of the ecosystem (Hawken 1993) and described with input – output models of resource consumption. Thus, the paper industry for example has policy of the replanting trees to replace those harvested and this has the effect of the retaining costs in the present rather than temporarily externalizing them.

Viewing an organization as a part of wider social and economic system implies that these effects must be taken into account, not just for the measurement of costs and value created in the present but also for the future of the business itself. Measures of sustainability would consider the rate at which resources are consumed by the organization in relation to the rate at which resources can be regenerated. Unsustainable operations can be accommodated for either by developing sustainable operations or by planning for future lacking in the resources currently required. In practice organizations mostly tend to aim towards less unsustainability by increasing efficiency in the way in which resources are utilized. An example would be an energy efficiency program.

### ***1.3.2 Accountability***

This is concerned with an organization recognizing that its actions affect the external environment, and therefore assuming responsibility for the effects of its actions. This concept therefore, implies a quantification of the effects of the action taken, both internal to the organization and externally. More specifically the concept implies a reporting of those quantifications to all parties affected by those actions. This implies reporting to external stakeholders of the effects of actions taken by the organization and how they are affecting those stakeholders.

This concept therefore implies recognition that the organization is part of a wider societal network and has responsibilities to that entire network rather than just to the owners of the organizations. Alongside this acceptance of responsibility, therefore, must be recognition that those external stakeholders have the power to affect the way in which those actions of the

organizations are taken and a role in deciding whether or not such actions can be justified and if so at what cost to the organization and to other stakeholders.

Accountability therefore necessitates the development of appropriate measures of environmental performances and the reporting of the actions of the firm. It necessitates the costs on the part of the organization in developing, recording and reporting such performances and to be of value so that the benefits must exceed the costs. Benefits must be determined by the usefulness of the measures selected to the decision making process and by the way in which they facilitate resource allocation, both within the organizations and between it and other stakeholders. Such reporting needs to be based upon the following characteristics:

- a) Understandability to all parties concerned.
- b) Relevance to the users of the information.
- c) Reliability in terms of accuracy of measurement, representation of impact and freedom from bias:
- d) Comparability, which implies consistency, both over time and between different organizations.

### ***1.3.3 Transparency***

Transparency as a principle means that the external impact of the actions of the organizations can be ascertained from the organizations reporting and pertinent facts are not disguised within that reporting. Thus, all the effects of the actions of the organizations, including external impacts, should be apparent to all from using the information provided by the organization's reporting mechanisms. Transparency is of particular importance to external users of such information as these users lack the background details and knowledge available to internal users of such information. Transparency therefore can be seen to follow from the other two principles and equally can be seen to be a part of the process of recognition of responsibility on the part of the organization for the external effects of its actions and equally part of the process of transferring power to external stakeholders.

## 1.4 CSR TOOLKIT

This template aims to provide a basic guide as to what companies should include in a CSR policy and report on:-

**Table 1.4.1 CSR Toolkit**

Headings	Subheadings	Initiatives/ Content	Benefits to Business
Company Information	General Information	a) Geographic Information b) Size of Company c) Who owns the company shareholders	Stakeholders welcome transparency, this also develops trust
	Economic Impact	a) Turnover-sales b) Number of employees c) Market share d)Profit	
	Mission Statement	a) Company Objectives linked to CSR b) MD/CEO statement	Stakeholders can relate to the mission statement and company values- this may be potential employees, new customers or suppliers who share these values
	Values	List Company Values	
	Stakeholder Consultation	a) List who the main stakeholders are on whom you have impact b)Relationships with non Governmental Organizations	Shows that the CSR report has truly reflected impact on stakeholders-your impact on society will be measured in relation to your stakeholders
Workplace	Employees	a) Equal opportunities ( race, gender, age, disability) – workplace profile b) Health and Safety – policies and training c) Training / personal	a) Staff retention b) Motivated Staff c) Employer of choice d) Promotion of good working conditions and practices

		<p>development</p> <p>d) Communication with employees( newsletters, intranet, forums)</p> <p>e) Pay &amp; benefits-remuneration, pensions, other benefits</p> <p>f) workplace climate-employee handbook</p> <p>g) Industrial relations</p> <p>h) HR management</p> <p>i) Child labour/ forced labour</p> <p>j) Other( specific company issues)</p>	e) Reduced accidents
Marketplace	Customers	<p>a) Customer satisfaction</p> <p>b) Customer retention</p> <p>c) Safety and Quality</p> <p>d) After sales</p> <p>e) Consumer education</p>	<p>a) Better understanding of customer views</p> <p>b) Meet procurement criteria</p> <p>c) Processes for accepting and measuring complaints</p> <p>d) Loyalty schemes retain customers</p> <p>e) ISO customers encourage customers</p> <p>f) Helping customers after sale encourages customer to repeat customer</p> <p>g) Become preferred supplier-link to customer values = brand loyalty</p> <p>h)Access new markets</p> <p>i)Access new customers</p>

	Suppliers/ supply chain	<ul style="list-style-type: none"> <li>a) Code of conduct</li> <li>b) Selection of criteria( linked to CSR)</li> <li>c) Support local suppliers</li> <li>d) Payment of bills on time</li> <li>e) Bribes &amp; Corruption</li> <li>f) Creating awareness of CSR</li> </ul>	<ul style="list-style-type: none"> <li>a) Support CSR through the supply chain</li> <li>b) Build relationships</li> <li>c) Seen as credible and reputable business</li> <li>d) Helping local supplier-builds community support</li> <li>e) Better value on contracts due to honoring payment terms</li> <li>f) Helping to train partners on CSR practices and transparency</li> </ul>
Community		<ul style="list-style-type: none"> <li>a) Charities, sponsorship, donations</li> <li>b) In-Kind-support-time, resources, assets</li> </ul>	<ul style="list-style-type: none"> <li>a) measure value of support- cash and in-kind</li> <li>b) Focus on key partners and form long-term relationship (2-way benefit)</li> </ul>
		<ul style="list-style-type: none"> <li>Regenerations- economic impact, number of jobs</li> </ul>	<ul style="list-style-type: none"> <li>a)Support with planning applications and developments</li> <li>b) Local government recognition</li> </ul>
		<ul style="list-style-type: none"> <li>a) Employee involvement</li> <li>b) Impact on society</li> </ul>	<ul style="list-style-type: none"> <li>a) Good PR</li> <li>b) New skills for employees</li> <li>c) Recruitment ( awareness)</li> <li>d) Reputation as good employer</li> </ul>
Environment	Waste	<ul style="list-style-type: none"> <li>a) Recycling</li> <li>b) waste generated( tonnes or</li> </ul>	<ul style="list-style-type: none"> <li>a) Reduced landfill costs</li> <li>b) Compliance for</li> </ul>

		kilos) c) Hazardous waste d)Policies	suppliers / customers
	Water	a) Water used( joules) b) Control programmes	a) Reduced Costs b) Reduced impact on environmental resources and natural resources
	Energy	a) Energy used( Kw) b) Control programmes	a) Reduced Costs b) Reduced impact on environmental resources and natural resources
	Materials	a)Type used b) Activities c) Recycled materials consumed d) Materials recycled	a) Confirm usage b) Information for customers and suppliers
	Health & Safety	a) ISO b) EMAS c) Training d) Communication to staff	a) Compliance b) Reduce accidents in the workplace
	Transport	a) Green Transport plans b) Fuel Reduction policy c) Car fleet	a) Monitor carbon footprint b) Produce statistics for suppliers/ customers c) Pre-empt legislation

The Ministry of Corporate Affairs has issued a notification on Feb. 27, 2014 regarding rules that may be called the Companies (Corporate Social Responsibility Policy) Rules, 2014. The copy of the said rules is annexed as Annexure-A with this report. The copy of the list of activities covered under CSR in Schedule VII is annexed as Annexure-B. This notification was examined by the Ministry of Environment, Forests and Climate change in relation with the conditions imposed in Environmental Clearance issued to the projects. Accordingly, an

Office Memorandum was issued by Ministry of Environment and Forests on Aug. 11, 2014, the copy of which is annexed as Annexure-C.

Thus, Corporate Social Responsibility is important as it impacts not only society but also the goodwill and reputation of the company. The Corporate have the ability to bring the change and make a significant difference in improving the overall quality of life. The Corporate World can easily focus on improvement in sanitation facilities, giving job to needy people in the vicinity, constructing toilets for the girls in villages, helping the NGO's. It will not only help the society but the company gets its advertisement free of costs.

## CHAPTER- 2

### LITERATURE REVIEW

Various researchers have documented the CSR activities of companies in different countries across various sectors and have given observations on the basis of their results. Top ten retailers claimed a long-standing commitment for managing the environmental impacts such as energy consumption and emissions, raw material usage, water consumption, waste management, packaging, recycling, use of chemicals, and genetically modified food ingredients (Jones et al. 2007). Big corporations project CSR as a comprehensive sustainable business strategy based on transparency, accountability, responsiveness, interdependence and interactions between the company and its increasingly global environment (Silber horn et.al 2007). UK companies took measures such as control on environmental pollution, waste disposal, gas emissions, and other related environmental issues (Samy et al.2010). If companies have to be sustainable, they have to shift toward CSR and satisfy public sentiments. (Schneider et al. 2010). Indian corporate pursues mainly philanthropic platform but Indian consumers today may not value philanthropic CSR as highly as other CSR initiatives which influence marketing communication strategies (Planken et al. 2010). So, observation made by Sachdeva seems to be absolutely right that CSR is slowly moving away from charity and dependence towards empowerment and partnership (Sachdeva, 2010).

#### **2.1 Motivations for companies in CSR and CSR reporting as per various researchers:**

CSR activities are based on moral or altruistic motivations with a focus on both production-process and philanthropic outcomes. CSR activities are driven by leadership roles, company performance, and stakeholders' expectations (Virakul et al. 2009). Social disclosure and environmental information depends on the size and profitability of companies (Joshi, 2009). CSR reporting is a responsibility to stakeholders' expectations and demands, which depends upon social and cultural factors (Kotonen, 2009). Indian firms take CSR approach as the stakeholder approach and problems in implementation are lack of resources, complexity and difficulty of various approaches (Arevalo, et al., 2011)

#### **2.1.1 Below are the studies about CSR of MNCs in their host countries by researchers:**

Multinational firms has self-interest, business rationale approach for adopting CSR values mainly for marketing purposes and getting its acceptance among socially conscious investors, clients, consumers, and competitors (Prout, 2006). There are great expectations of developing countries towards MNCs', but companies have embraced development initiatives just for

sake of demonstration that they are socially responsible (Eweje, 2007). MNCs' subsidiaries adapt local practices to legitimize themselves to fill the incredibility of the parent companies at home or abroad. Otherwise they won't go for local practices (Yang et al, 2009). Corporate codes of conduct of MNCs, operating in Nigeria, are basically the emulation of the capitalist model of their home countries, though with certain degree of modifications (Amaeshi et al, 2009). MNCs face large CSR dilemmas due to different conditions, perceptions, attitude compared to their home countries towards ongoing conflicts (Kolk et al, 2009). Discrepancies exist in how MNCs perform in CSR in home countries versus in host countries (Tan, 2009). CSR expenditure depends with the firm's sales in host communities (Adewuyi et al, 2010).

## **2.2 Few studies explained the differences in CSR activities of companies from various countries as below:**

It is not just non-Asian owned MNCs have emphasized on training, but some Asian-owned MNCs took some initiatives to develop human capital development (Zheng et al., 2007). Human capital development (HCD) policies enhance employee satisfaction and respondents in European MNCs about HCD policies were more positive than that of Asian-owned MNCs (Wan, 2007). CSR activities differ among BRIC nations (Brazil, Russia, India, and China) with respect to CSR ideology, processes, and stakeholder involvement etc. China is least communicative among all. If Brazil emphasized more on environment due to its big oil firms, then China inclined towards shareholders, arts and culture. Where India ensures quality of life, Russia emphasizes shareholders, quality of life and education (Alon et al. 2010).

### **2.2.2 Observations about relationship between CSR and some other variables below:**

Mittal et al. (2008) researched that there is no direct evidence about companies with a code of ethics and good code of conduct would generate more economic value and market value than those without codes. Similarly, Aras et al. (2010) found that there is no significant relationship between CSR and financial performance/profitability. The above findings are supporting each other. Various issues, causes and initiatives taken by CSR and its form, timing, commitment and various activities leads to consumers' different attribution, which resultantly generate consumers' different responses towards the firm (Gao, 2009)

Based on the literature review, it can be concluded that there is great awareness of CSR and its importance, among both the corporate and its stakeholders. Because of this awareness, there is a great deal of involvement in CSR by the companies. We can also find a whole range of CSR activities, in one form or other being undertaken by the companies all over the world. In future, there is need to move from philanthropic approach in CSR towards

**Gandhian Trusteeship** approach, so that CSR can truly work for empowerment of all sections of society.

### **GAPS IN LITERATURE**

- CSR is not confined to just one or two aspects rather it is multidimensional in nature. Business has different stakeholders which include customers, employees, suppliers, government, environment, and society at large. Given this, there is a wide range of socially responsible activities followed by the business units. Within the company, socially responsible practices primarily include caring for human resources i.e. the employees and workers, their health and safety. They also cover environmentally responsible practices relating to environment protection, waste management, and natural resources, etc.
- Externally, companies can contribute by enhancing education, health, social welfare, etc. Companies undertaking such activities have to make sure that these programs fit in their business policies and by doing this their efficiency would come to a level.
- Now the question arises, in what way and to what extent, these CSR activities will affect their stakeholders and business as well? While answering these questions different CSR policies are framed by companies.
- Literature review shows that there exist some prior studies. However, very few studies include the CSR practices of different sectors which are actually carried out post environmental clearance and the actual cost incurred in such activities.
- Even as notified in the CSR Rules, 2014 (Annexure-A), a company must have CSR committee which shall institute a transparent monitoring mechanism for implementation of the CSR projects or programs or activities undertaken by the company. The company must have CSR policy who shall specify that the surplus arising out of the CSR projects or programs or activities shall not form part of the business profit of a company. Even CSR Reporting and Display of CSR activities on its website is to be done by the company.
- The available knowledge in this area formed the background for the present study. India being a favorite destination, hosts a large number of MNCs from all over the world, which are giving a tough competition not only to their Indian counterparts, in almost every field, including CSR but also to different sectors.
- So a need was felt to have a comparison of CSR practices of different sectors in India.

- Thus, the research problem has been stated as: “is there any difference between the CSR practices followed by industrial sectors and accordingly the difference of cost incurred by them in implementing the CSR ”.

## **OBJECTIVES**

Based on the gaps in literature, the following objectives have been framed for carrying out the proposed study. The aim of this study is to compare:-

- 1) CSR practices adopted by industrial sectors.
- 2) Cost incurred by them on such CSR activities with respect to profits earned by them.

## CHAPTER 3

### METHODOLOGY

#### 3.1 Selection of Industrial Sectors

With reference to Punjab, a survey was carried out to know the type of sectors operating in State and CSR practices followed in that sector. Accordingly, following sectors namely Food Industry, Refinery, Chemical, Pulp & Paper, Metallurgical, Power, Pharmaceutical and Cement have been selected for carrying out the proposed study. A survey was carried out to know about the CSR practices followed in these sectors Food Industry, Cement, Refinery, Chemical, Pulp & Paper, Metallurgical, Power, and Pharmaceutical. Three companies from each sector were taken as sample size for the present study.

#### 3.2 Survey of CSR Activities

In line with the research problem, a questionnaire was framed and primary data was generated by means of survey questionnaire. Since the information was regarding CSR and very few companies were having separate CSR department or CSR manager, so responses were taken from those who were handling CSR affairs (in total sixteen companies). The questionnaire included a list of different activities which come under the preview of CSR. A detailed review of literature and information available on web sites of different companies were of great help for this purpose. The final questionnaire incorporating 22 CSR activities (Table 3.2.1) was sent to the companies and was requested to fill the questionnaire by selecting the activity of CSR done by it and the amount incurred in implementing the CSR activity in the last three financial years.

**Table 3.2.1: CSR activities performed by the Promoter Company –Questionnaire**

Sr. No.	CSR Activities by the Promoter Company	2012-2013	Cost Incurred	2013-2014	Cost Incurred	2014-2015	Cost Incurred
1.	Is project proponent involved in planting saples i.e. tree plantation drive?						
2.	Is project proponent providing / donating computers and other related hardware to schools / students in						

	rural areas?						
3.	Is project proponent providing free computers training for school students in rural areas?						
4.	Is project proponent providing help to NGO by giving them monetary funds?						
5.	Is project proponent providing free health checkups in rural areas with the help of doctors?						
6.	Is project proponent donating quality fitness and sports equipment in schools in rural areas or in villages?						
7.	Is project proponent providing adult literacy programmes?						
8.	Is project proponent donating money, clothes, blankets, toys etc to an orphanage?						
9.	Is project proponent providing help to victims of natural calamities?						
10.	Is project proponent providing free stationary, uniforms in schools?						
11.	Is project proponent providing job to needy people in the vicinity?						
12.	Is project proponent creating awareness about smoking and other drug related problems in 5 kms radius of the project area?						
13.	Is project proponent helping the local authorities in maintaining the parks within 5 km radius of the project?						
14.	Is project proponent promoting gender equality and empowering women?						
15.	Is project proponent donating fund to the National Relief Fund?						
16.	Is project proponent helping the Govt. in cleaning of ponds in villages and improving sanitation facilities?						

17.	Is project proponent making toilets for the girls in villages?						
18.	Is project proponent taking some measures to reduce noise pollution coming from vehicular traffic in the vicinity?						
19.	Is project proponent providing dustbins for municipal solid waste in the vicinity of the project?						
20.	Is a project proponent sponsoring sports event in villages?						
21.	Is project proponent building roads within 5 km radius of the project?						
22.	Is project proponent providing lightening of roads, villages etc within 5 km radius of the project?						

