

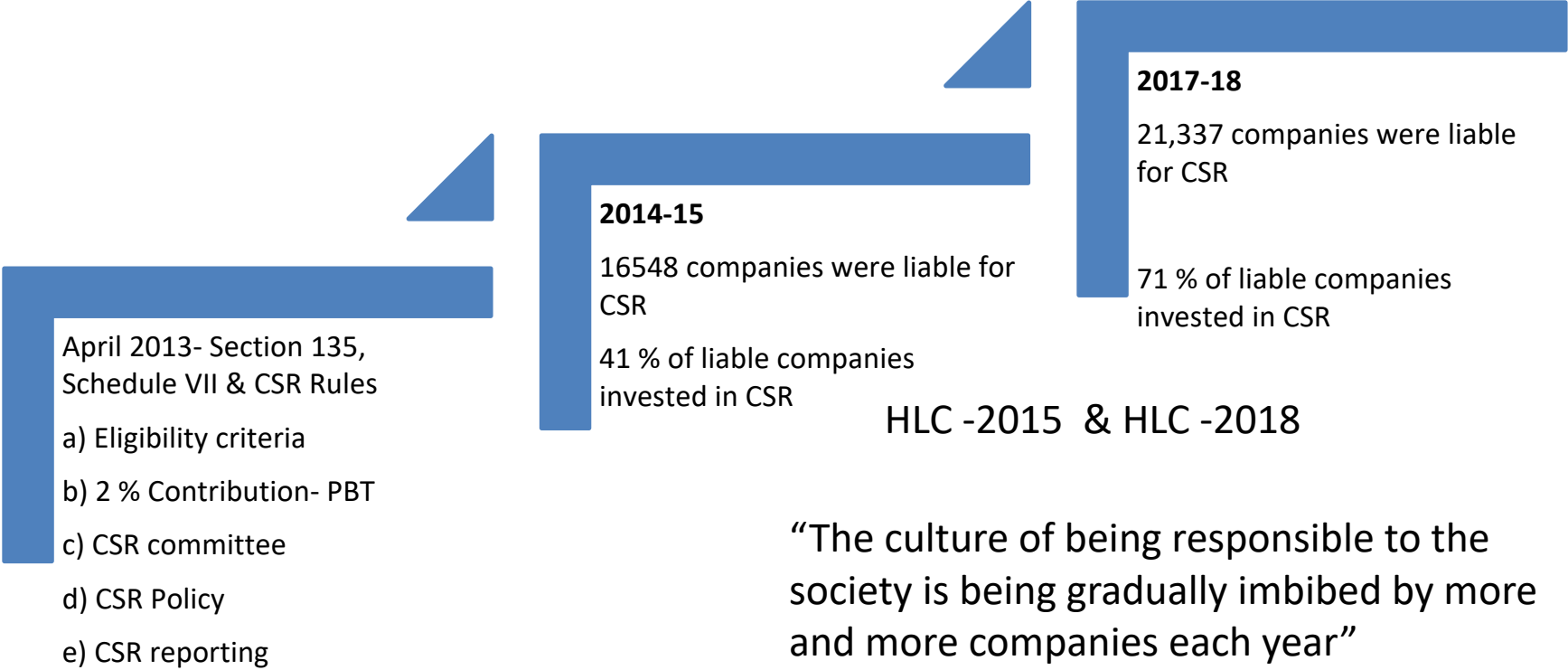


Corporate Social Responsibility Policy to Practice in Current Times

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Participation of Companies in CSR

Philosophy: Corporations with their physical presence in various districts of the country gives them an opportunity to complement the efforts of the state machinery in delivery of social goods



CSR Expenditure

CSR expenditure vis-à-vis CSR Prescribed amount (figures as per the filings received as on 31st March, 2019)

Year of filing	Total number of companies liable for CSR (reporting +non reporting)	Total CSR Expenditure (in Rs. crore)	Total CSR Prescribed Amount (in Rs. crore)	Compliance in terms of CSR expenditure (%)
FY 2014-15	16,548	10,065.93	17,140.42	59%
FY 2015-16	18,290	14,503.65	17,044.45	85%
FY 2016-17	19,532	14,312.03	19,789.90	72%
FY 2017-18	21,337	13,326.69	23,247.90	57%

Note: In case of companies liable for CSR and not filing, 2% of average of Profit before Tax is taken as their Prescribed Amount for CSR.

