

# **POPULATION EDUCATION & RURAL DEVELOPMENT**

## **Paper- IV, Sem-II**

### **Unit- III**

## **Corporate Social Responsibility in Rural Development**



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## **Corporate Social Responsibility:**

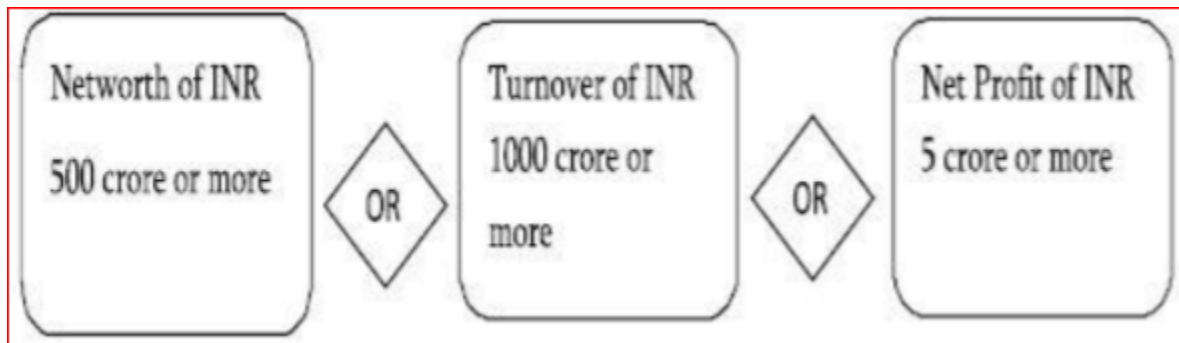
The term "Corporate Social Responsibility (CSR)" can be referred as corporate initiative to assess and take responsibility for the company's effects on the environment and impact on social welfare. The term generally applies to companies efforts that go beyond what may be required by regulators or environmental protection groups.

Corporate social responsibility may also be referred to as "corporate citizenship" and can involve incurring short-term costs that do not provide an immediate financial benefit to the company, but instead promote positive social and environmental change.

Moreover, while proposing the Corporate Social Responsibility Rules under Section 135 of the Companies Act, 2013, the Chairman of the CSR Committee mentioned the Guiding Principle as follows: "CSR is the process by which an organization thinks about and evolves its relationships with stakeholders for the common good, and demonstrates its commitment in this regard by adoption of appropriate business processes and strategies. Thus CSR is not charity or mere donations. CSR is a way of conducting business, by which corporate entities visibly contribute to the social good. Socially responsible companies do not limit themselves to using resources to engage in activities that increase only their profits. They use CSR to integrate economic, environmental and social objectives with the company's operations and growth."

The companies on whom the provisions of the CSR shall be applicable are contained in Sub Section 1 of Section 135 of the Companies Act, 2013. As per the said section, the companies having Net worth of INR 500 crore or more; or Turnover of INR 1000 crore or more;

or Net Profit of INR 5 crore or more during any financial year shall be required to constitute a Corporate Social Responsibility Committee of the Board "hereinafter CSR Committee" with effect from 1st April, 2014. The pictorial representation below gives the representation of Section 135 (1).