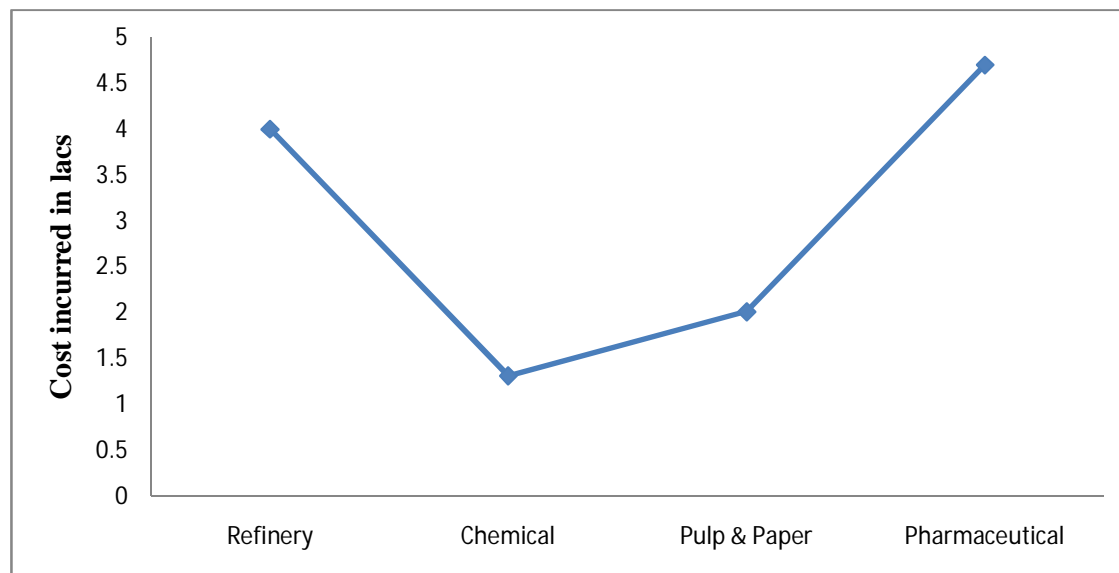
## CHAPTER 4

### RESULTS AND DISCUSSIONS

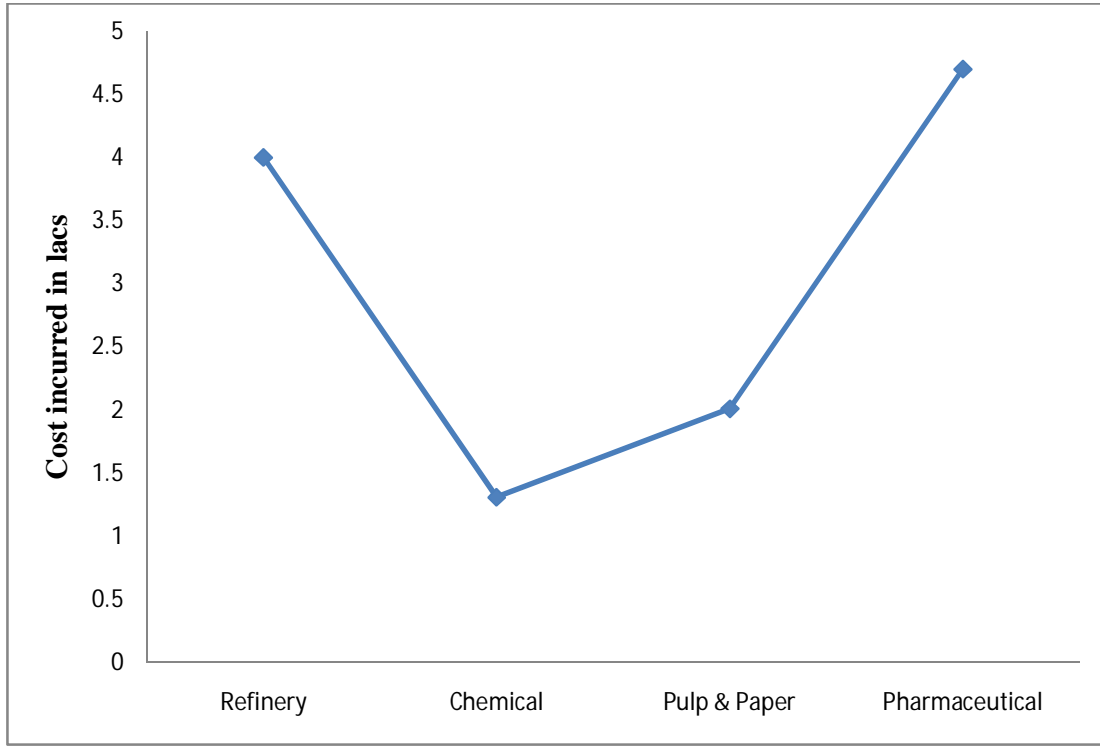
After carrying out the survey in various industrial sectors, the data provided by them which includes the CSR activities performed by them and cost incurred on implementation of each activity in the last three years which has been analyzed and presented below:-

#### 4.1 Funds to NGO

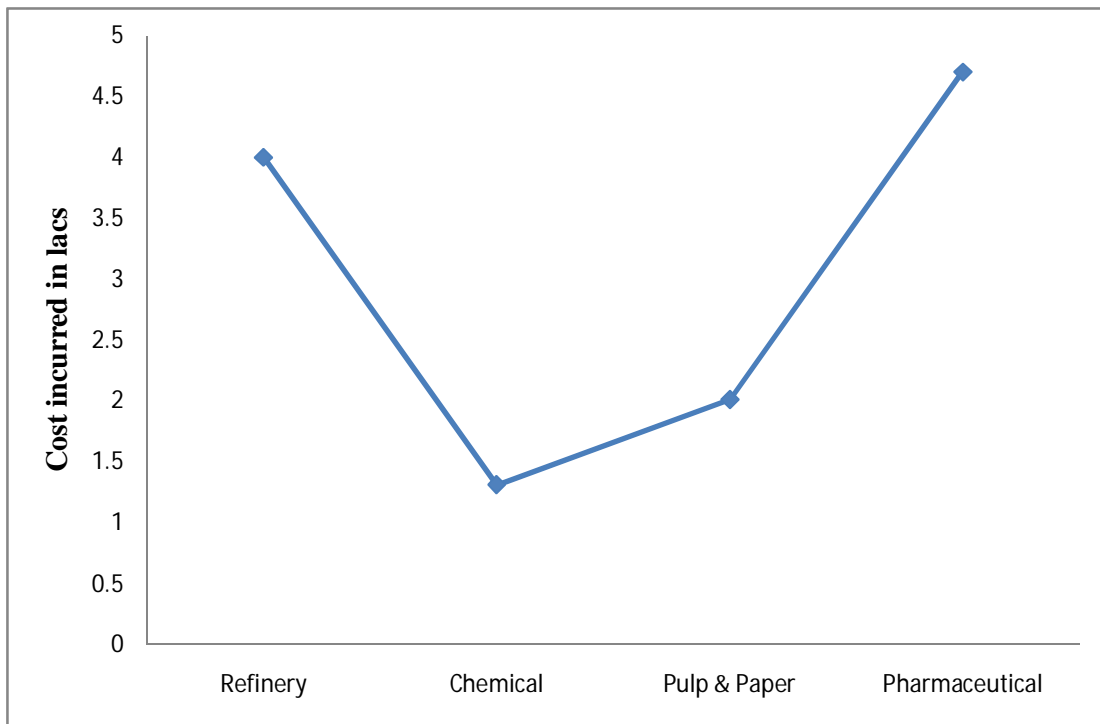
A non- governmental organization is as organization which is neither a part of government nor a conventional for profit business. NGO's have great influence and power in global affairs. NGOs perform a variety of service and humanitarian functions, bring citizen concerns to Governments, advocate and monitor policies and encourage political participation through provision of information. Some are organized around specific issues, such as human rights, environment or health. They provide analysis and expertise, serve as early warning mechanisms and help monitor and implement international agreements.. NGO's can make the difference in the society if they are given some sort of financial help. Data on the Helping the NGO's has been provided by four sectors namely Refinery, Chemical, Pulp & Paper and Pharmaceutical for the three consecutive financial years (2012-2015) and has been presented in Figure 4.1.1, 4.1.2 and 4.1.3. Further, a graph of average cost incurred in lacs by these sectors has also been presented in Fig 4.1.4.



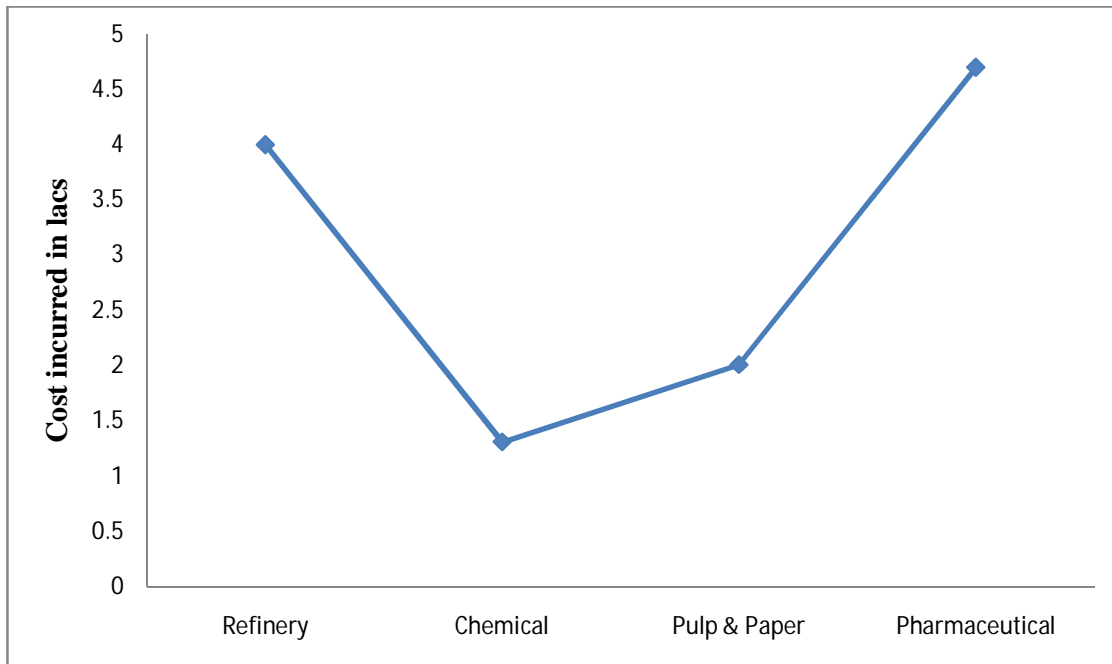
*Fig 4.1.1 Variation of Cost incurred on funding the NGO's by different Sectors (2012-2013)*



*Fig 4.1.2 Variation of Cost incurred on funding the NGO's by different Sectors (2013-2014)*



*Fig 4.1.3 Variation of Cost incurred on funding the NGO's by different Sectors (2014-2015)*



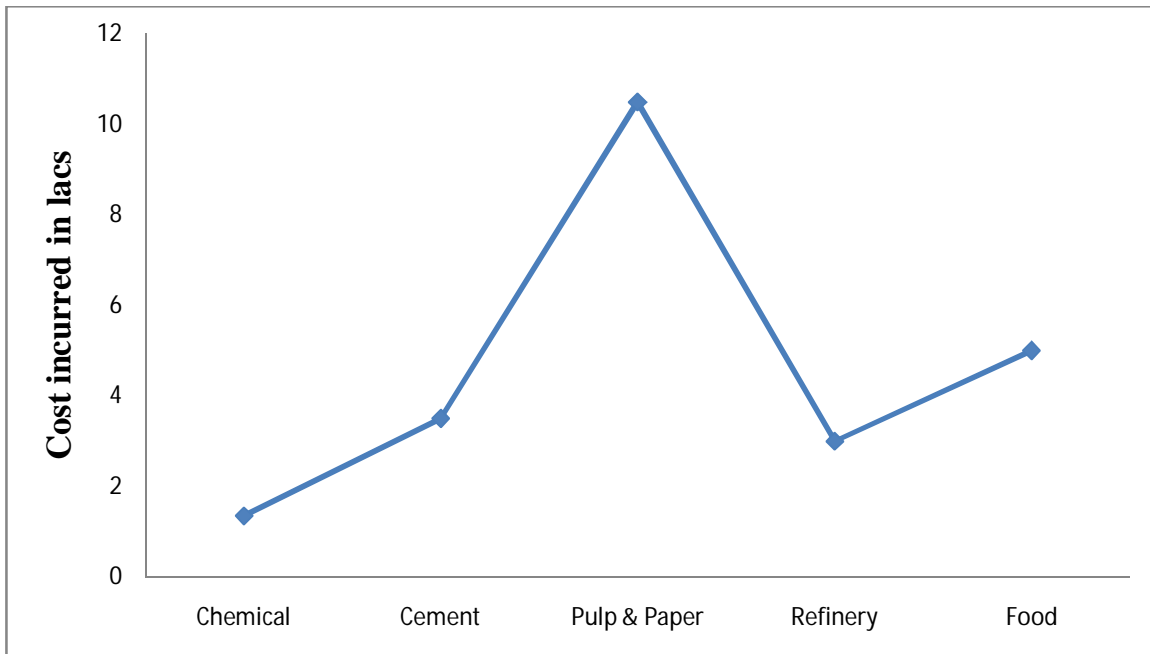
*Fig 4.1.4 Average cost incurred on funding the NGO's by different Sectors (2012-2015)*

First of all, only four sectors have come forward to help the NGOs by giving them monetary funds. The refinery sector is consistent in the last three consecutive years in helping NGO's by giving them monetary fund on an average of Rs. 4-5 lacs but had not helped the NGO's for an amount which had exceeded an amount of Rs. 5 lacs. However, the pharmaceutical sector has contributed maximum in helping the NGO's by giving them monetary fund on an average of Rs. 6-8 lacs in last three years but it is to be noted here that maximum amount of contribution to the extent of Rs. 7.5 lacs was made in the year 2013-14 which is categorically shown in Fig. 4.1.2. The rise in funding to NGO's has been observed in pulp & paper sector from the year 2012 to the present scenario, as it has been increased from 2 lacs to more than 3 lacs in the year 2015 which is shown in Fig. 4.1.3. As far as chemical sector is in concern, it has spent minimum in helping NGOs i.e. on an average of Rs.1-2 lacs and it had never contributed more than amount of Rs. 2 lacs in the last three years.

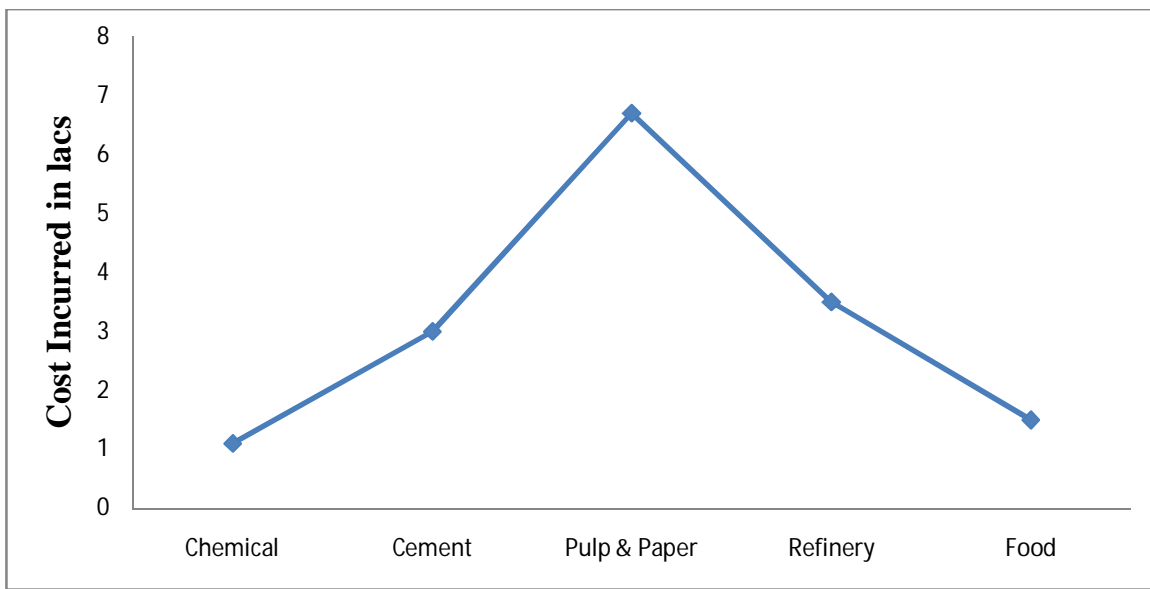
## **4.2 Free health checkups in rural areas**

Regular health examination and tests can help to find problems before they become uncontrollable. They also can help find problems early, when chances for treatment and cure are better. By getting the right health services, screenings, and treatments, one has chance for longer living and healthier life. One's age, health and family history, lifestyle choices and

other important factors impact on what and how often one need healthcare. Data on the free health checkups in rural areas has been provided by five sectors namely Chemical, Cement, Pulp & Paper, Refinery and Food sector for the three consecutive financial years (2012-2015) and has been presented in Figure 4.2.1, 4.2.2 and 4.2.3. Further, a graph of average cost incurred in lacs by these sectors has also been presented in Fig 4.2.4.



*Fig 4.2.1 Variation of Cost incurred on free health checkups by different Sectors (2012-2013)*



*Fig 4.2.2 Variation of Cost incurred on free health checkups by different Sectors (2013-2014)*

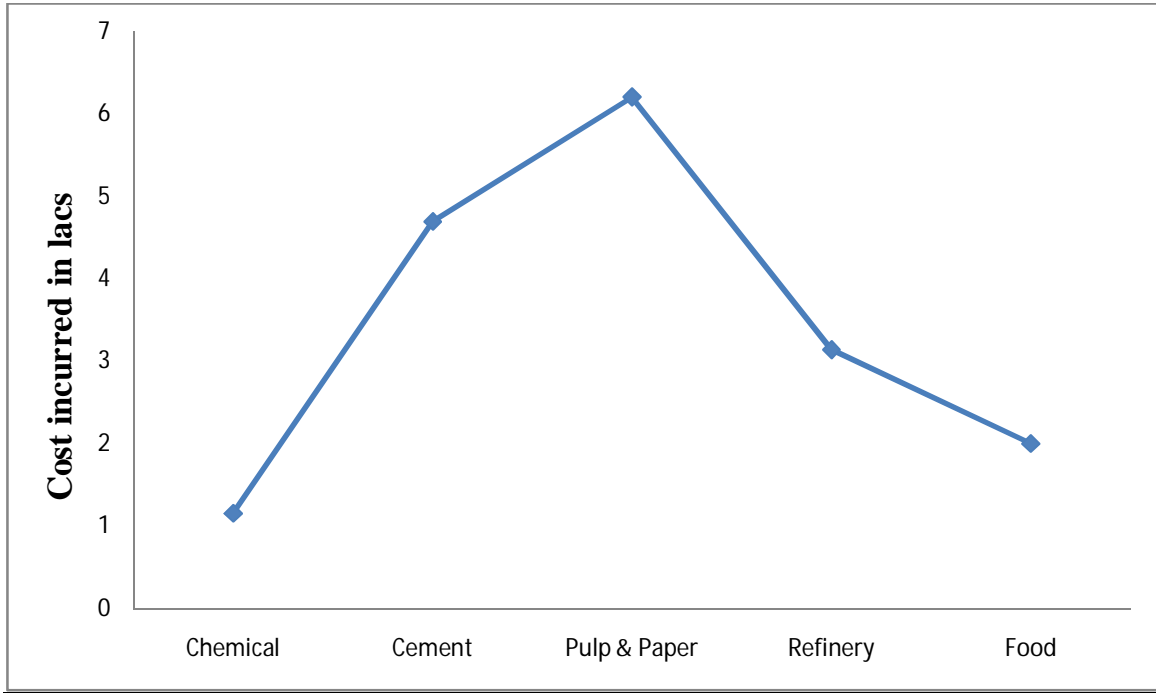


Fig 4.2.3 Variation of Cost incurred on free health checkups by different Sectors (2014-2015)