Expenditure
52,208.30

Prescribed amount
77222.67

67 % spent

Source: Pg 27, HLC Report on CSR, 2019

Key Recommendations: HLC

Scope of applicability of the CSR Provisions

Exemption from constitution of CSR Committee (CSR amount below Rs. 50 lakhs)

Treatment of Unspent CSR Amount

Capital Assets creation through CSR projects

Scope of local areas as per CSR provisions

CSR reporting, disclosure and audit

Implementing Agencies

Tax Deduction

BRR to be extended to top 1000 companies

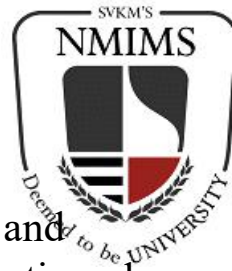
International organization

Third Party Assessment

Legal Amendments: July 31, 2019

Items	Prior- Amendment	Post - Amendment	Concern
<p>CSR amount- to be spent & Unspent Amount if any</p>	<p>Not mandatory to spend entire amount.</p> <p>Specify reasons in Annual Report for Unspent Amount</p>	<p>Mandatory to spend entire CSR amount</p> <p>Unspent amount to be transferred with in 6 months of the end of the fiscal year to proposed National CSR fund</p> <p><u>If ongoing project (s)</u> : Transfer to ESCROW a/c within 30 days from the end of the financial year for period of 3 years</p> <p>If amount not spend in 3 years- Transfer to National funds</p>	<p>Effective date of amendment is not yet notified in the official gazette</p> <p>Should companies proactively create ESCROW A/C</p> <p>OR Should they merely transfer money to designated funds</p>

March: Proposed Rules: MCA



CSR definitions

CSR Policy-explicitly mention what should be covered under CSR policy and how should the CSR Policy be made

Involvement of International Organization

Implementing partners

Certification from CFO

Unspent CSR Amount- Treatment

Impact Assessment

- The CSR Committee shall formulate and recommend to the Board, an annual action plan in pursuance of its CSR policy, which shall include the following:
- (a) the list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act;
- (b) the manner of execution of such projects or programmes as specified in sub-rule (1) of Rule 4;
- (c) the modalities of utilization of funds and implementation schedules for the projects or programmes; and
- (d) monitoring and reporting mechanism for the projects or programmes.
- (e) Details of need and impact assessment, if any, undertaken by the company.”