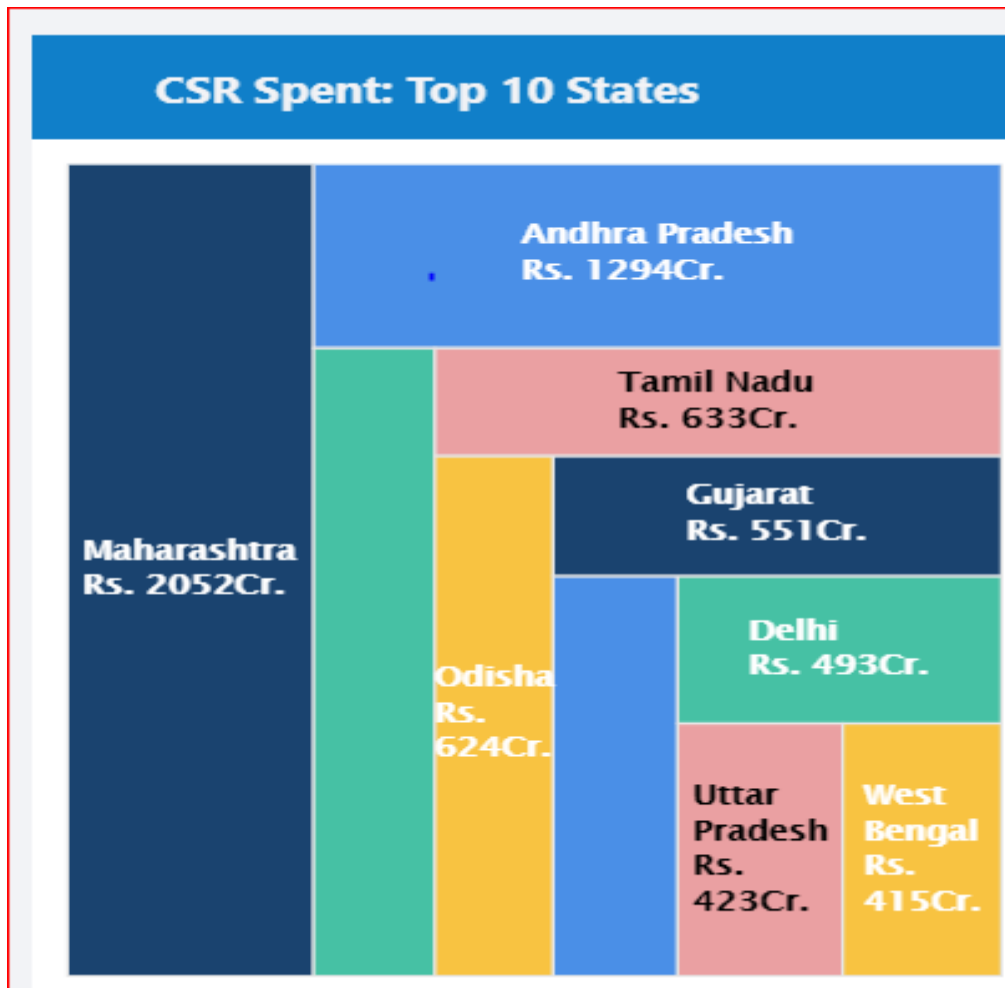
The above provision requires every company having such prescribed Net worth or Turnover or Net Profit shall be covered within the ambit of CSR provisions. The section has used the word "companies" which connotes a wider meaning and shall include the foreign companies having branch or project offices in India.

### **Reporting for CSR:**

Rule 8 of the CSR Rules provides that the companies, upon which the CSR Rules are applicable on or after 1st April, 2014 shall be required to incorporate in its Board's report an annual report on CSR containing the following particulars:

- 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;
- The composition of the CSR Committee;
- Average net profit of the company for last three financial years;

- Prescribed CSR Expenditure (2% of the amount of the net profit for the last 3 financial years);
- Details of CSR Spent during the financial year;
- In case the company has failed to spend the 2% of the average net profit of the last three financial year, reasons thereof;



### CSR Activities:

The Policy recognizes that corporate social responsibility is not merely compliance; it is a commitment to support initiatives that measurably improve the lives of underprivileged by one or more of the following focus areas as notified under Section 135 of the Companies

Act 2013 and Companies (Corporate Social Responsibility Policy) Rules 2014:



- Eradicating hunger, poverty & malnutrition, promoting preventive health care & sanitation & making available safe drinking water.
- Promoting education, including special education & employment enhancing vocation skills especially among children, women, elderly & the differently unable & livelihood enhancement projects.
- Promoting gender equality, empowering women, setting up homes & hostels for women & orphans, setting up old age homes, day care centers & such other facilities for senior citizens & measures

for reducing inequalities faced by socially & economically backward groups.

- Reducing child mortality and improving maternal health by providing good hospital facilities and low cost medicines.
- Providing with hospital and dispensary facilities with more focus on clean and good sanitation so as to combat human immunodeficiency virus, acquired immune deficiency syndrome, malaria and other diseases.
- Ensuring environmental sustainability, ecological balance, protection of flora & fauna, animal welfare, agro forestry, conservation of natural resources & maintaining quality of soil, air & water.
- Employment enhancing vocational skills.
- Protection of national heritage, art & culture including restoration of buildings & sites of historical importance & works of art; setting up public libraries; promotion & development of traditional arts & handicraft.
- Measures for the benefit of armed forces veterans, war widows & their dependents.
- Training to promote rural sports, nationally recognized sports, sports & Olympic sports.
- Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development & relief & welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities & women.

- Contributions or funds provided to technology incubators located within academic institutions, which are approved by the Central Government.
- Rural development projects, etc.
- Slum area development.