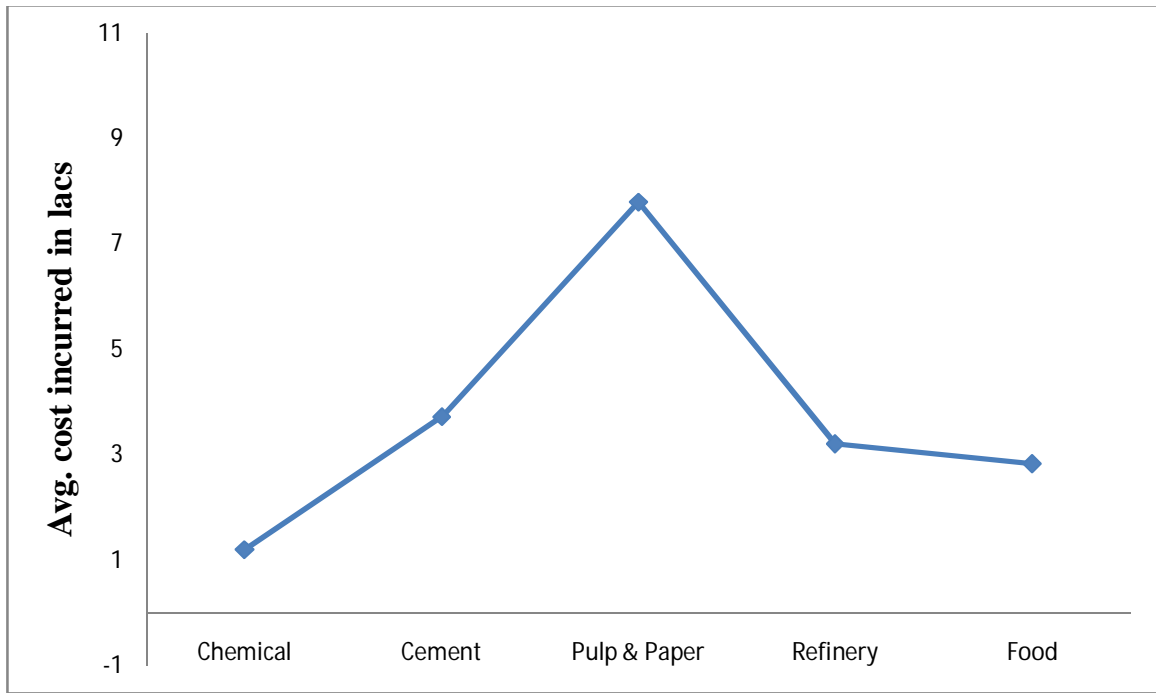
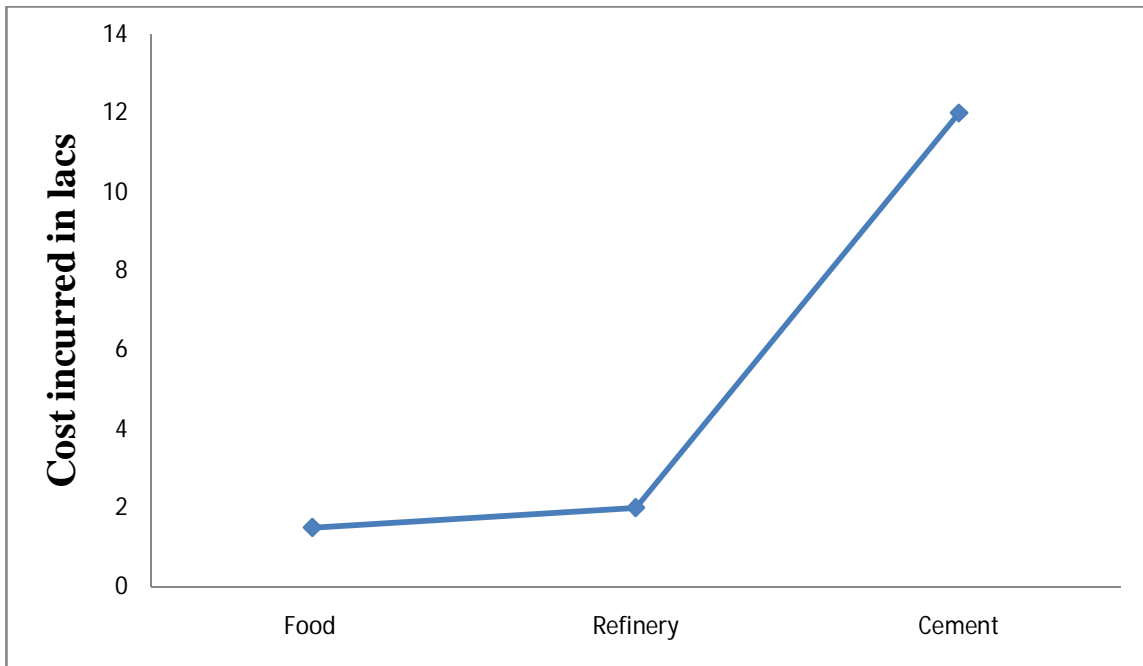


Fig 4.2.4 Average Cost incurred on free health checkups by different Sectors (2012-2015)

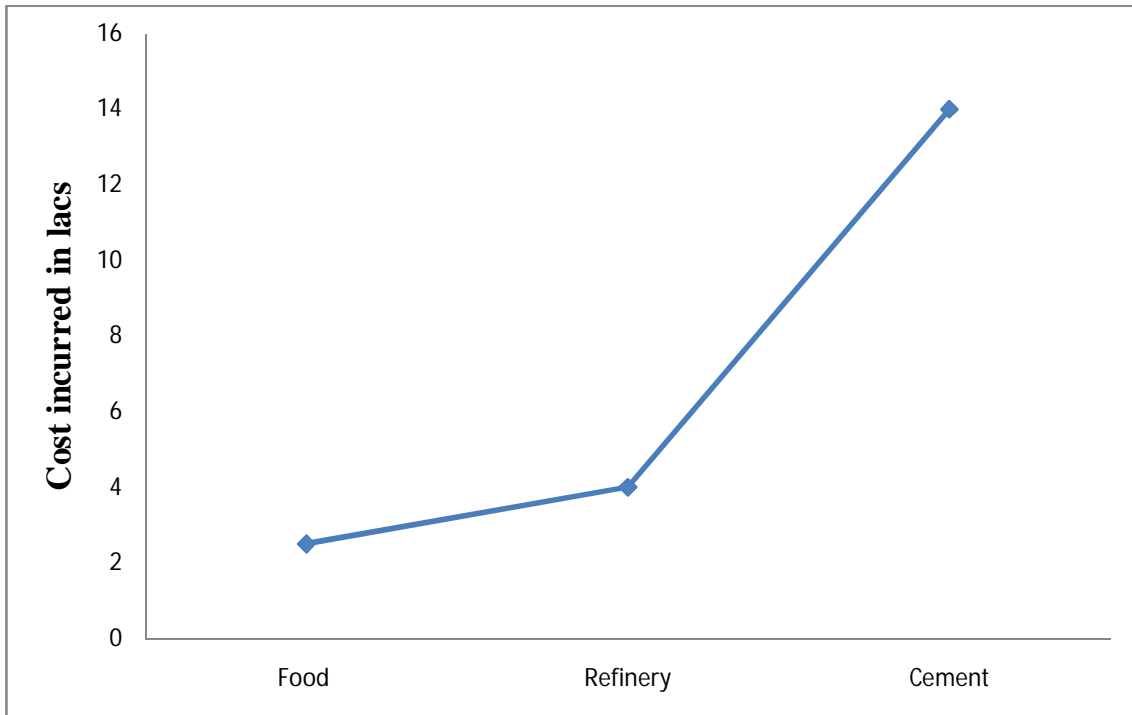
The pulp & paper sector is paying attention at the maximum to the health needs of the people surrounding their business entity and is spending on an average of 6-7 lacs. However, this sector contributed maximum towards health needs for an amount of rupees more than 10 lacs in the year 2012-13 but thereafter it cut down its expenditure to the amount of Rs 6 lacs only in the last two consecutive years. There is also decline in the expenditure incurred by food sector from the amount of Rs. 5 lacs to the amount of Rs. 2 lacs from the year 2012 to 2015 which is specifically shown in the figures 4.2.1 to 4.2.3. Although chemical and refinery sectors are consistent with their amount spent on the free health checkups around 1-2 lacs & 3-4 lacs respectively as CSR activity in last three financial years. But refinery sector played more significant role than chemical sector as chemical sector remained near to an amount of Rs. 1 lacs in last three years, on the other hand refinery sector arranged free health checkups to the extent of rupees more than 3 lacs from the year 2013 to 2015. So far as sector of cement is in concern, it has increased its expenditure from an amount of Rs. 3 lacs to Rs. 4.7 lacs towards this activity. But, on an average, the pulp & paper sector has spent highest amount on free health checkups as compared to other sectors which is crystal clear as manifested in figure 4.2.4

### **4.3 Adult Literacy Programmes**

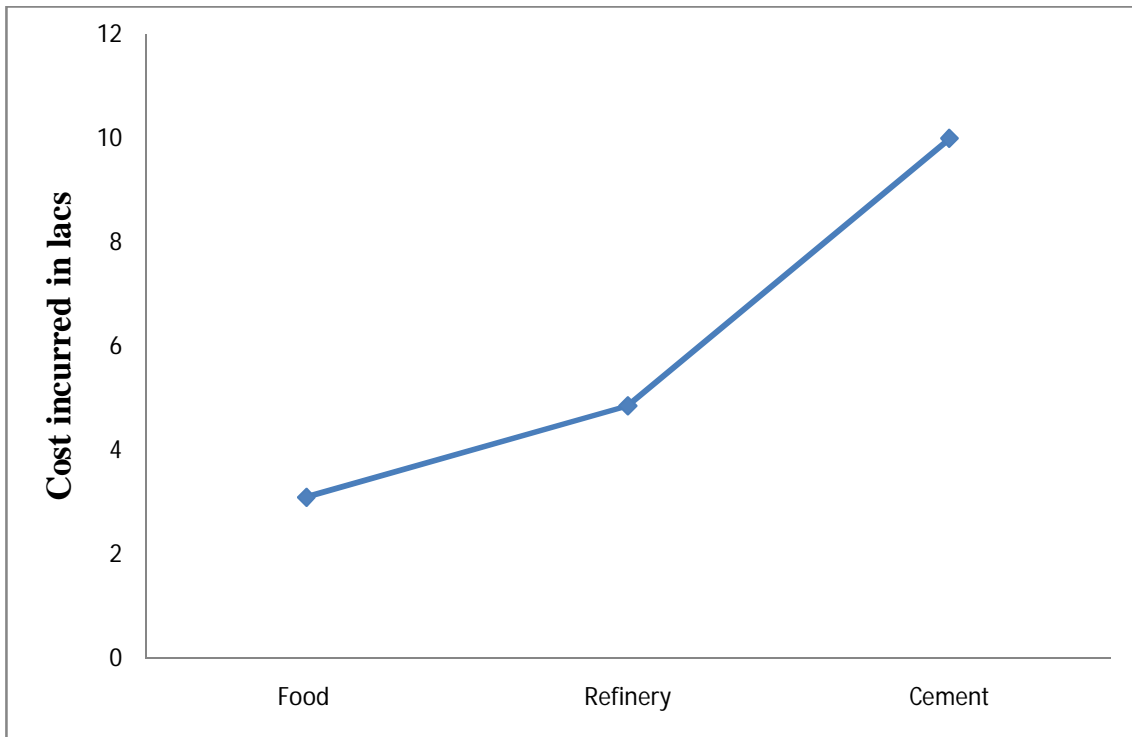
Literacy programs may be seen either as integral to the achievement of the goals of a larger community initiative (one on education, for instance), as one part of a multi-prolonged approach to a community problem, or as a component of an all-out assault on poverty and other conditions that produce unwanted consequences in the community. Some initiatives that might include adult literacy services are Voter registration, Economic development, Job training, Education, Specific early childhood or school-based initiatives and Anti-poverty. Data on the adult literacy programmes has been provided by three sectors namely Food, Refinery and Cement for the three consecutive financial years (2012-2015) and has been presented in Figure 4.3.1, 4.3.2 and 4.3.3. Further, a graph of average cost incurred in lacs by these sectors has also been presented in Fig 4.3.4



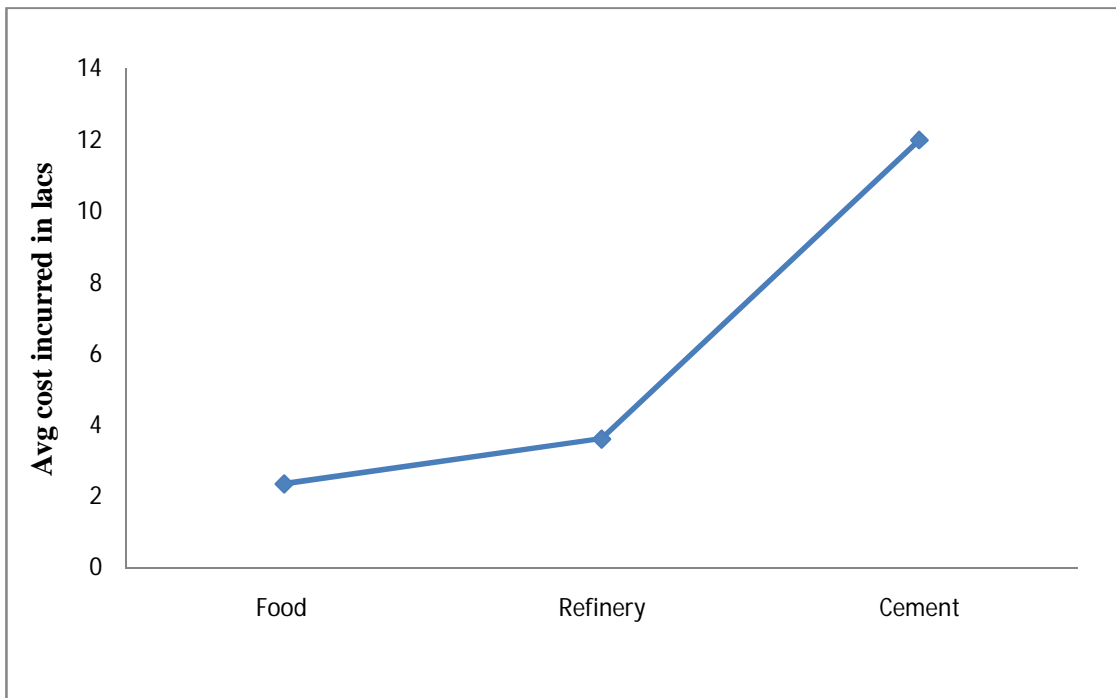
*Fig 4.3.1 Variation of Cost incurred on adult literacy programmes by different Sectors (2012-2013)*



*Fig 4.3.2 Variation of Cost incurred on adult literacy programmes by different Sectors (2013-2014)*



*Fig 4.3.3 Variation of Cost incurred on adult literacy programmes by different Sectors (2014-2015)*

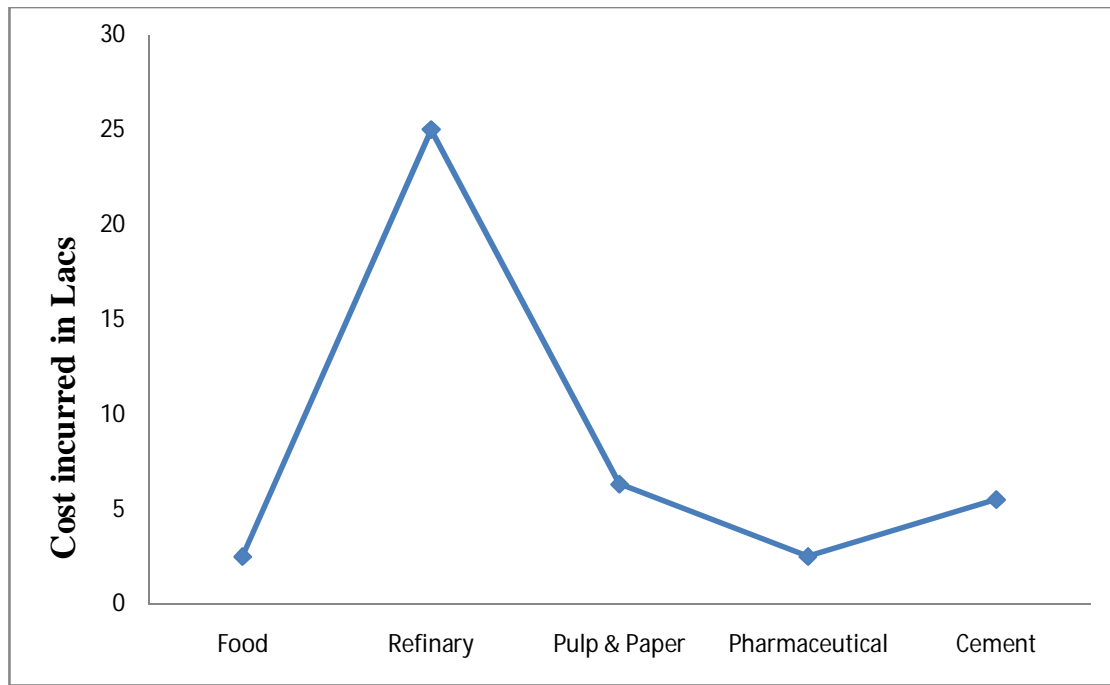


*Fig 4.3.4 Average Cost incurred on adult literacy programmes by different Sectors (2012-2015)*

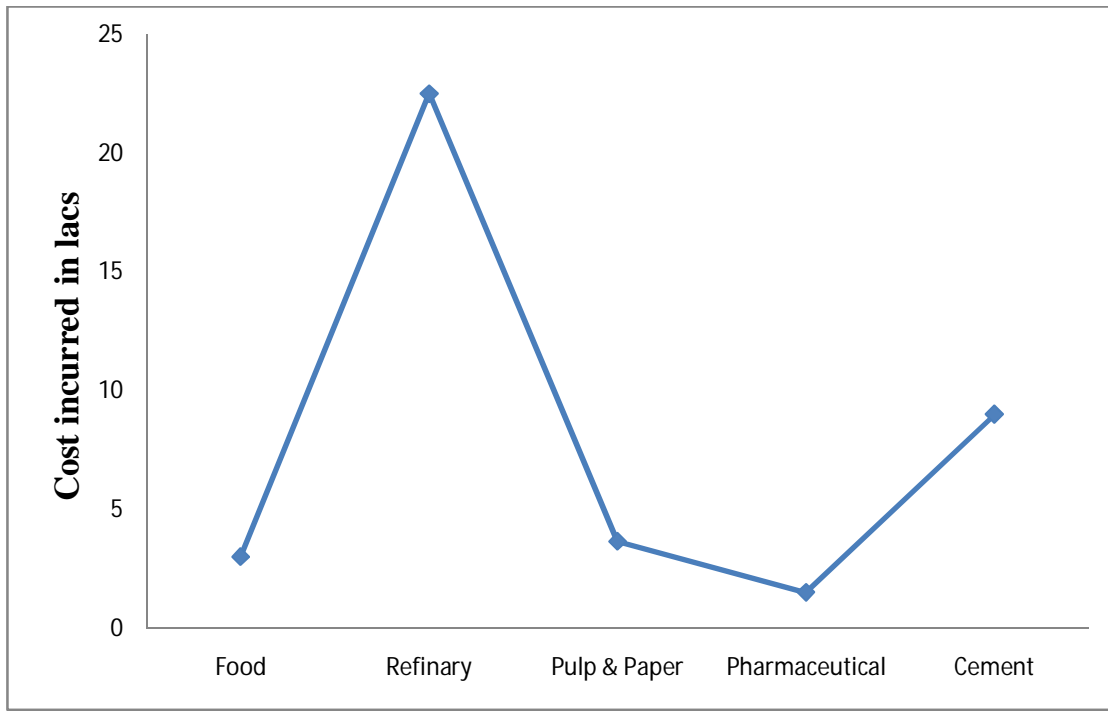
The cement sector has showed its utmost concern in providing adult literacy programmes i.e. spending to the extent of Rs.10 lacs every year and had spent maximum of an amount Rs. 14 lacs in the year 2013-14 as shown in fig 4.3.2. The food and refinery sectors had shown consistency in the amount incurred by them for organizing programmes on adult literacy i.e. on an average of Rs.2-3 lacs and Rs. 3-4 lacs respectively. However, refinery sector had incurred more expenditure that of food sector and had spent more than Rs. 4 lacs in the year 2014-15 which is shown in fig 4.3.3. Other sectors should also come forward in spending some more amounts on this activity.