Bombay Chambers- Extended the suggestions to MCA

Recommendations proposed by Bombay Chambers

Clarifications on Implementing
Partners

Engaging International NGOs

Percentage of CSR amount to be
spent on less than 25% employees

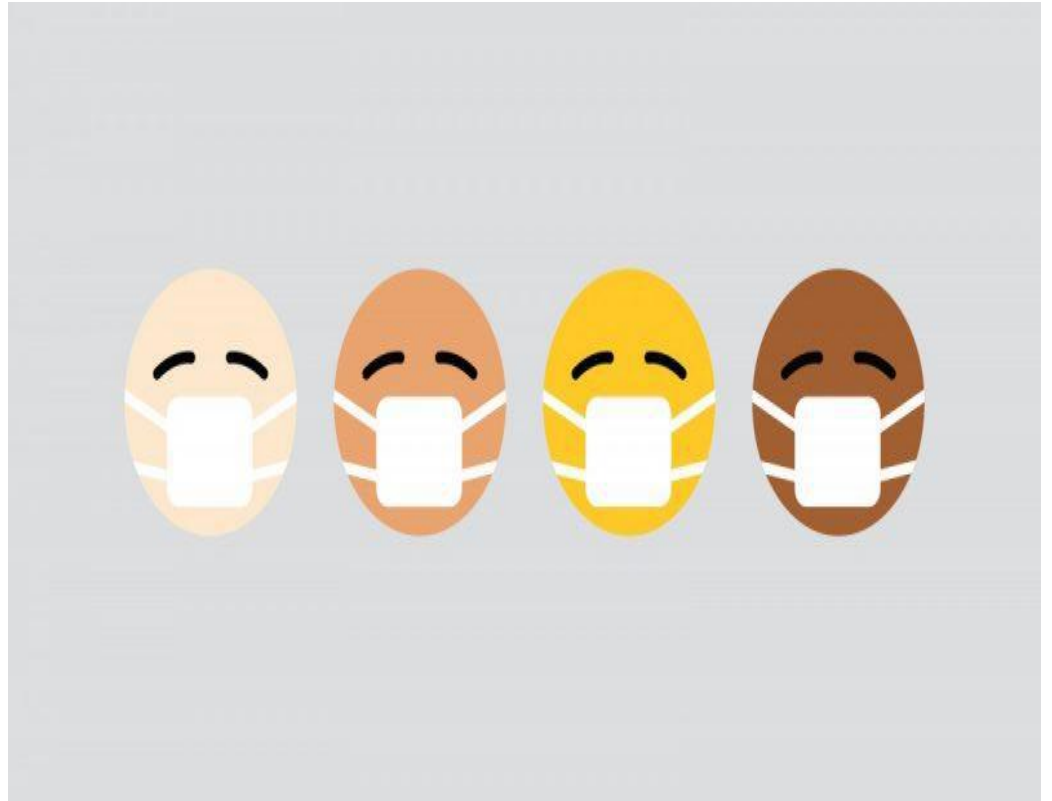
Impact Assessment

CSR Committee
functions

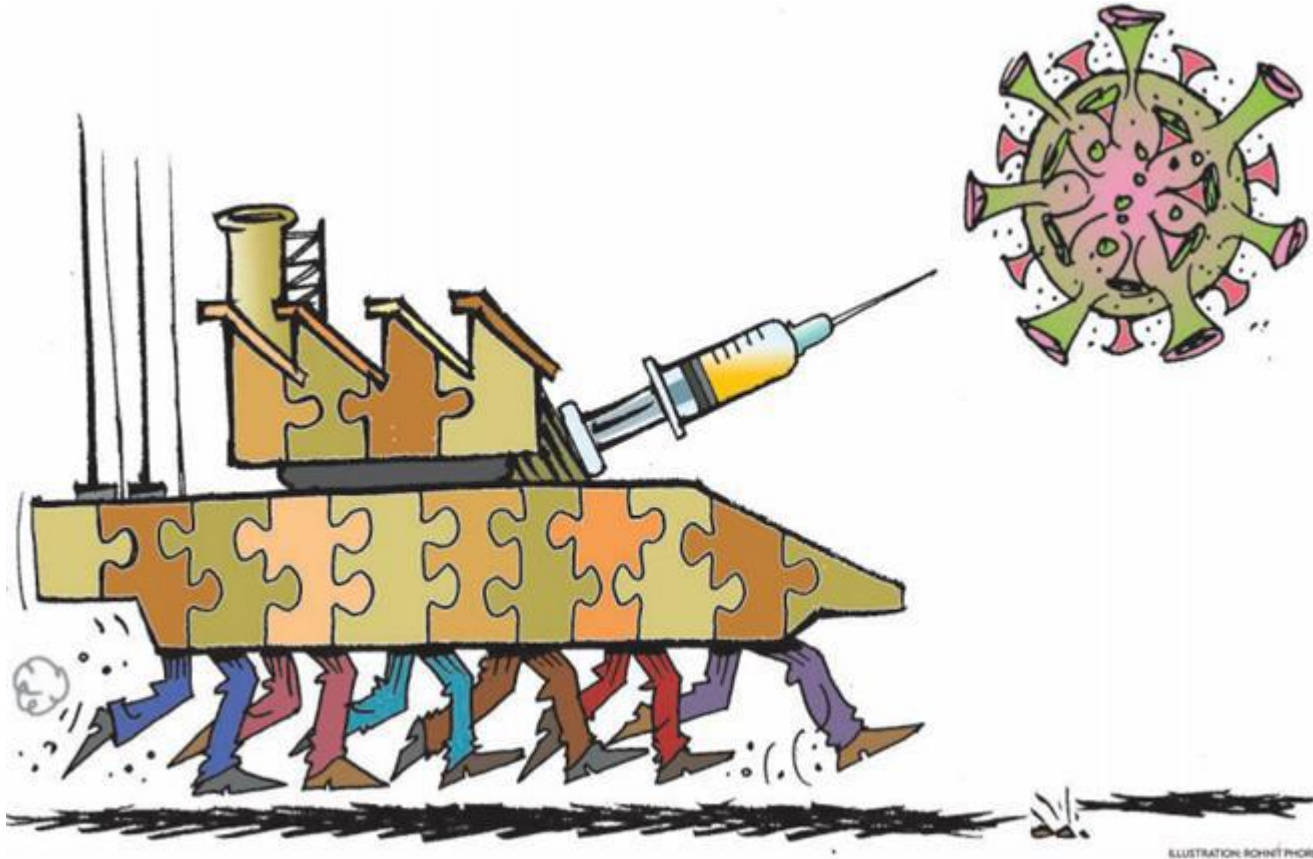
Treatment of
Unspent Amount

Overspent
amount on CSR

Compliance & Compassion



CSR: Fight Against COVID19



Corporate Benevolence

Tata Group, Mahindra's Reliance, Dabur, Infosys, HUL, Aditya Birla Group and a couple of other companies stepped in to provide **financial, technical, medical and infrastructure support** to the government and impacted communities.



COVID 19 crisis: India

Spending of CSR funds



Declaration by the Indian Government to treat COVID 19 as a notified disaster has clarified vide circular no. 10/2020 dated March 23, 2020, *that spending of the Corporate Social Responsibility (herein after mentioned as CSR) funds for COVID-19 is eligible CSR activity.*

“Funds may be spent for various activities related to COVID-19 relating to promotion of healthcare, including preventive health care and sanitation and disaster management,”
(Nirmala Seetaram, Twitter March 23)

CSR funds could also be used to tackle disaster management, which includes relief, rehabilitation and reconstruction activities.