<b>CSR Spent: Top Companies</b>	
<b>Company Name</b>	<b>Amount (INR Cr.)</b>
Reliance Industries Limited	639.70
Ntpc Limited	491.80
Oil And Natural Gas Corporation Limited	408.99
Tata Consultancy Services Limited	280.22
Itc Limited	247.50
Central Coalfields Limited	214.60
Nmdc Limited	210.09
Tata Steel Limited	204.46
Infosys Limited	202.30
Power Finance Corporation Limited	194.47

The Above list is illustrative not exhaustive. All activities under the CSR activities should be environment friendly and socially acceptable to the local people and Society. Contribution towards C.M relief fund shall be a part of CSR activities above 2% of Net profit other than the

activities mentioned above. Further Ministry of Corporate Affairs vide Notification dated 24.10.2014 increased the scope of contribution made towards Corporate Social Responsibility Activities namely:

### **Scopes:**

#### **Education:**

- Support to Technical /Vocational Institutions for their self - development.
- Academic education by way of financial assistance to Primary, Middle and Higher Secondary Schools.
- Adult literacy amongst those belonging to BPL.
- Awareness Programmes on girl education.
- Counseling of parents
- Special attention on education, training and rehabilitation of mentally & physically challenged children/persons.
- Spreading legal awareness amongst people and disadvantageous sections of the society about their rights & remedies available.
- Promotion of Professional Education by setting up educational Institutions offering courses in Engg, Nursing, Management
- Medicine and in Technical subjects etc.
- Provide fees for a period of one year or more to the poor and meritorious, preferably girl students of the school in the operational area of the Company to enable them to get uninterrupted education.

#### **Water Supply including Drinking Water:**

- Installation/Repair of Hand Pumps/Tube Wells.



- Digging/Renovation of Wells.
- Gainful utilization of waste water from Under -ground Mines for Cultivation or any other purpose.
- Development/construction of Water Tank/Ponds.
- Rain water-harvesting scheme.
- Formation of a Task Force of Volunteers to educate people regarding
- Proper use of drinking water.
- Empowerment to the villagers for maintenance of the above facilities for availability of water

### **Health Care organizing, health awareness Camps:**

- AIDS TB and Leprosy
- Social evils like alcohol, smoking, drug abuse etc.
- Child and Mother care
- Diet and Nutrition.
- Blood donation camps.
- Diabetics detection & Hypertension Camps
- Family Welfare.
- Senior Citizen Health Care Wellness Clinics.
- Fully equipped Mobile Medical Vans.
- Tele medicine
- To supplement the different programme of Local/State Authorities.
- Along with De addiction centers

### **Environment:**

- Organizing sensitizing programmes on Environment Management and
- Pollution Control.
- Green belt Development
- A forestation, Social Forestry, Check Dams, Park.
- Restoration of mined out lands.
- Development of jobs related to agro product i.e., Dairy/Poultry/farming and others.
- Plantation of saplings producing fruit.
- Animal care.

### **Social Empowerment:**

- Self /Gainful Employment Opportunities – Training of Rural Youth for Self Employment (TRYSEM) on Welding, Fabrication, and other Electronic appliances.
- To provide assistance to villagers having small patch of land to develop mushroom farming, medicinal plants, farming & other cash crops to make them economically dependent on their available land resources.
- Training may be provided by agricultural experts for above farming.
- Organizing training programmes for women on tailoring Embroidery designs.
- Home Foods/Fast Foods, Pickles, Painting and Interior Decoration and other.
- Vocational Courses.
- Care for senior citizens.
- Adoption/construction of Hostels (specially those for SC/ST & girls)

- Village Electricity/Solar Light
- To develop infrastructural facilities for providing electricity through Solar Lights or alternative renewal energy to the nearby villages. Recurring expenditure should be borne by the beneficiaries.
- Pawan Chakki as alternative for providing electricity in villages, etc.

### **Sports and Culture:**

- Promotion of Sports and Cultural Activities for participation in State and National level.
- Promotion/Development of sports activities in nearby villages by conducting Tournaments like Football, Kabaddi and Khokho, Cricket etc.
- Providing sports materials for Football, Volleyball, Hockey sticks etc. to the young and talented villagers.
- Promotion of State level teams.
- Sponsorship of State Sports events in Bihar.
- Sponsorship of Cultural event to restore Indian Cultural Traditions and Values.
- Possibility of providing facilities for physically handicapped persons may be explored.
- Medias for preparing of documentary films.
- Guide-lines to be followed to promote sports activities by way of granting financial assistance/donation/sponsorship etc.
- Registered Clubs/Institutions which promote Sports activities may be granted financial assistance/donations/sponsorship
- Generate self-employment.