#### 4.4 Improvement in School Education

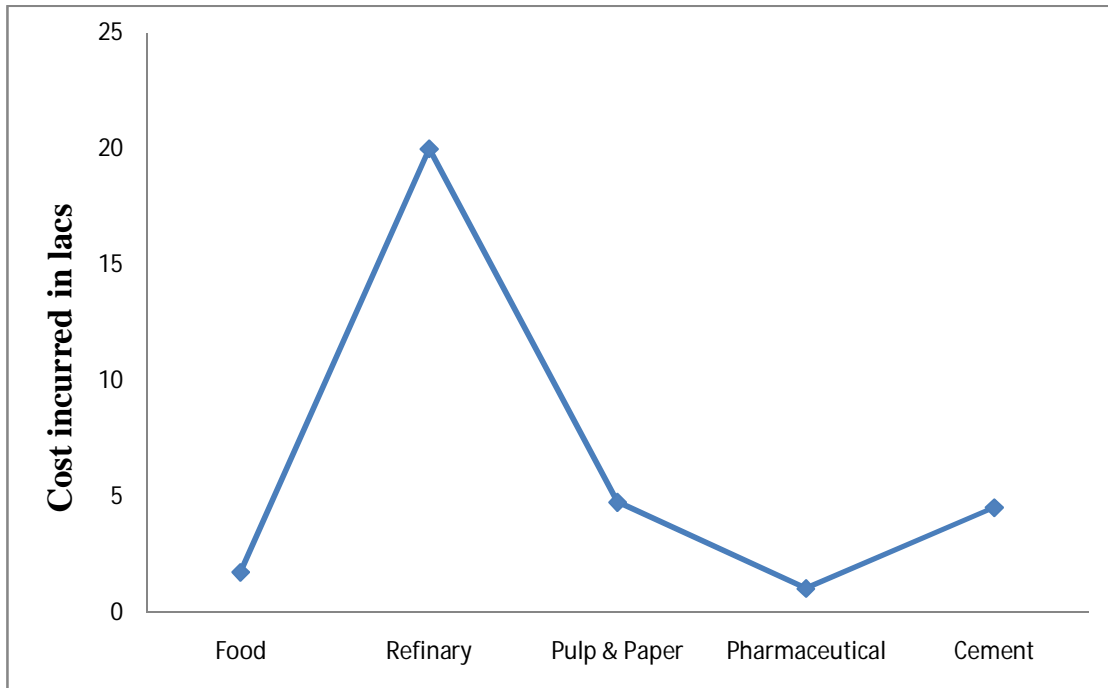
Schools are supposed to be the temples of learning, but the average primary educational institution in India is likely to be a dingy, dilapidated place without access to electricity, toilets and with few teachers having poor infrastructure. Data on the free stationary, uniforms in schools have been provided by five sectors namely Food, Refinery, Pulp & Paper, Pharmaceutical and Cement sectors for the three consecutive financial years (2012-2015) and has been presented in Figure 4.4.1, 4.4.2 and 4.4.3. Further, a graph of average cost incurred in lacs by these sectors has also been presented in Fig 4.4.4.



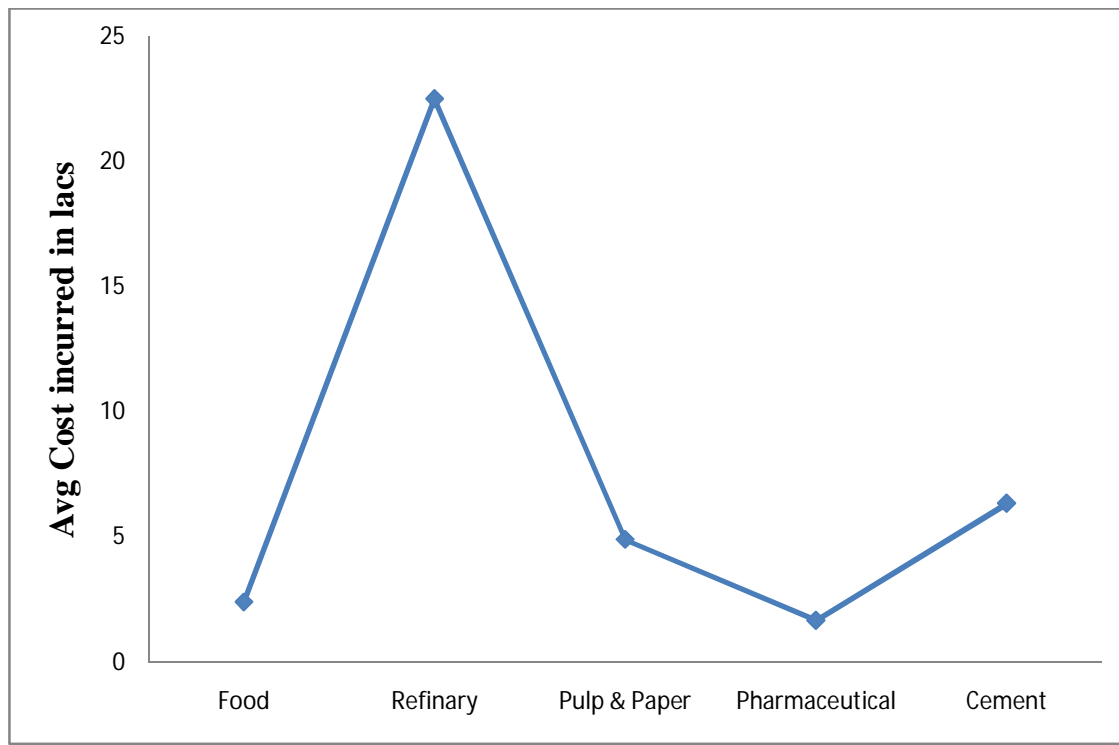
*Fig 4.4.1 Variation of Cost incurred on providing free stationary, uniforms in schools by different Sectors (2012-2013)*



*Fig 4.4.2 Variation of Cost incurred on providing free stationary, uniforms in schools by different Sectors (2013-2014)*



*Fig 4.4.3 Variation of Cost incurred on providing free stationary, uniforms in schools by different Sectors (2014-2015)*



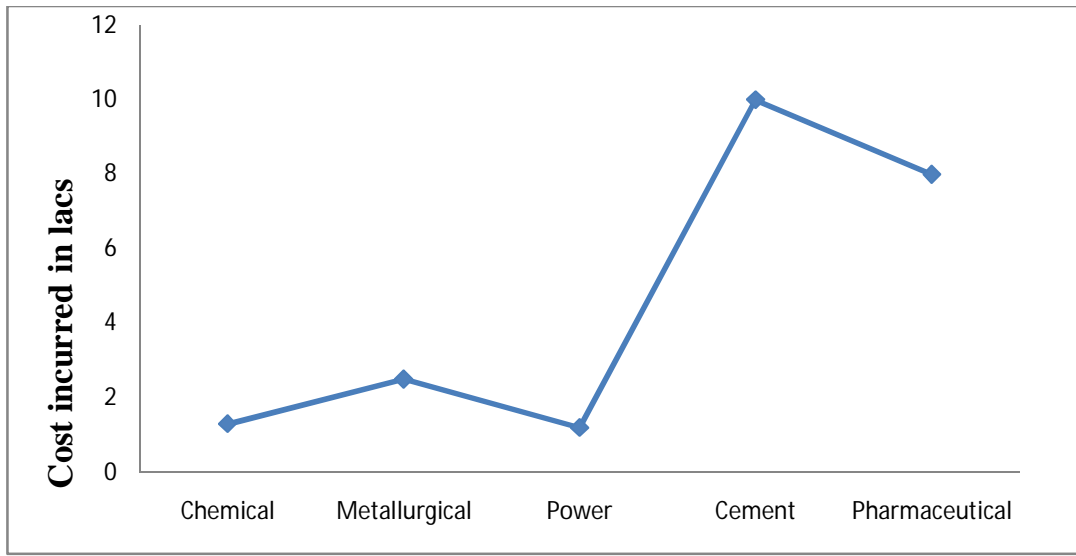
*Fig 4.4.4 Average Cost incurred on providing free stationary, uniforms by different Sectors (2012-2015)*

The refinery sector has spent maximum amount on this activity i.e. more than an amount of Rs. 20 lacs and rest of the sectors namely food, pharmaceutical, pulp & paper have spent between 0-5 lacs. However, the maximum contribution which was raised to an amount of Rs. 25 lacs had been done in year 2012-13 by refinery sector. So far as sector of pulp & paper is in concern, a downfall was observed in the expenditure incurred from the year 2012 to 2015 i.e. 6 lacs to 4.5 lacs. The pharmaceutical and food sectors have almost spent same amount for an average of Rs. 0-5 lacs in this activity The cement sector has also spent between 5 to 10 lacs on an average in the last three years.. If the average amount of these sectors is added then it comes out to be 30 lacs which can be enhanced up to 50 lacs if other sectors should contribute. Thus, the contribution of every sector can make a lot of improvement in Education system.

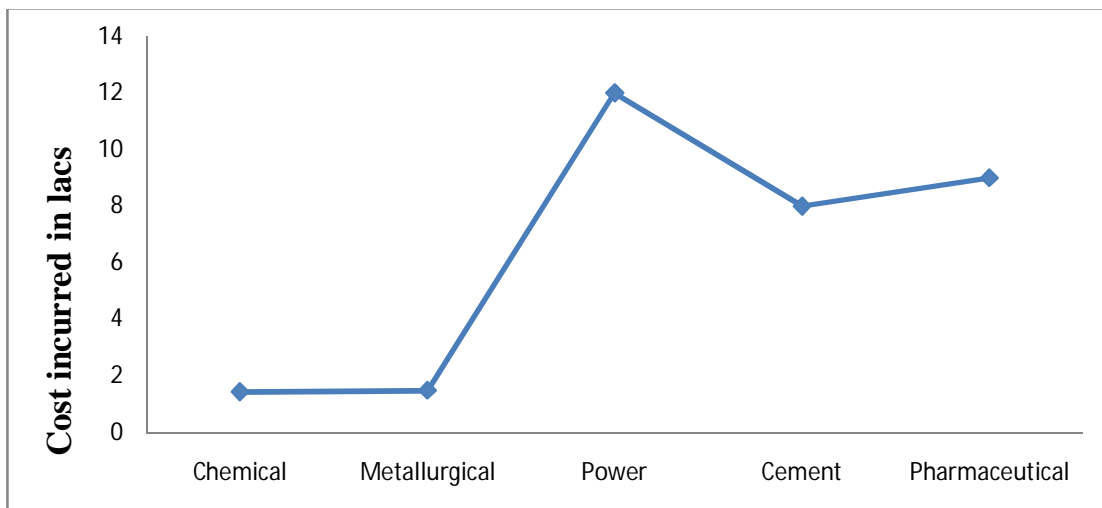
#### **4.5 Employment Generation**

There is huge economic disparity in India. Per capita income is quite variable. This is due to the unemployment in the different States of India. Thus, creating jobs for the poor and needy people and helping them is a noble endeavor. The more society gives aid to poor and needy

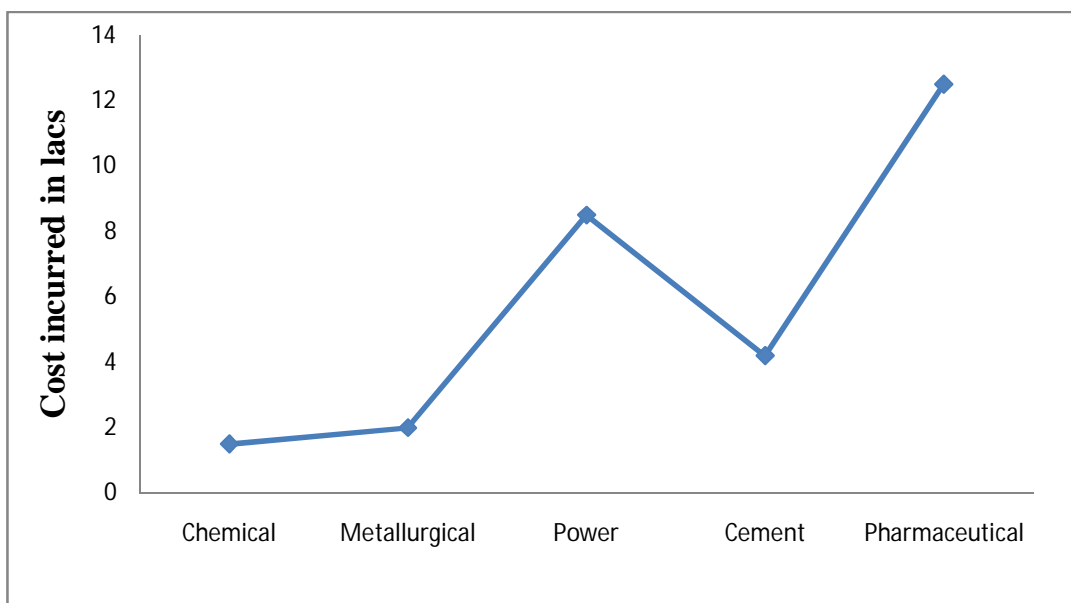
people, the more society strengthen their dependency. Create a new system built on inter-dependency which motivates them to work and move forward and their dignity is maintained. Data on employment generation has been provided from five sectors namely Chemical, Metallurgical, Power, Cement and Pharmaceutical sectors for the three consecutive financial years (2012-2015) and has been presented in Figure 4.5.1, 4.5.2 and 4.5.3. Further, a graph of average cost incurred in lacs by these sectors has also been presented in Fig 4.5.4.



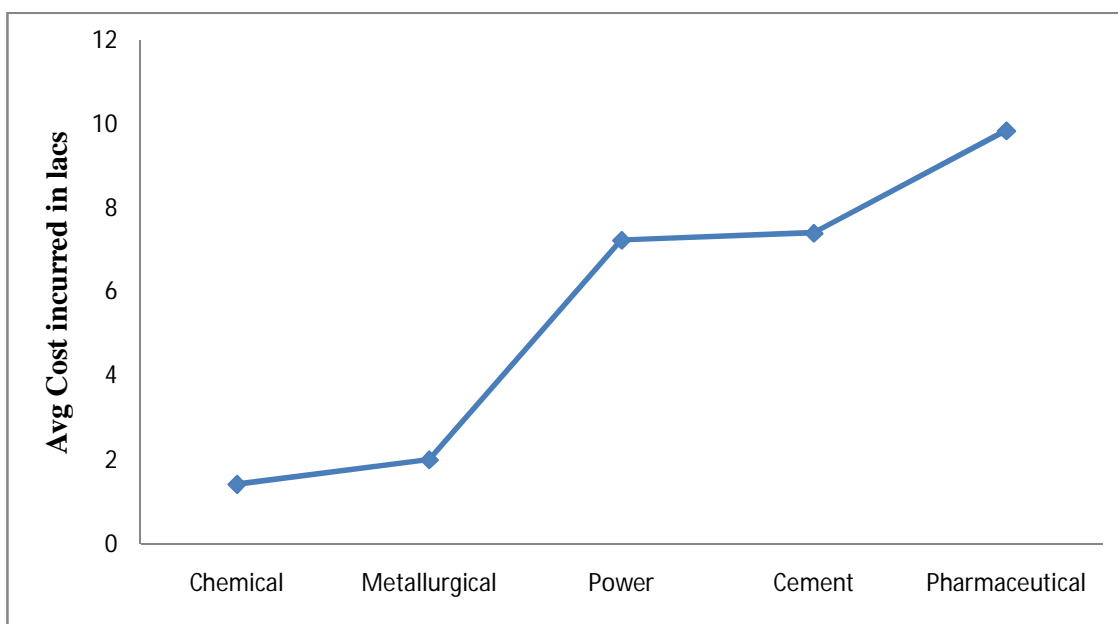
*Fig 4.5.1 Variation of Cost incurred on providing jobs to the needy people in the vicinity by different Sectors (2012-2013)*



*Fig 4.5.2 Variation of Cost incurred on providing jobs to the needy people in the vicinity by different Sectors (2013-2014)*



*Fig 4.5.3 Variation of Cost incurred on providing jobs to the needy people in the vicinity by different Sectors (2014-2015)*



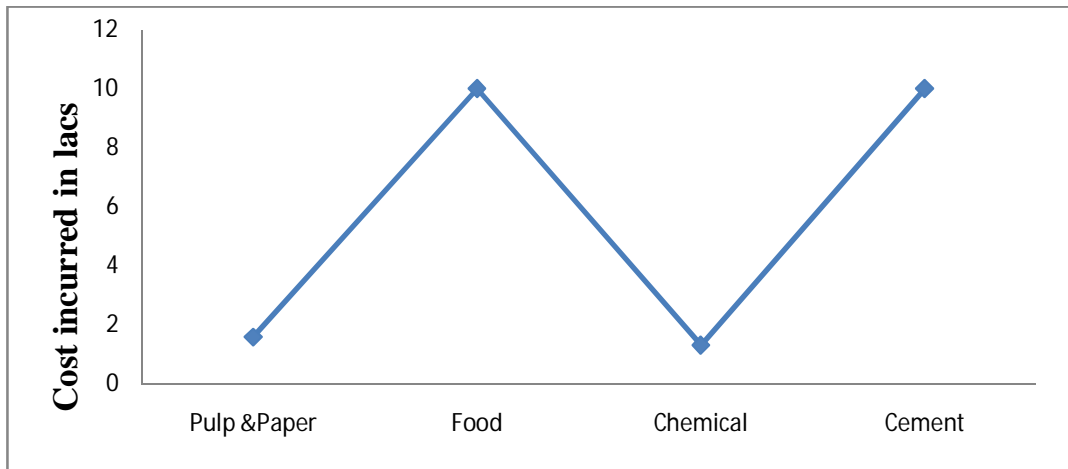
*Fig 4.5.4 Average Cost incurred on providing jobs to needy people in the vicinity by different Sectors (2012-2015)*