The time is ripe for corporations to incisively deploy their corporate social responsibility (CSR) funds in this fight against COVID-19 & augment its public healthcare capacity

Study on Society's Expectations from Business in Addressing COVID-19 Crisis (N=650)

“Tangible effects” on the attainment of Sustainable Development Goals (SDG)

It has complicated SDG implementation efforts and is indicating risks in achieving SDG targets on health, food security and decent work.

80 % of respondents: CSR funds to be used for: strengthening the health care sector, community hygiene & sanitation, medical research and employment opportunities

To ensure economic, environmental and social sustainability we need an appropriate mix of economic policies, fiscal stimulus, investments in healthcare and social protections.

Time for Indian Corporates to step up

CSR as an opportunity

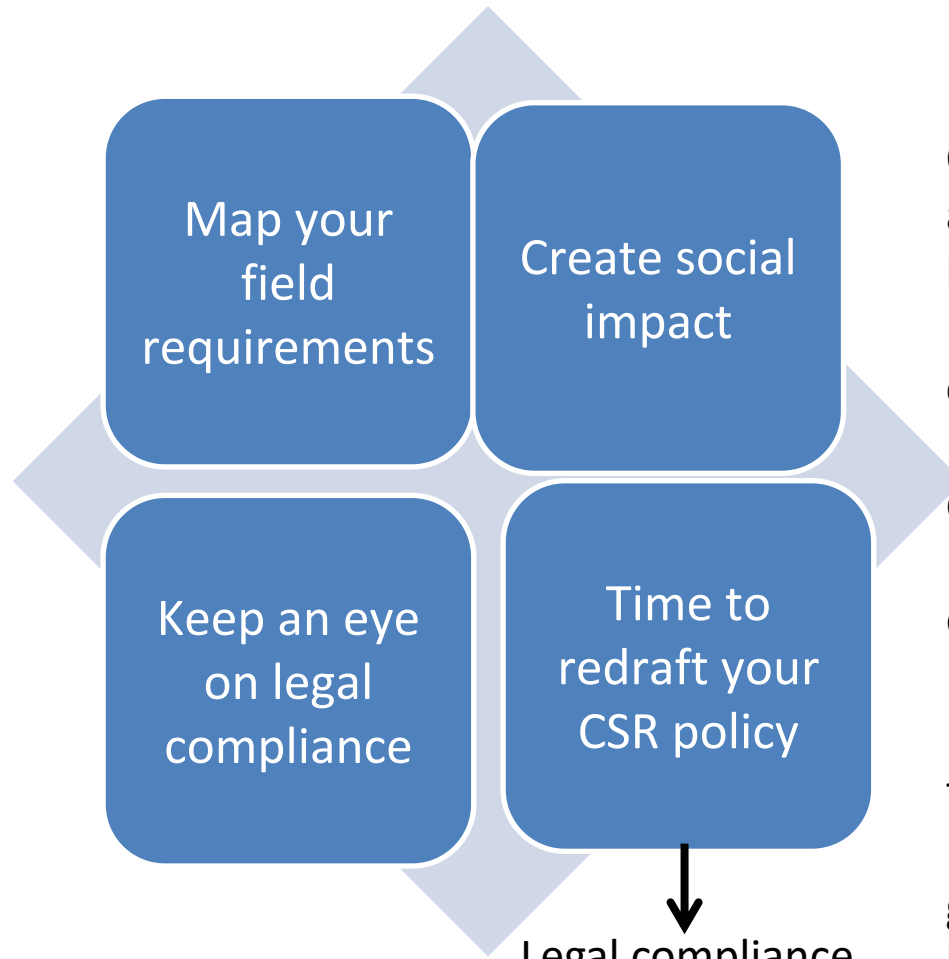


As the economic activity gradually resumes: Companies must strive to use this crisis as an opportunity to expand their CSR footprint

Donations to designated funds is a good option for smaller companies.

Hybrid approach for large companies: Commit part to designated funds and rest in implementing field projects. Companies may invest in strengthening their CSR teams, forge new partnerships with NGOs and work with the district administrations in local areas to deploy their CSR funds in the most effective manner.

Conclude



Legal compliance
& Creating shared
value

CSR Policy Indicators

- a) Rational
- b) Governance Structure
- c) Planning of CSR activities
- d) Implementing CSR activities
- e) Monitoring & Evaluation of CSR activities
- f) Treatment of Unspent Amount
- g) Disclosures
- h) Validity period of the policy