- Infrastructure Support , construction, repair, extension etc. of:-
  - Auditorium
  - Educational Institutions
  - Rural Dispensaries initiated by reputed NGOs.
  - Mobile Crèches
  - Bridges
  - Culverts & Roads
  - Check Dam
  - Shopping Complex to facilitate business/self employment for local people
  - Community Centre
  - Sulabh Souchalaya
  - Yatri Shed in Bus Stand
  - Burning Ghat/Crematorium
  - Development of Park
  - Play ground/Sports complex/Good Coaches.
  - Old Age Home.

### **The Geographic reach:**

The Act provides that the Company shall give preference to the local area and areas around it where it operates, for spending the amount earmarked for Corporate Social Responsibility. The Company will thus give preference to conducting CSR activities in the state of Bihar herein the Company has/will have its operations. However, the Committee may identify such areas other than stated above, as it may deem fit, and recommend it to the Board for undertaking CSR activities.

## **CSR Committee:**

The CSR Committee will consist of four Directors, who shall meet at least twice in a year to discuss and review the CSR activities and policy. The quorum shall be two members are required to be present for the proceeding to take place. The Chairperson and members of the committee of the committee are as follows



## **Scope and functions of CSR Committee :**

The CSR committee will recommend a formal CSR Policy, this document and will recommend particular CSR activities, set forth a budget, describe how the company will implement the project, and establish a transparent means to monitor progress.

## **Administration of CSR Projects:**

The Corporation can meet its CSR obligations by funneling its activities on its own or through a third party, such as a society, trust, foundation or Section 8 company (i.e., a company with charitable purposes) that has an established record of at least five years in CSR-like activities. Companies may also collaborate and pool their resources, which could be especially useful for small and medium-sized enterprises. Managing Director will have the power to sanction any project for CSR

up to a limit of 7.5 lakhs, above which Board's approval will be required to sanction the amount.

### **Implementation:**

- The investment in CSR should be project based and for every project time framed periodic mile stones should be finalized at the outset.
- Project activities identified under CSR are to be implemented by Specialized Agencies and generally NOT by staff of the organization. Specialized Agencies could be made to work singly or in tandem with other agencies.
- Such specialized agencies would include:
  - Community based organization whether formal or informal.
  - Elected local bodies such as Panchayats
  - Voluntary Agencies (NGOs)
  - Institutes/Academic Organizations
  - Trusts, Mission etc.
  - Self-help groups
  - Government, Semi Government and autonomous Organizations.
  - Standing Conference of Public Enterprises (SCOPE)
  - Mahila Mondals/Samitis and the like Contracted agencies for civil works Professional Consultancy Organization etc.

### **Funding:**

- As per the regulations the company will set aside, for annual CSR activities, an amount equal to 2% of the average net profits of the Company made during the three immediately preceding financial

years. Any unutilized CSR allocation fund of a particular year, will be carried forward to the next financial year i.e. the CSR budget will be non lapsable in nature.

- The tax treatment of CSR spent will be in accordance with the Income Tax Act, 1961 as may be notified by the central board of Direct taxes.

### **Budget:**

- The Company Board of Directors shall ensure that in each financial year the Company spends at least 2% of the average Net Profit made during the three immediate preceding financial years. —Net profit|| means the net profit as per the financial statement of the company prepared in accordance with the applicable provisions of the Act, but shall not include the following:
  - Any profit arising from any overseas branch or branches of the company, whether operated as a separate company or otherwise, and
  - Any dividend received from other companies in India which are covered under and complying with the provisions of section 135 of the Act.
- As per section 135 of the Companies Act, the Company will report reasons for under spending of the allocated CSR budget of the current financial year in the template provided by the Ministry of Corporate Affairs. This reporting will be done Annual Report and signed off by the Board of Directors.
- In case of any surplus arising out of CSR projects the same shall not form part of business profits of the Company.

- The Company may collaborate or pool resources with other companies to undertake CSR activities, through any non-profit organization, if required.

### **Amendments to the Policy:**

The Board of Directors on its own and/or on the recommendation of CSR committee can amend its policy as and when required deemed fit. Any or all provisions of CSR Policy would be subjected to revision/amendment in accordance with the regulations on the subject as may be issued from relevant statutory authorities, from time to time.