The pharmaceutical sector has bagged top slot in this activity by spending on an average of 9.5 lacs in the last three years. At the same time, this fact could not be ignored that power

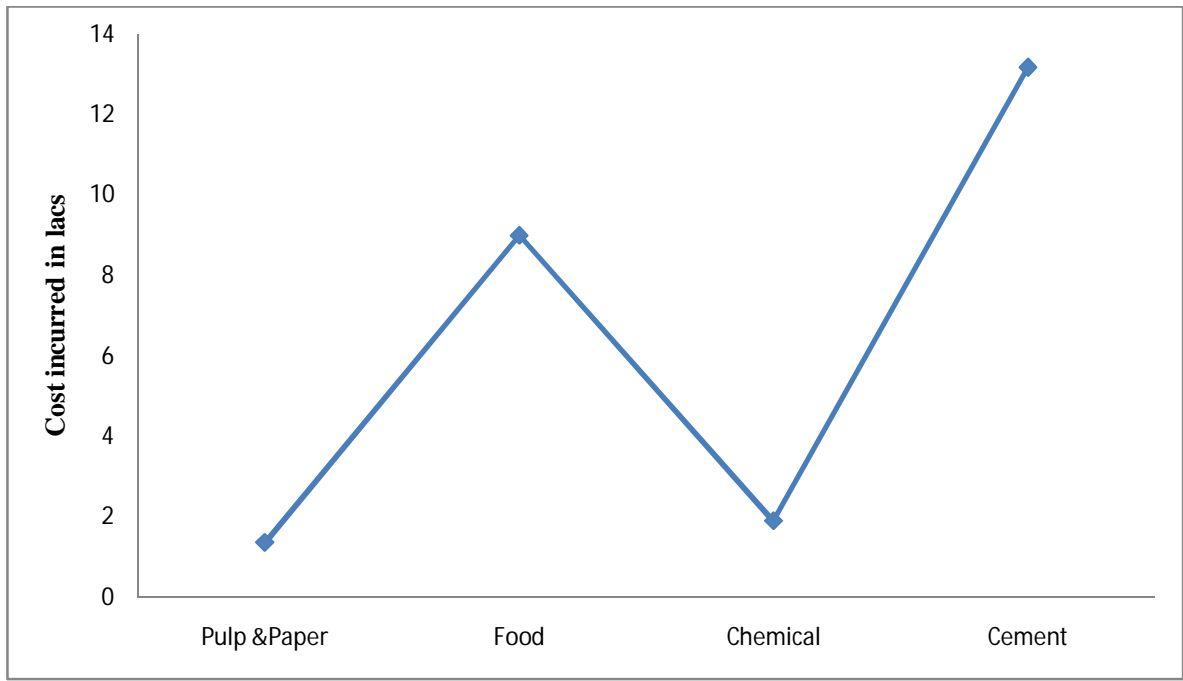
sector had also contributed for an amount of Rs. 12 lacs for the employment generation in the year 2013-14 which is shown in fig. 4.5.2. However, average of power sector remained around Rs. 6-8 lacs in last three years. It is to be noted here that consistent downfall has been observed in cement sector from the year 2012 to 2015 i.e. from Rs. 10 lacs to Rs. 4 lacs. The sharp decrease in amount spent on this activity by Cement Sector indicates that they are not able to provide jobs to needy people in the year 2014-2015. The chemical sector and metallurgical sector are consistent with their amount spent i.e. around 0-2 lacs on average in the last three years. The Pulp and Paper Sector is not spending on this activity which shows that the sector is spending money on other CSR activities.

#### 4.6 Sponsoring sports event in villages

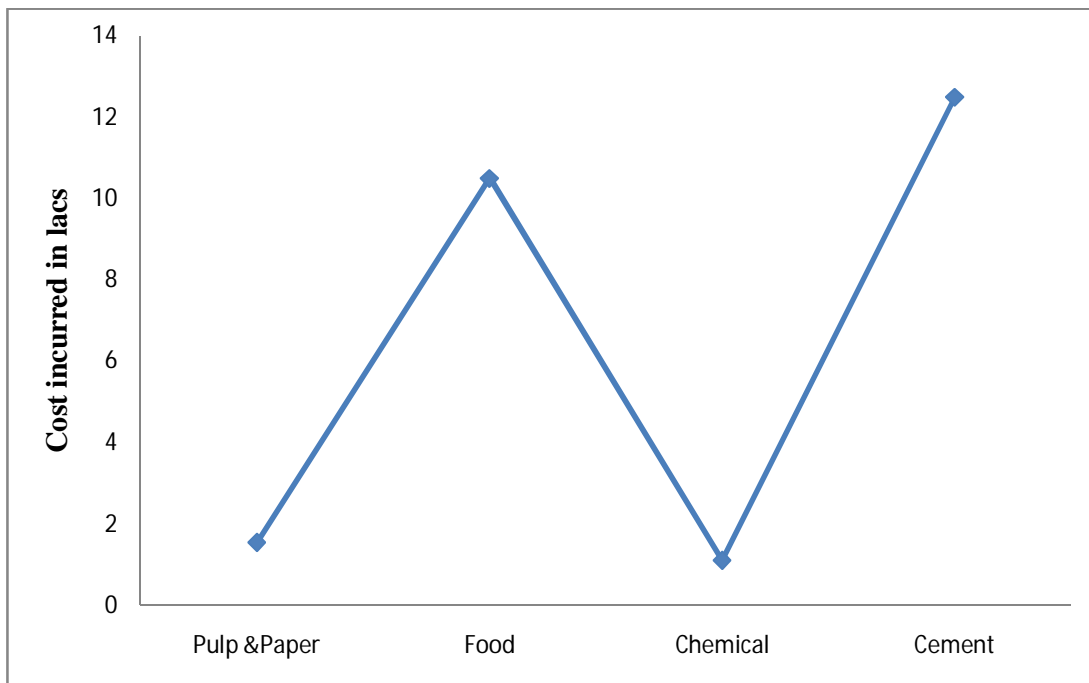
Sponsoring sports event might include sponsoring a local cricket team, art exhibition, business competition, school project or recycling initiative. Sponsorship can generate substantial publicity for a relatively small investment. Corporate World can sponsor sports event in the villages easily. This will keep children motivated and helps us to know the potential in children who can play for India. Data on the sponsorship sports event in villages has been provided by sectors namely Pulp & Paper, Food, Chemical and Cement for the three consecutive financial years (2012-2015) and has been presented in Figure 4.6.1, 4.6.2 and 4.6.3. Further, a graph of average cost incurred in lacs by these sectors has also been presented in Fig 4.6.4.



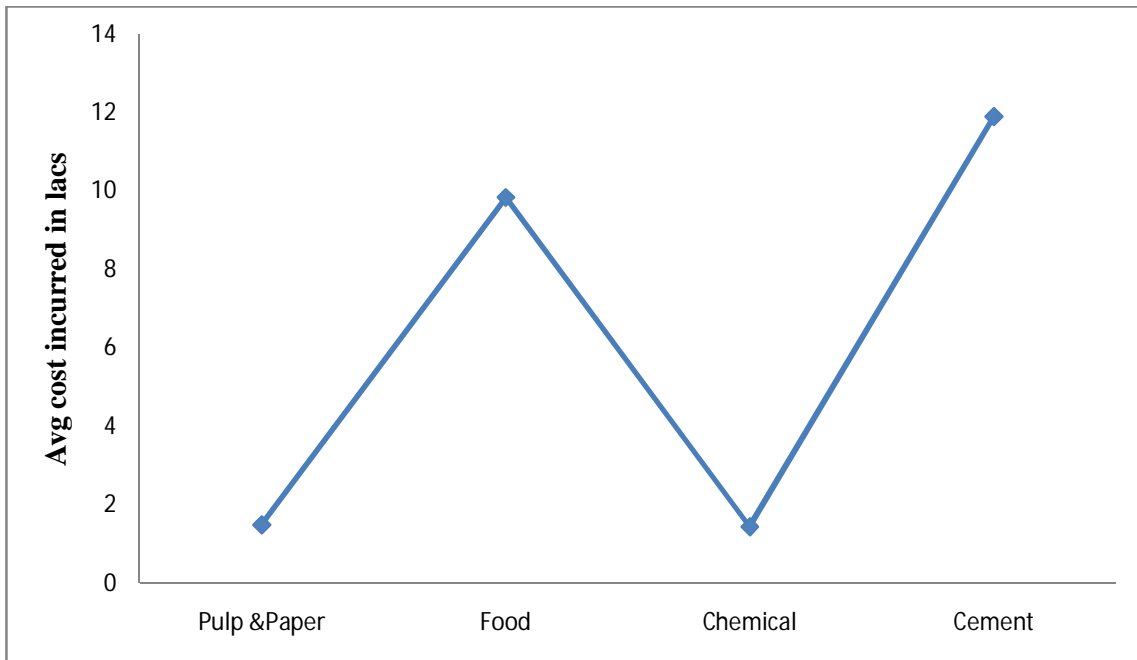
*Fig 4.6.1 Variation of Cost incurred on sponsoring sports event in villages by different Sectors (2012-2013)*



*Fig 4.6.2 Variation of Cost incurred on sponsoring sports event in villages by different Sectors (2013-2014)*



*Fig 4.6.3 Variation of Cost incurred on sponsoring sports event in villages by different Sectors (2014-2015)*



*Fig 4.6.4 Average Cost incurred in sponsoring sports event in villages by different Sectors (2012-2015)*

The cement sector has spent on average 12 lacs in sponsoring sports event followed by Food Sector which has spent ten lacs. Both sectors have shown utmost concern for children living in rural areas. Although in earlier activities, food sector was spending fewer amounts but this came as surprise. The pulp & paper sector and chemical sector have spent minimal in sponsoring sports event i.e. 0- 2 lacs on average. Two sectors scale on higher side and other two sectors are on lower side which clearly indicates the order of preferences given to CSR activities by one Sector or the other.

#### **4.7 Planting Saplings**

Sapling's plantation drive is to protect the environment which may help the country to tackle the growing menace of the global warming. Tree plantation drives help the society to have clean environment, and helps in reducing the pollution. Data on the tree plantation drive has been provided by six sectors namely Refinery, Power, Food, Chemical, Pulp & Paper and Metallurgical sector for the three consecutive financial years (2012-2015) and has been presented in Figure 4.7.1, 4.7.2 and 4.7.3. Further, a graph of average cost incurred in lacs by these sectors has also been presented in Fig 4.7.4.

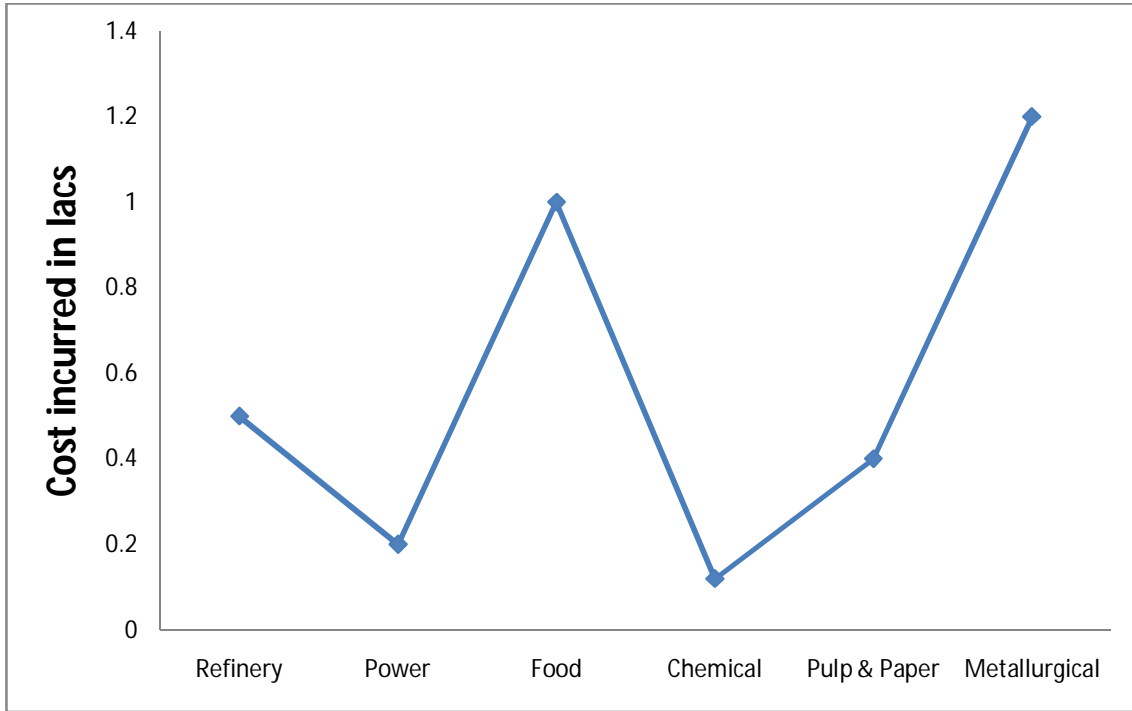


Fig 4.7.1 Variation of Cost incurred on tree plantation drive by different Sectors (2012-2013)

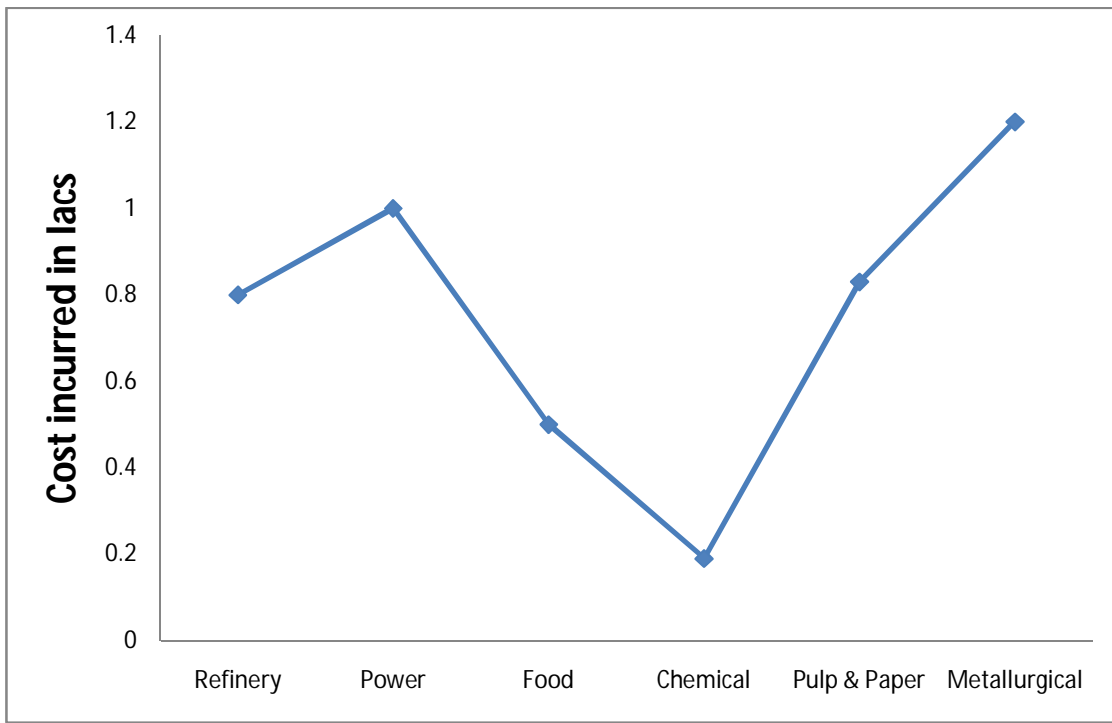


Fig 4.7.2 Variation of Cost incurred on tree plantation drive by different Sectors (2013-2014)

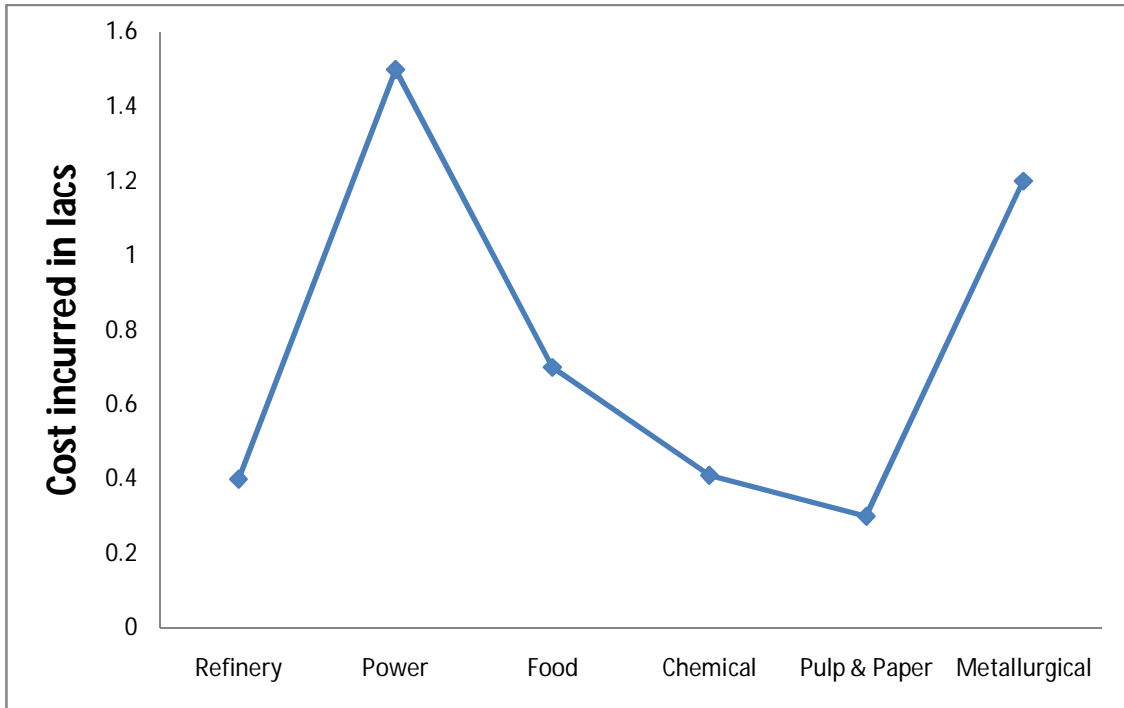


Fig 4.7.3 Variation of Cost incurred on tree plantation drive by different Sectors (2014-2015)

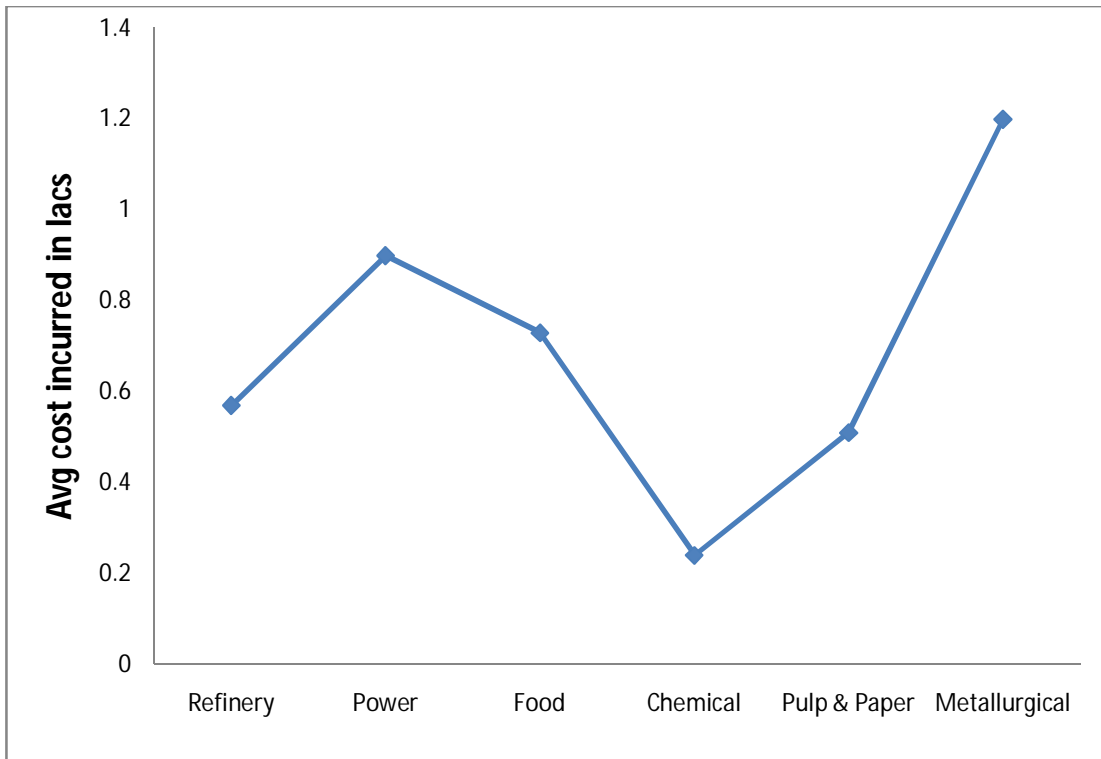


Fig 4.7.4 Average Cost incurred on tree plantation drive by different Sectors (2012-2015)

These two sectors namely power and metallurgical sectors have showed the commitment towards reducing environmental pollution. However, contribution of metallurgical sector remains the same in the last three years i.e. for an amount of Rs. 1.2 lacs in each year. Thus, in all other sectors, there is variation of cost incurred except the consistency in metallurgical sector. Further, costs incurred by power sector in fluctuate from Rs. 1 to 1.5 lacs & it remain highest for an amount of Rs. 1.5 lacs in the year 2014-15 as shown in fig 4.7.3. The chemical sector is spending very minimal i.e. Rs 0.25 lacs on an average in the last three years. The average cost incurred by food sector is somewhat higher than refinery and pulp & paper sectors. The industrial sectors should try to spend more and more in tree plantation drive because of their priority to prevent the pollution.

#### **4.8 Promoting Gender Equality and Empowering Women**

The term "empowerment of women" refers to the process of providing power to women to stand up against the control of the others and help them to lead a prosperous and a successful life. Historically, women have been regarded as constituting a weaker section in the society. No country can progress if it isolates 50% of its population. India has 500 million women and in the future, economic progress can never be achieved with a myopic view of isolating women or denying the opportunities to them. Although, the principle of gender equity in the workplace is generally accepted, but discriminatory practices still persists in many organizations despite regulations to the contrary. It is important to create an open and friendly atmosphere to address gender discrimination issues which can ultimately lead to empowerment of women. Women bring unique talent, ideas and responsibilities to the workplace. Society needs women economic empowerment to truly achieve growth and sustainability.

#### **4.9 Swachh Bharat Abhiyan**

**Swachh Bharat Abhiyan/ Mission** (Hindi: स्वच्छ भारत अभियान, English: Clean India Mission and abbreviated as SBA or SBM for "Swachh Bharat Mission") is a national campaign by the Government of India, covering 4,041 statutory cities and towns, to clean the streets, roads and infrastructure of the country. The campaign was officially launched on 2 October 2014 at Rajghat, New Delhi, where Prime Minister Narendra Modi himself cleaned the road. It was performed in remembrance of Mahatma Gandhi's words.

There was recent news that Government of India is exploring opportunities for involving private players through corporate social responsibility (CSR) in Ganga clean-up activities. The cleaning of ponds will look like smaller project as compared to cleaning of Holy River. But there is a serious concern about villages, where there are many ponds and no sanitation facility exists. There are no toilets for the girls. More than 53 percent of Indian homes — about 70 percent in the villages — lack toilets. Even people living in the city do not want to visit our ancestors living in the rural areas i.e. villages. Poor sanitation and contaminated water cause 80 percent of the diseases afflicting rural India, and diarrhea is a leading killer of children younger than 5, UNICEF says. The objective of “Clean India” campaign is to provide new sanitary toilets to more than 60 million homes by 2019.

Further, the population is increasing day by day, the consumption of food products has increased manifold. It has resulted in huge generation of municipal solid waste which is required to be handled in scientific manner. The first step which is required to be taken is its collection near to its generation point. If dustbins are provided at point of generation of solid waste, then people will automatically put the waste into dustbin rather than splitting it on the roads. The project proponent can easily invest in this activity in rural areas within 5 km radius of the project in order to make surroundings clean so that people in villages can live in clean environment.

Sill today rural areas are ignored in case of development like lightening of roads, villages etc. The development work in urban areas is at faster pace, however, rural areas are only meant for vote bank. Thus, sectors can make full contribution in development of villages in consultation with Panchayat members.

#### **4.10 Creating awareness about smoking and other drug related problems**

Drug abuse is a serious public health problem that affects almost every community and family in one way or other. Drug abuse can lead to homelessness, crime, and missed work or problems with keeping a job. It harms unborn babies and destroys families. 73.5% of Punjab's youth is addicted to drugs. It also creates health problems for the non smokers in the family. The yearly consumption of alcohol in Punjab is touching 29 Crore bottles making it one of the highest per capita consumers of alcohol in the world. The scenario in Punjab is worsening at such a rapid rate, that experts have already begun to put an expiry date to the state. The future of youths can only be saved if awareness campaigns regarding smoking and drug related problems are held in each part of country.

#### 4.11 Relationship between CSR activities, Company Profitability and % age of actual profit incurred on CSR activities

In the notification no.GSR 129(E) dated 27.02.2014 issued by Ministry of Corporate Affairs (Annexure-A), it has been clearly mentioned that 2 % of annual net profit after tax has to be spent on the CSR activities. Accordingly, the data of the profit after tax from sectors (Pharmaceutical, Pulp & Paper and Metallurgical) has been collected and amount spent on the CSR activity by them in last three financial years has been plotted in Fig 4.8.1 to 4.8.3. A combined graph has also been presented for the three consecutive years in Fig 4.8.4.

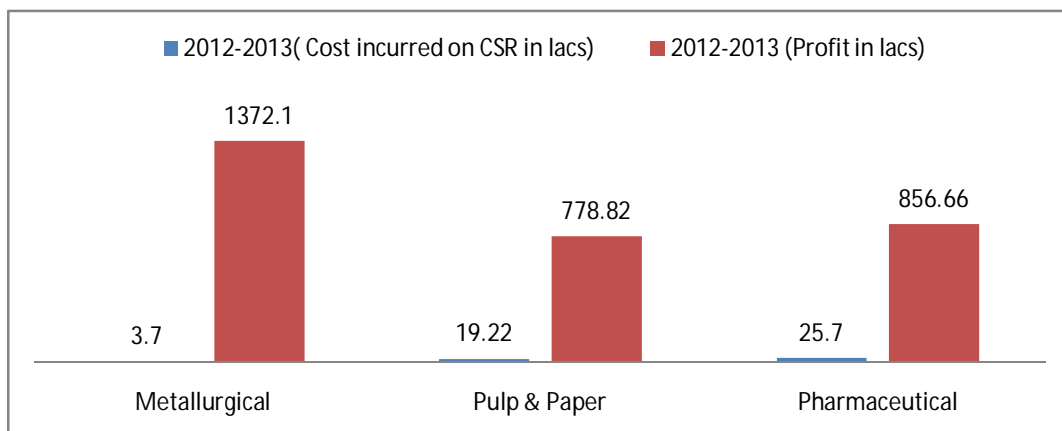


Fig 4.8.1 Variation of cost incurred on CSR versus Profit in lacs by different sectors (2012-2013)

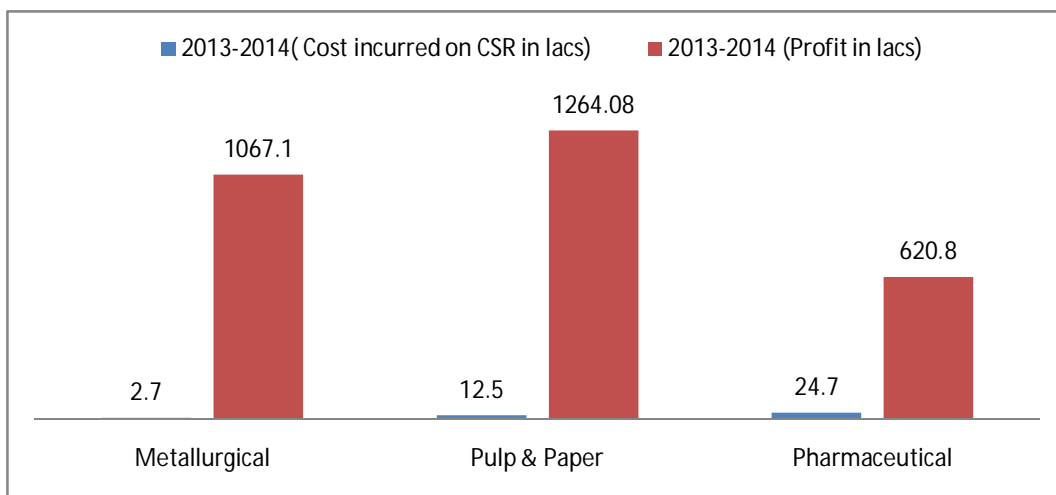


Fig 4.8.2 Variation of cost incurred on CSR versus Profit in lacs by different sectors (2013-2014)

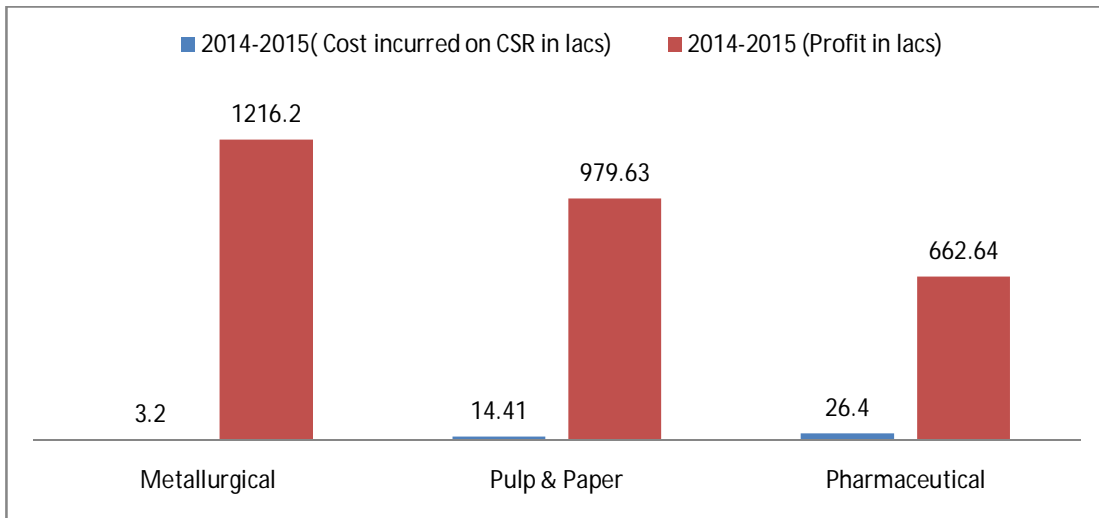


Fig 4.8.3 Variation of cost incurred on CSR versus Profit in lacs by different sectors (2014-2015)

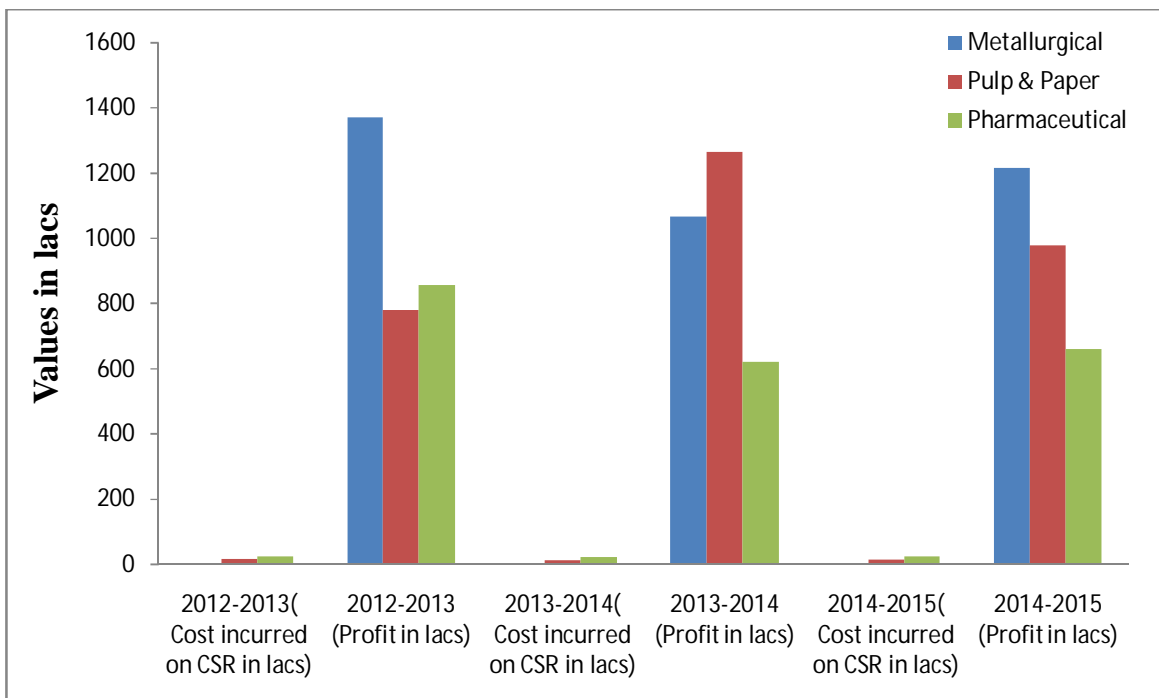


Fig 4.8.3 Combined variation of cost incurred on CSR versus Profit in lacs by different sectors in the last three financial years

The graphs have been plotted between amount spent on CSR activity and the profit of three sectors. Two sectors namely pharmaceutical and pulp & paper are strictly adhering to the statement that 2 % of annual profit be spent on CSR activities. The metallurgical sector is not

spending the amount on CSR as required. The purpose of representation of these graphs is not to discuss the violation of CSR Rules, 2014 or compliance made by some sectors. All the CSR activities listed in Table 3.2.1 possess great importance and significance. One cannot say that if company is not performing any one of the CSR activity, then it is case of lapse/failure on the part of company to implement CSR. However, it can be said that CSR can be implemented in better way if every activity is looked upon by the company.

Further, it is evident from above discussions that most industrial sectors are involved in CSR activities like tree plantation drive, free health checkups in rural areas, adult literacy programmes, providing free stationary, uniforms in schools, providing job to needy people in the vicinity and sponsoring sports event in villages. However, other activities like promoting gender equality and empowering women, dustbins for municipal solid waste in the vicinity of the project, helping the Govt. in cleaning of ponds in villages and improving sanitation facilities, donating money, clothes, blankets, toys etc to an orphanage, old age homes & creating awareness about smoking and other drug related problem. Social business projects like giving medical and legal aid, treatment to road accident victims have also been recently included in CSR activities listed in schedule VII of Companies Act, 2013 (Annexure-B) and it was found to be neglected in the activities carried out by the industrial sectors.

## **CHAPTER- 5**

### **CONCLUSION**

The present study includes the collection of CSR data from different industrial sectors viz Pulp & Paper, Pharmaceutical, Chemical, Metallurgical etc in the State of Punjab. The industrial sectors have shown their concern to spend amount on the 6-7 activities which includes funding the NGO's, free health checkups, adult literacy programmes, improvement in school education, free stationary, uniforms in schools, employment generation, sponsoring sports events and planting saplings. The results indicate that Pharmaceutical and Pulp & Paper are such sectors which are complying with the CSR rule, i.e. spending 2% of net profit on CSR activities. However, the activities of CSR such as Gender Equality and Empowering Women, Swachh Bharat Abhiyan, creating awareness for drug related problems and social business projects have not been considered and needs further attention. The corporate world should implement CSR according to the requirements of the people living in the vicinity. This will help the corporate to reach out the people locally and can identify the issues which need to be addressed. For implementing CSR in a better way, an industry/ company must have CSR committee and CSR policy which includes a list of CSR activities, planned expenditure on such activities alongwith time specification for execution of such activities followed by regular monitoring. A list of CSR activities should be displayed on the website of concerned establishment and annual report should be submitted to regulatory body. Further, the post monitoring of the CSR activities carried out by an organization must be accessed on periodical basis so as to ensure its implementation.

## **CHAPTER- 7**

### **SCOPE OF FURTHER RESEARCH**

The present study gives an idea of CSR orientation of different sectors in India. An industry specific research can be conducted to know the CSR involvement of corporate in particular industry/sector. Another possible area for further research is comparison of CSR practices of MNCs across the countries / regions / continents of the world. A future research can also be conducted to know whether CSR can be used as a tool of strategic advantage for corporate society. This will help the MNCs to formulate better CSR strategies. Impact of socially responsible behavior on corporate financial performance may also be examined. To know the state and trends of CSR disclosures of MNCs in India is another possible area of future research.

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भारत का राजपत्र  
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असाधारण

EXTRAORDINARY

भाग II—खण्ड 3—उप-खण्ड (i)

PART II—Section 3—Sub-section (i)

प्राधिकार से प्रकाशित

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कारपोरेट कार्य मंत्रालय

अधिसूचना

नई दिल्ली, 27 फरवरी, 2014

सा.का.नि. 129(अ).—केन्द्रीय सरकार कंपनी अधिनियम, 2013 (2013 का 18) की धारा 135 और धारा 469 की उप-धारा (1) और (2) के द्वारा प्रदत्त शक्तियों का प्रयोग करते हुए निम्नलिखित नियम बनाती है, अर्थात् :-

1. संक्षिप्त नाम और प्रारंभ— (1) इन नियमों का संक्षिप्त नाम कंपनी (कारपोरेट सामाजिक दायित्व नीति) नियम, 2014 है ।

(2) ये नियम 01 अप्रैल, 2014 से प्रवृत्त होंगे ।

2. परिभाषाएं— (1) इन नियमों में, जब तक कि संदर्भ से अन्यथा अपेक्षित न हो,

(क) "अधिनियम" से कंपनी अधिनियम, 2013 अभिप्रेत है ;

(ख) "उपाबंध" से इन नियमों से उपाबद्ध उपाबंध अभिप्रेत है ;

(ग) "कारपोरेट सामाजिक दायित्व (सीएसआर)" से निम्नलिखित अभिप्रेत और शामिल हैं किंतु निम्नलिखित तक सीमित नहीं है:-

(i) अधिनियम की अनुसूची 7 में विनिर्दिष्ट कार्यकलापों से संबंधित परियोजनाएं अथवा कार्यक्रम; अथवा

(ii) कंपनी की घोषित कारपोरेट सामाजिक दायित्व नीति के अनुसार बोर्ड की सीएसआर समिति की सिफारिशों के अनुसरण में किसी कंपनी के निदेशक बोर्ड (बोर्ड) द्वारा शुरू किए गए क्रियाकलापों से

संबंधित परियोजनाएं अथवा कार्यक्रम बशर्ते कि ऐसी नीति में अधिनियम की अनुसूची 7 में उल्लिखित विषय सम्मिलित हों।

- (घ) "सीएसआर समिति" से अधिनियम की धारा 135 में निर्दिष्ट बोर्ड की कारपोरेट सामाजिक दायित्व समिति अभिप्रेत है;
- (ङ) "सीएसआर नीति" कंपनी के कारबार के सामान्य प्रचालन के अनुसरण में किए गए कार्यकलापों को छोड़कर, अनुसूची 7 में यथाविनिर्दिष्ट कंपनी द्वारा किए गए कार्यकलाप और उस पर किए गए व्यय से संबंधित है;
- (च) "शुद्ध लाभ" से अधिनियम के लागू उपबंधों के अनुसरण में तैयार किए गए वित्तीय विवरण के अनुसार किसी कंपनी के शुद्ध लाभ अभिप्रेत है किंतु इनमें निम्नलिखित शामिल नहीं है अर्थात् :-
- (i) कंपनी की विदेश स्थित किसी शाखा अथवा शाखाओं, चाहे वह अलग कंपनी के रूप में अथवा अन्यथा कार्यरत है, से प्राप्त कोई लाभ, तथा
- (ii) भारत में अन्य कंपनियों जो अधिनियम की धारा 135 के अंतर्गत शामिल हैं अथवा इसके अनुबंधों का अनुपालन करती हैं, से प्राप्त कोई लाभांश:

परंतु किसी वित्तीय वर्ष, जिसके लिए कंपनी अधिनियम, 1956 (1956 का 1) के उपबंधों के अनुसरण में सुसंगत वित्तीय विवरण तैयार किए गए थे, के संबंध में 'शुद्ध लाभ' की पुनः गणना अधिनियम के उपबंधों के अनुसार अपेक्षित नहीं होगी।

परंतु यह और कि इन नियमों के अधीन आने वाली विदेशी कंपनी के मामले में शुद्ध लाभ से अधिनियम की धारा 198 के साथ पठित धारा 381 की उप-धारा (1) के खंड (क) के अनुसार तैयार लाभ-हानि खाते के अनुरूप ऐसी कंपनी का शुद्ध लाभ अभिप्रेत है।

(2) इन नियमों में प्रयुक्त शब्दों और अभिव्यक्तियों, जिन्हें इन नियमों में परिभाषित नहीं किया गया है किंतु अधिनियम में परिभाषित किया गया है, के वही अर्थ होंगे जो अधिनियम में दिए गए हैं।

3 कारपोरेट सामाजिक दायित्व :

(1) प्रत्येक कंपनी अपनी होल्डिंग अथवा अनुषंगी सहित तथा अधिनियम की धारा 2 के खंड (42) के अंतर्गत परिभाषित कोई विदेशी कंपनी जिसका शाखा कार्यालय अथवा परियोजना कार्यालय भारत में है और जो अधिनियम की धारा 135 और इन नियमों के उपबंधों का अनुपालन करेगी ;

परंतु अधिनियम के अंतर्गत किसी विदेशी कंपनी का शुद्ध मूल्य, व्यापारावर्त अथवा शुद्ध लाभ की गणना अधिनियम की धारा 381 की उपधारा (1) के खंड (क) और धारा 198 के उपबंधों के अनुसरण में तैयार किए गए उस कंपनी के तुलन पत्र और लाभ व हानि विवरण के अनुसार की जाएगी ।

(2) प्रत्येक कंपनी जो क्रमवर्ती तीन वित्तीय वर्षों के लिए अधिनियम की धारा 135 की उप-धारा (1) के अंतर्गत कंपनी नहीं रहती है, उससे निम्नलिखित अपेक्षित नहीं होगा ;

(क) सीएस आर समिति का गठन करना ;

(ख) उक्त धारा की उप धारा (2) से उप धारा (5) में अंतर्विष्ट उपबंधों का अनुपालन करना ;

जब तक कि वह कंपनी धारा 135 की उप धारा (1) में निहित मानकों को पूरा नहीं करती ।

#### 4. सीएसआर कार्यकलापः

(1) कंपनी को अपनी कथित कारपोरेट सामाजिक दायित्व नीति के अनुसार अपने व्यवसाय के सामान्य कार्य के अनुसरण में किए गए कार्यों को छोड़कर परियोजनाओं अथवा कार्यक्रमों अथवा कार्यकलापों (नए अथवा चल रहे) के रूप में अपने कारपोरेट सामाजिक दायित्व कार्यकलाप करने होंगे।

(2) कंपनी का बोर्ड कारपोरेट सामाजिक दायित्व समिति द्वारा अनुमोदित अपने सीएसआर कार्यकलाप किसी रजिस्ट्रीकृत न्यास अथवा रजिस्ट्रीकृत सोसायटी अथवा अधिनियम की धारा 8 के अधीन कंपनी द्वारा स्थापित किसी कंपनी अथवा उसकी होल्डिंग या अनुषंगी या सहयोगी कंपनी के माध्यम से अथवा अन्य किसी तरीके से चला सकता है:

परंतु कि -

(i) यदि ऐसा न्यास, सोसाइटी अथवा कंपनी की स्थापना उस कंपनी अथवा उसकी होल्डिंग या अनुषंगी या सहयोगी कंपनी द्वारा नहीं की गई हो तो इसके पास समान कार्यक्रम अथवा परियोजनाएं चलाने का तीन वर्षों का प्रमाणित अभिलेख होना चाहिए;

(ii) कंपनी ने इन अस्तित्वों के माध्यम से चलाई जाने वाली परियोजनाओं अथवा कार्यक्रमों, ऐसी परियोजनाओं और कार्यक्रमों पर धन राशि के उपयोग की कार्य-प्रणाली और निगरानी तथा रिपोर्टिंग तंत्र विनिर्दिष्ट किया हो।

(3) कोई कंपनी परियोजनाओं या कार्यक्रमों या कारपोरेट सामाजिक दायित्व कार्यकलापों को इस प्रकार चलाने के लिए अन्य कंपनियों के साथ भी सहयोग इस रीति में कर सकती है कि संबंधित कंपनियों की कारपोरेट सामाजिक दायित्व समितियां इन नियमों के अनुसार ऐसी परियोजनाओं अथवा कार्यक्रमों पर अलग-अलग रिपोर्ट देने की स्थिति में हों।

(4) अधिनियम की धारा 135 की उपधारा (5) के उपबंधों के अधीन, भारत में चलाई गई कारपोरेट सामाजिक दायित्व परियोजनाएं अथवा कार्यक्रम अथवा कार्यकलाप ही कारपोरेट सामाजिक दायित्व व्यय की कोटि में आएंगे।

(5) अधिनियम की धारा 135 के अनुसार, उन कारपोरेट सामाजिक दायित्व परियोजनाओं अथवा कार्यक्रम अथवा कार्यकलापों को कारपोरेट सामाजिक दायित्व कार्यकलाप नहीं माना जाएगा जिनसे कंपनी के कर्मचारी अथवा उनके कुटुम्बों को ही फायदा हो।

(6) कंपनियां कम से कम तीन वित्तीय वर्षों में कार्य स्थापित अभिलेख वाली संस्थाओं के माध्यम से अपने कर्मिकों के साथ-साथ अपनी कार्यान्वयन अभिकरणों के कर्मचारियों की कारपोरेट सामाजिक दायित्व क्षमताएं बना सकती है किंतु ऐसा व्यय एक वित्तीय वर्ष में कंपनी के कुल कारपोरेट सामाजिक दायित्व व्यय के 5% से अधिक नहीं होना चाहिए।

(7) अधिनियम की धारा 182 के अधीन किसी राजनीतिक दल को प्रत्यक्ष अथवा अप्रत्यक्ष रूप से किसी राशि के अंशदान पर सीएसआर कार्यकलाप के रूप में विचार नहीं किया जाएगा।

#### 5. सीएसआर समितियां :

(1) नियम 3 में उल्लिखित कंपनियां निम्नानुसार सीएसआर समिति गठित करेंगी:

(i) धारा 135 की उपधारा (1) के अंतर्गत शामिल कोई असूचीबद्ध सार्वजनिक कंपनी अथवा प्राइवेट कंपनी जिसके लिए अधिनियम की धारा 149 की उपधारा (4) के अनुसरण में स्वतंत्र निदेशक की नियुक्ति करना अपेक्षित नहीं है, की ऐसे निदेशक के बिना अपनी सीएसआर समिति होगी;

(ii) उप नियम (1) में उल्लिखित कोई प्राइवेट कंपनी, जिसके बोर्ड में केवल दो निदेशक हों ऐसे दो निदेशकों के साथ अपनी सीएसआर समिति का गठन करेगी;

(iii) इन नियमों के अंतर्गत शामिल किसी विदेशी कंपनी के बारे में सीएसआर समिति में कम से कम दो व्यक्ति शामिल होंगे जिनमें से एक व्यक्ति अधिनियम की धारा 380 की उप-धारा (1) के खंड (घ) के अंतर्गत यथाविनिर्दिष्ट व्यक्ति होगा और दूसरा व्यक्ति विदेशी कंपनी द्वारा नामनिर्देशित होगा।

(2) सीएसआर समिति कंपनी द्वारा शुरू की जाने वाली सीएसआर परियोजनाओं अथवा कार्यक्रमों अथवा कार्यकलापों के कार्यान्वयन के लिए एक पारदर्शी निगरानी तंत्र संस्थित करेगी।

6. सीएसआर नीति :

(1) कंपनी की सीएसआर नीति में अन्य बातों के साथ-साथ निम्नलिखित बातें शामिल होंगी, अर्थात :-

(क) अधिनियम की अनुसूची 7 के क्षेत्र के भीतर आने वाले उन कारपोरेट सामाजिक दायित्व परियोजनाओं या कार्यक्रमों, जिन्हें कंपनी शुरू करने की योजना बनाती है, की एक सूची तैयार करना, ऐसी परियोजनाओं अथवा कार्यक्रमों के कार्यान्वयन की रूपरेखा निर्धारित करना तथा उनकी कार्यान्वयन अनुसूचियां; तथा

(ख) ऐसी परियोजनाओं अथवा कार्यक्रमों की निगरानी प्रक्रिया:

परंतु कारपोरेट सामाजिक दायित्व कार्यकलापों में कंपनी के कारबार के सामान्य कार्य के अनुसरण में किए गए कार्यकलाप शामिल नहीं होंगे।

परंतु यह और कि निदेशक बोर्ड यह सुनिश्चित करेगा कि कंपनी द्वारा अपनी कारपोरेट सामाजिक दायित्व नीति में शामिल कार्यकलाप अधिनियम की अनुसूची 7 में शामिल कार्यकलापों से संबद्ध हैं।

(2) कंपनी की सीएसआर नीति विनिर्दिष्ट करेगी कि सीएसआर परियोजनाओं अथवा कार्यक्रमों अथवा कार्यकलापों से उद्भूत आधिक्य राशि कंपनी के कारबार लाभ का हिस्सा नहीं होगी।

7. सीएसआर व्यय : कोष में बोर्ड द्वारा अपनी सीएसआर समिति की सिफारिश पर अनुमोदित सीएसआर कार्यकलापों संबंधी परियोजनाओं अथवा कार्यक्रमों पर अंशदान सहित समस्त व्यय सम्मिलित होगा किंतु इसमें किसी ऐसी मद पर किया जाने वाला व्यय शामिल नहीं होगा जो अधिनियम की अनुसूची-7 के कार्यक्षेत्र में आने वाले कार्यकलापों से संगत अथवा आधार पर न हो।

8. सीएसआर रिपोर्टिंग

(1) इन नियमों के अधीन होने वाली कंपनी की अप्रैल 1, को अथवा उसके बाद शुरू होने वाले वित्तीय वर्ष की बोर्ड रिपोर्ट में संलग्नक में निर्दिष्ट ब्यौरों को शामिल करते हुए सीएसआर संबंधी एक वार्षिक रिपोर्ट शामिल होगी।

(2) किसी विदेशी कंपनी के मामले में, धारा 381 की उपधारा 1 के उपखंड ख के अंतर्गत फाइल किए गए तुलन पत्र में सीएसआर संबंधी रिपोर्ट का एक संलग्नक अंतर्विष्ट होगा।

9. सीएसआर कार्यकलापों का अपनी वेबसाइट पर प्रदर्शन:

कंपनी का निदेशक बोर्ड सीएसआर समिति की सिफारिशों को ध्यान में रखने के पश्चात् कंपनी के लिए सीएसआर नीति अनुमोदित करेगा और ऐसी नीति की विषयवस्तु अपनी रिपोर्ट में प्रकट करेगा तथा उपाबंध में विनिर्दिष्ट ब्यौरों के अनुसार इसे कंपनी की वेबसाइट, यदि कोई हो तो, पर प्रदर्शित किया जाएगा।

[फा. सं. 1/18/2013- सीएल-V]

रेणुका कुमार, संयुक्त सचिव

**उपाबंध**

बोर्ड की रिपोर्ट में शामिल की जाने वाली सीएसआर कार्यकलापों पर वार्षिक रिपोर्ट का प्रपत्र

1. कंपनी की सीएसआर नीति की संक्षिप्त रूप-रेखा, जिसमें शुरू करने के लिए प्रस्तावित कार्यक्रमों/परियोजनाओं का ब्यौरा और सीएसआर नीति और परियोजनाओं या कार्यक्रमों के चैब-लिंक का संदर्भ शामिल हो।
2. सीएसआर समिति की संरचना।
3. पिछले तीन वित्तीय वर्षों के लिए कंपनी का औसत शुद्ध लाभ।
4. विहित सीएसआर व्यय में (ऊपर मद 3 में दी राशि का दो प्रतिशत राशि)
5. वित्तीय वर्ष के दौरान सीएसआर व्यय के ब्यौरे:
  - (क) वर्ष के लिए खर्च की जाने वाली कुल रकम:
  - (ख) वित्तीय वर्ष के लिए खर्च की जाने वाली कुल रकम:
  - (ग) वह रीति जिसमें वित्तीय वर्ष के दौरान खर्च की गई रकम के व्यय का विस्तृत ब्यौरा निम्नलिखित दिया गया है:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
क्र. स.	अभिज्ञात सीएसआर परियोजना/कार्यकलाप	वह सेक्टर जिसमें परियोजना कवर की गई है	परियोजनाएं कार्यक्रम (1) स्थानीय क्षेत्र या अन्य (2) (उस जिले/राज्य का नाम जहां परियोजना अथवा कार्यक्रम चलाया गया)	परिव्यय रकम (बजट) परियोजना/कार्यक्रम)	परियोजना/कार्यक्रम पर खर्च की गई रकम उप:शीर्ष : (1)परियोजनाओं अथवा कार्यक्रमों पर हुआ प्रत्यक्ष व्यय, (2) उपरिव्यय	रिपोर्टिंग अवधि तक संचयी व्यय	खर्च की गई रकम: प्रत्यक्ष अथवा कार्यान्वयनकारी अभिकरण के माध्यम से
1.							
2.							
3.							
	योग						

कार्यान्वयनकारी अभिकरण के ब्यौरे दें -

6. यदि कंपनी पिछले तीन वित्तीय वर्षों के औसत शुद्ध लाभ का 2% या उसका कोई भाग खर्च करने में असफल रही है तो कंपनी अपनी बोर्ड रिपोर्ट में रकम खर्च न करने के कारण बताएगी।

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7. सीएसआर समिति का एक उत्तरदायित्व परक-कथन कि सीएसआर नीति का कार्यान्वयन एवं निगरानी कंपनी के सीएसआर उद्देश्यों एवं नीति के अनुपालन में है।

हस्ताक्षर (मुख्य कार्यपालक अधिकारी अथवा प्रबंध निदेशक अथवा निदेशक)	हस्ताक्षर (अध्यक्ष, सीएसआर समिति)	हस्ताक्षर अधिनियम की धारा 380 की उपधारा (1) के खंड (घ) के तहत विनिर्दिष्ट व्यक्ति (जहां लागू हो)
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**MINISTRY OF CORPORATE AFFAIRS**  
**NOTIFICATION**

New Delhi, the 27th February, 2014

**G.S.R. 129(E).**— In exercise of the powers conferred under section 135 and sub-sections (1) and (2) of section 469 of the Companies Act, 2013 (18 of 2013), the Central Government hereby makes the following rules, namely: -

1. **Short title and commencement.** - (1) These rules may be called the Companies (Corporate Social Responsibility Policy) Rules, 2014.
- (2) They shall come into force on the 1<sup>st</sup> day of April, 2014.
2. **Definitions.**- (1) In these rules, unless the context otherwise requires, -
  - (a) "Act" means the Companies Act, 2013;
  - (b) "Annexure" means the Annexure appended to these rules;
  - (c) "Corporate Social Responsibility (CSR)" means and includes but is not limited to :-
    - (i) Projects or programs relating to activities specified in Schedule VII to the Act; or
    - (ii) Projects or programs relating to activities undertaken by the board of directors of a company (Board) in pursuance of recommendations of the CSR Committee of the Board as per declared CSR Policy of the company subject to the condition that such policy will cover subjects enumerated in Schedule VII of the Act.
  - (d) "CSR Committee" means the Corporate Social Responsibility Committee of the Board referred to in section 135 of the Act.
  - (e) "CSR Policy" relates to the activities to be undertaken by the company as specified in Schedule VII to the Act and the expenditure thereon, excluding activities undertaken in pursuance of normal course of business of a company;
  - (f) "Net profit" means the net profit of a company as per its financial statement prepared in accordance with the applicable provisions of the Act, but shall not include the following, namely :-
    - (i) any profit arising from any overseas branch or branches of the company, whether operated as a separate company or otherwise; and

- (ii) any dividend received from other companies in India, which are covered under and complying with the provisions of section 135 of the Act:

Provided that net profit in respect of a financial year for which the relevant financial statements were prepared in accordance with the provisions of the Companies Act, 1956, (1 of 1956) shall not be required to be re-calculated in accordance with the provisions of the Act:

Provided further that in case of a foreign company covered under these rules, net profit means the net profit of such company as per profit and loss account prepared in terms of clause (a) of sub-section (1) of section 381 read with section 198 of the Act.

- (2) Words and expressions used and not defined in these rules but defined in the Act shall have the same meanings respectively assigned to them in the Act.

### 3. Corporate Social Responsibility. -

- (1) Every company including its holding or subsidiary, and a foreign company defined under clause (42) of section 2 of the Act having its branch office or project office in India, which fulfills the criteria specified in sub-section (1) of section 135 of the Act shall comply with the provisions of section 135 of the Act and these rules:

Provided that net worth, turnover or net profit of a foreign company of the Act shall be computed in accordance with balance sheet and profit and loss account of such company prepared in accordance with the provisions of clause (a) of sub-section (1) of section 381 and section 198 of the Act.

- (2) Every company which ceases to be a company covered under sub-section (1) of section 135 of the Act for three consecutive financial years shall not be required to -

- (a) constitute a CSR Committee; and  
(b) comply with the provisions contained in sub-section (2) to (5) of the said section,

till such time it meets the criteria specified in sub-section (1) of section 135.

### 4. CSR Activities.-

- (1) The CSR activities shall be undertaken by the company, as per its stated CSR Policy, as projects or programs or activities (either new or ongoing), excluding activities undertaken in pursuance of its normal course of business.

- (2) The Board of a company may decide to undertake its CSR activities approved by the CSR Committee, through a registered trust or a registered society or a company established by the company or its holding or subsidiary or associate company under section 8 of the Act or otherwise:

Provided that—

- (i) if such trust, society or company is not established by the company or its holding or subsidiary or associate company, it shall have an established track record of three years in undertaking similar programs or projects;
- (ii) the company has specified the project or programs to be undertaken through these entities, the modalities of utilization of funds on such projects and programs and the monitoring and reporting mechanism.
- (3) A company may also collaborate with other companies for undertaking projects or programs or CSR activities in such a manner that the CSR Committees of respective companies are in a position to report separately on such projects or programs in accordance with these rules.
- (4) Subject to provisions of sub-section (5) of section 135 of the Act, the CSR projects or programs or activities undertaken in India only shall amount to CSR Expenditure.
- (5) The CSR projects or programs or activities that benefit only the employees of the company and their families shall not be considered as CSR activities in accordance with section 135 of the Act.

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(6) Companies may build CSR capacities of their own personnel as well as those of their Implementing agencies through Institutions with established track records of at least three financial years but such expenditure shall not exceed five percent. of total CSR expenditure of the company in one financial year.

(7) Contribution of any amount directly or indirectly to any political party under section 182 of the Act, shall not be considered as CSR activity.

#### 5. CSR Committees.-

(1) The companies mentioned in the rule 3 shall constitute CSR Committee as under.-

(i) an unlisted public company or a private company covered under sub-section (1) of section 135 which is not required to appoint an independent director pursuant to sub-section (4) of section 149 of the Act, shall have its CSR Committee without such director ;

(ii) a private company having only two directors on its Board shall constitute its CSR Committee with two such directors;

(iii) with respect to a foreign company covered under these rules, the CSR Committee shall comprise of at least two persons of which one person shall be as specified under clause (d) of sub-section (1) of section 380 of the Act and another person shall be nominated by the foreign company.

(2) The CSR Committee shall institute a transparent monitoring mechanism for implementation of the CSR projects or programs or activities undertaken by the company.

#### 6. CSR Policy.-

(1) The CSR Policy of the company shall, inter-alia, include the following, namely :-

(a) a list of CSR projects or programs which a company plans to undertake falling within the purview of the Schedule VII of the Act, specifying modalities of execution of such project or programs and implementation schedules for the same; and

(b) monitoring process of such projects or programs:

Provided that the CSR activities does not include the activities undertaken in pursuance of normal course of business of a company.

Provided further that the Board of Directors shall ensure that activities included by a company in its Corporate Social Responsibility Policy are related to the activities included in Schedule VII of the Act.

(2) The CSR Policy of the company shall specify that the surplus arising out of the CSR projects or programs or activities shall not form part of the business profit of a company.

7. **CSR Expenditure.-** CSR expenditure shall include all expenditure including contribution to corpus, for projects or programs relating to CSR activities approved by the Board on the recommendation of its CSR Committee, but does not include any expenditure on an item not in conformity or not in line with activities which fall within the purview of Schedule VII of the Act.

#### 8. CSR Reporting.-

(1) The Board's Report of a company covered under these rules pertaining to a financial year commencing on or after the 1<sup>st</sup> day of April, 2014 shall include an annual report on CSR containing particulars specified in Annexure.

(2) In case of a foreign company, the balance sheet filed under sub-clause (b) of sub-section (1) of section 381 shall contain an Annexure regarding report on CSR.

#### 9. Display of CSR activities on its website. -

The Board of Directors of the company shall, after taking into account the recommendations of CSR Committee, approve the CSR Policy for the company and disclose contents of such policy in its report and the same shall be displayed on the company's website, if any, as per the particulars specified in the Annexure.

[F. No. 1/18/2013-CL.V]

RENUKA KUMAR, Jt. Secy.

## ANNEXURE

**FORMAT FOR THE ANNUAL REPORT ON CSR ACTIVITIES TO BE INCLUDED IN  
THE BOARD'S REPORT**

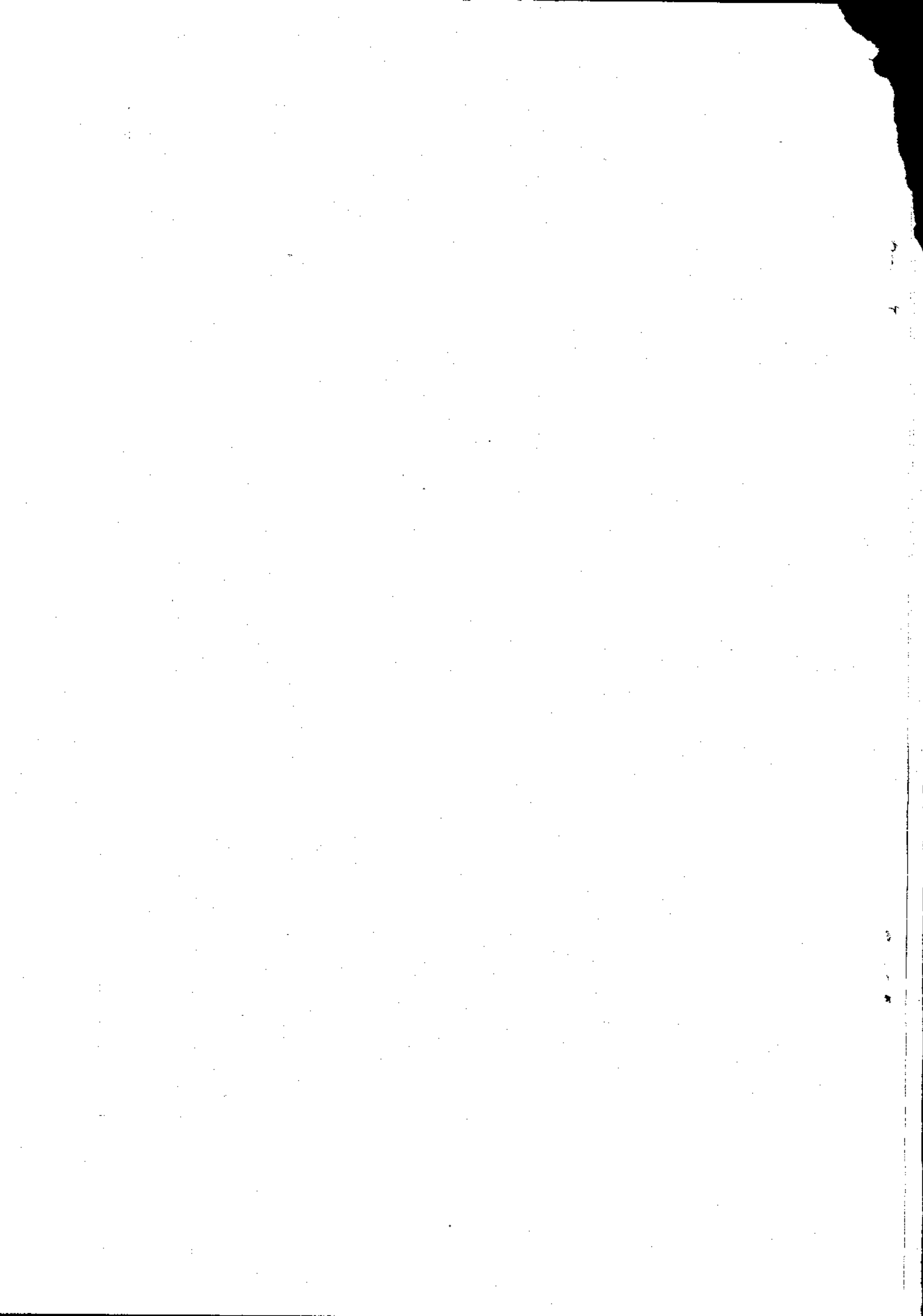
1. A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.
2. The Composition of the CSR Committee.
3. Average net profit of the company for last three financial years
4. Prescribed CSR Expenditure (two per cent. of the amount as in item 3 above)
5. Details of CSR spent during the financial year.
  - (a) Total amount to be spent for the financial year;
  - (b) Amount unspent, if any;
  - (c) Manner in which the amount spent during the financial year is detailed below.

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S.No	CSR project or activity identified.	Sector in which the Project is covered.	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken.	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs <b>Sub-heads:</b> (1) Direct expenditure on projects or programs. (2) Overheads:	Cumulative expenditure upto to the reporting period.	Amount spent: Direct or through implementing agency
1							
2							
3							
	<b>TOTAL</b>						

\*Give details of implementing agency:

6. In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report.
7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company.

Sd/- (Chief Executive Officer or Managing Director or Director)	Sd/- (Chairman CSR Committee)	Sd/- [Person specified under clause (d) of sub-section (1) of section 380 of the Act]  (wherever applicable)
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भारत का राजपत्र  
The Gazette of India

असाधारण

EXTRAORDINARY

भाग II—खण्ड 3—उप-खण्ड (i)

PART II—Section 3—Sub-section (i)

प्राधिकार से प्रकाशित

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कारपोरेट कार्य मंत्रालय

अधिसूचना

नई दिल्ली, 27 फरवरी, 2014

सा.का.नि. 130(अ).—केंद्रीय सरकार, कंपनी अधिनियम, 2013 (2013 का 18) की धारा 467 की उप-धारा (1) द्वारा प्रदत्त शक्तियों का प्रयोग करते हुए, उक्त अधिनियम की अनुसूची 7 में निम्नलिखित संशोधन करती है, अर्थात् :—

1. अनुसूची 7 में, मद (i) से मद (x) और उससे संबंधित प्रविष्टियों के स्थान पर, निम्नलिखित मदें और प्रविष्टियां रखी जाएगी, अर्थात् :—

- “(i) भूख, निर्धनता और कुपोषण का उन्मूलन, निवारक स्वास्थ्य देख-रेख और स्वच्छता का संवर्धन और सुरक्षित पेय जल उपलब्ध कराना;
- (ii) शिक्षा जिसमें विशेष शिक्षा और विशेषतः बालकों, स्त्रियों, वयोवृद्धों, अन्य रूप से समर्थ व्यक्तियों के बीच व्यावसायिक कौशल बढ़ाने संबंधी नियोजन और जीविका की बढ़ोतरी संबंधी परियोजनाएं का संवर्धन;
- (iii) लैंगिक समता, स्त्री सशक्तिकरण का संवर्धन, स्त्रियों और अनाथों के लिए गृहों और छात्रावासों का गठन, वरिष्ठ नागरिकों के लिए वृद्धाश्रमों, दैनिक देखरेख केंद्रों का गठन और ऐसी अन्य सुविधाएं तथा सामाजिक और आर्थिक रूप से पिछड़े समूहों द्वारा सामना की जाने वाली असमानता में कमी लाने के लिए उपाय करना;
- (iv) पर्यावरणीय संपोषण, पारिस्थितिकीय संतुलन, वनस्पति जीव-जंतु का संरक्षण, पशु कल्याण, कृषि वानिकी, प्राकृतिक संसाधनों का संरक्षण सुनिश्चित करना तथा मृदा, वायु और जल की क्वालिटी बनाए रखना;
- (v) राष्ट्रीय विरासत, कला और संस्कृति का संरक्षण, जिसमें भवनों और ऐतिहासिक महत्ता के स्थल और कलाकृतियां भी सम्मिलित हैं, सार्वजनिक पुस्तकालयों का गठन करना, पारंपरिक कलाओं और हस्तशिल्पों का संवर्धन और विकास;
- (vi) सशस्त्र बलों के सेवानिवृत्त सैनिकों, योद्धाओं प्रभावी विधवाएं और उनके आश्रितों के फायदे के लिए उपाय;

- (vii) ग्रामीण खेल-कूद राष्ट्रीय स्तर पर मान्यताप्राप्त खेल-कूद, पैरालम्पिक खेल-कूद और ओलम्पिक खेल-कूदों के संवर्धन के लिए प्रशिक्षण देना;
- (viii) प्रधानमंत्री राष्ट्रीय राहत निधि या केंद्रीय सरकार द्वारा अनुसूचित जातियों, अनुसूचित जनजातियों, अन्य पिछड़े वर्गों, अल्पसंख्यकों, स्त्रियों के सामाजिक-आर्थिक विकास और राहत के लिए और कल्याण के लिए गठित की गई किसी अन्य निधि में अभिदाय;
- (ix) शैक्षणिक संस्थान, जिन्हें केंद्रीय सरकार द्वारा अनुमोदित किया गया है, के भीतर अवस्थित प्रौद्योगिकी इनक्यूबेटर्स के लिए प्रदान किये गये अभिदाय या निधियां;
- (x) ग्रामीण विकास की परियोजनाएं;”।
2. यह अधिसूचना 1 अप्रैल, 2014 से प्रवृत्त होगी ।

[फा. सं. 1/18ए/2013-सीएल-V]

रेणुका कुमार, संयुक्त सचिव

### MINISTRY OF CORPORATE AFFAIRS

#### NOTIFICATION

New Delhi, the 27th February, 2014

**G.S.R. 130(E).**—In exercise of the powers conferred by sub-section (1) of section 467 of the Companies Act, 2013 (18 of 2013), the Central Government hereby makes the following amendments to Schedule VII of the said Act, namely :—

(1) In Schedule VII, for items (i) to (x) and the entries relating thereto, the following items and entries shall be substituted, namely :—

- “(i) eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation and making available safe drinking water;
- (ii) promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;
- (iii) promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;
- (iv) ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water;
- (v) protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional arts and handicrafts;
- (vi) measures for the benefit of armed forces veterans, war widows and their dependents;
- (vii) training to promote rural sports, nationally recognised sports, paralympic sports and Olympic sports;
- (viii) contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities and women;
- (ix) contributions or funds provided to technology incubators located within academic institutions which are approved by the Central Government;
- (x) rural development projects.”

2. This notification shall come into force with effect from 1st April, 2014.

[F. No. 1/18A/2013-CL-V]

RENUKA KUMAR, Jt. Secy.

**No.J-11013/25/2014-IA.I**  
**Government of India**  
**Ministry of Environment & Forests**

Indira ParyavaranBhawan,  
JorBagh Road, Ali Ganj,  
New Delhi-11003

Dated the 11<sup>th</sup> August, 2014

**OFFICE MEMORANDUM**

**Subject: Environment sustainability and CSR related issues-guidelines**

The Environment Impact Assessment (EIA) Notification 2006, issued under the Environment (Protection) Act 1986, as amended from time to time, prescribes the process for granting prior environment clearance (EC) in respect of certain development projects / activities listed out in the Schedule to the notification.

2. Sustainable development has three components, viz., social, economic and environmental. All the three components are closely inter-related and mutually re-enforcing. Considering this, the general structure of EIA document, under Appendix-III to the notification, prescribes inter-alia public consultation, social impact assessment and R&R action plan besides environment management plan (EMP).

3. It is noticed that while there is clarity on the guidelines on EMP, as regards sustainability related issues, different formulations have been prescribed in the conditions in EC letters for the projects under different sectors listed out in Schedule to the EIA Notification, 2006. Thus, there is a need to issue guidelines on the subject.

4. Section 135 of the Companies Act, 2013 deals with corporate social responsibility and Schedule-VII of the Act lists out the activities which may be included by companies in their CSR Policies. The activities relating to "ensuring environmental sustainability", are listed in this schedule. Further, Ministry of Corporate Affairs has also notified the Companies (Corporate Social Responsibility Policy) Rules, 2014.

5. The concept of CSR as provided for in the Companies Act, 2013 and covered under the Companies (Corporate Social Responsibility Policy) Rules, 2014 comes into effect only in case of companies having operating projects and making net profit as also subject to other stipulations contained in the aforesaid Act and Rules. The environment clearance given to a project may involve a situation where the concerned company is yet to make any net profit and / or is not covered under the purview of the aforesaid Act and Rules. Obviously, in such cases, the provisions of aforesaid Act and Rules will not apply.



6. The matter has been further examined in the Ministry of Environment, Forests & Climate Change (MoEF&CC). It has been decided that in respect of valid concerns expressed during the public consultations, mitigation issues emerging from social impact assessment and R&R Plan, the project proponents, in EIA / EMP report will clearly state the activity-wise costs involved (both capital as well as recurring costs), the phasing of these activities along with costs and also as to how such expenditure would be met. The costs and the timelines for various activities as prepared by the project proponent may be looked into by the concerned Expert Appraisal Committee (EAC) for their reasonableness and appropriate recommendations in the matter reflected in the minutes of EAC meeting. In case these activities (or some of these activities) are proposed to be covered by the project proponent under CSR activities, the project proponent should commit providing for the same. In either case, the position regarding the agreed activities, their funding mechanism and the phasing should be clearly reflected in the EC letter.

7. The obligation on part of the project proponents, as mentioned in para5 above, should be stated at the TOR stage itself as one of the TORs for the project.

8. All Sectoral EACs will follow the aforesaid procedure on environment sustainability and CSR related issues while appraising the projects and do away with the existing practices being followed on the subject, if any.

9. These guidelines will apply mutatis mutandis to SEACs/SEIAAs.

10. This issues with the approval of the Component Authority.

  
**(Dr. Satish C.Garkoti)**  
**Scientist 'F'**

To

1. All the Officers of IA Division
2. Chairpersons / Member Secretaries of all the SEIAAs / SEACs
3. Chairman, CPCB
4. Chairpersons / Member Secretaries of all SPCBs / UTPCCs

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