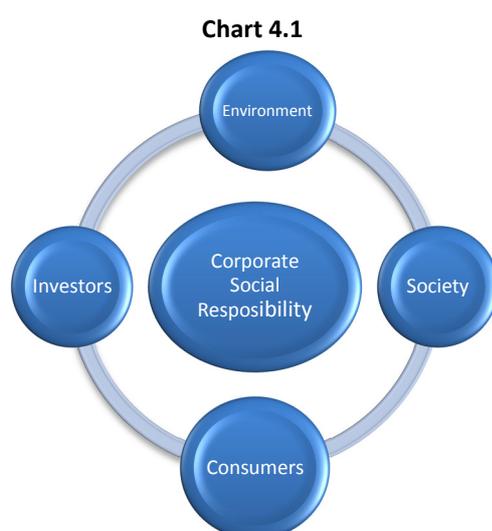


CHAPTER IV

Corporate Social Responsibility

4.1 Introduction

Corporate Social Responsibility (CSR) is a Company's commitment to operate in an economically, socially and environmentally sustainable manner, while recognizing the interests of its stakeholders including consumers, employees, investors, communities. It is mandate given to profit making companies to dedicate a portion of their profits to the common social good so as to give back to the society within which they operate.



CSR in India- The legal framework

Although CSR activities were being undertaken by many CPSEs in the past based on the CSR Guidelines issued by Department of Public Enterprises (DPE), the CSR became mandatory on the enactment of Companies Act, 2013 by Government of India in August 2013. With the enactment of the Companies Act, 2013 (Act) containing CSR provision under Section 135, the mandate for CSR has become a part of Corporate Governance in the country. Schedule VII of the Companies Act, 2013 enlists activities to be undertaken under the CSR by the companies. Section 135 of the Companies Act, 2013 deals with the subject of Corporate Social Responsibility. It lays down the qualifying criteria based on net worth, turnover, and net profit for companies which are required to undertake CSR activities and, inter alia, specifies the broad modalities for selection, implementation and monitoring of the CSR activities by the Board of Directors of CPSEs.

Apart from the Act, Ministry of Corporate Affairs (MCA) issued (February 2014) Companies (Corporate Social Responsibility Policy) Rules, 2014 and Department of Public Enterprises issued (October 2014) guidelines on Corporate Social Responsibility and sustainability.

4.2 Audit Objective

The audit objective was to ascertain whether the provisions of the Companies Act, 2013, Companies (Corporate Social Responsibility) Rules, 2014, and DPE Guidelines were complied with. In order to assess the efforts of CPSEs, Audit looked into the following issues:

- Whether provisions relating to constitution of CSR Committee, formulation and compliance of policy, planning stages of execution have been complied with;
- Whether provisions relating to prescribed amount to be spent on specified activities have been complied with ;
- Whether provisions relating to implementation and monitoring have been complied with; and
- Whether provisions relating to reporting have been complied with.

4.3 Audit Scope

As on 31 March 2016, there were 607 CPSEs under the audit jurisdiction of Comptroller and Auditor General of India. These included 410 Government Companies, 191 Government Controlled other Companies and 6 Statutory Corporations.

The review covered 76 CPSEs (seven Maharatna, 17 Navratna and 52 Miniratna Category-I. Refer **Appendix VI** for details) under the administrative control of 24 Ministries/Departments. The period of one year ended 31 March 2016 was covered during the review. The information in respect of four Miniratna CPSEs (Airports Authority of India, India Tourism Development Corporation Limited, Pawan Hans Helicopters Limited and Telecommunications Consultants India Limited) has not been received and hence not covered in this review.

4.4 Audit Findings

The findings of the review are presented in following paragraphs.

4.4.1 Planning

Section 135 (1) of the Companies Act, 2013 specifies that

- Every company having net worth of ₹ 500 crore or more, or turnover of ₹ 1,000 crore or more or a net profit of ₹ five crore or more during any financial year shall constitute a Corporate Social Responsibility Committee of the Board consisting of three or more directors, out of which at least one director shall be an independent director.
- This Committee shall formulate and recommend to the Board, a CSR Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII of the Companies Act, 2013.

4.4.1.1 Constitution of CSR Committee

Out of 76 CPSEs reviewed by Audit, it is noticed that 73 CPSEs qualify for undertaking CSR activities and all of them had constituted CSR committee. Three CPSEs viz. Hindustan Paper Corporation Limited, Hindustan Newsprint Limited and ONGC Videsh Limited²¹ had not qualified for constitution of the CSR committee:

Section 135(2) of the Companies Act, 2013 states that the Board's report under sub-section (3) of section 134 shall disclose the composition of the CSR Committee. It was however, observed that, four CPSEs viz. Bharat Coking Coal Limited, Bharat Dynamics Limited, Cochin Shipyard Limited and Antrix Corporation Limited had not disclosed the composition of CSR Committee in their Board's Report.

4.4.1.2 Appointment of Independent Director in the Committee

Section 135(1) of the Companies Act, 2013 states that every company qualifying the conditions specified in the Act shall constitute a CSR Committee of the Board consisting of three or more directors, out of which at least one director shall be an independent director. It was observed that three CPSEs²² out of qualifying CPSEs did not have independent director in the Committee.

4.4.1.3 Formulation of CSR and sustainability Policy

As per provisions of Section 135 (1) of the Companies Act, 2013, a CSR Policy is to be formulated. In case of 65 CPSEs, CSR and sustainability policy was formulated and recommended by CSR Committee and the same was duly approved by the Board. However, the following eight CPSEs, listed in Table 4.1 below, had either not formulated CSR or sustainability policy or the policy of the CPSE was not duly approved by Board:

Table 4.1 : CPSEs who have not formulated policy or policy not approved

Sl. No.	Name of the CPSE	No CSR/sustainability Policy
1	Bharat Dynamics Limited	Not formulated
2	The Shipping Corporation of India Limited	Not formulated
3	Central Coalfields Limited	Not formulated or recommended*
4	Neyveli Lignite Corporation Limited	Not approved by Board
5	Bharat Electronics Limited	Not approved by Board
6	Engineers India Limited	Not approved by Board
7	ONGC Videsh Limited	Not approved by Board
8	Indian Renewable Energy Development Agency Limited	Not approved by Board

* Follows the CSR policy formulated by its Holding Company Coal India Limited

²¹ All operations of the CPSE are outside India

²² Kamarajar Port Limited, Indian Renewable Energy Development Agency Limited and Balmer Lawrie & Co. Ltd

4.4.1.4 Activities to be undertaken, as specified in Schedule VII of the Companies Act, 2013, in CSR policy

Out of 73 CPSEs, it was observed that the CSR policy of four CPSEs viz. Engineers India Limited, Projects Development India Limited, National Fertilizers Limited and Railtel Corporation of India Limited did not indicate the activities to be undertaken, as specified in Schedule VII of the Companies Act, 2013.

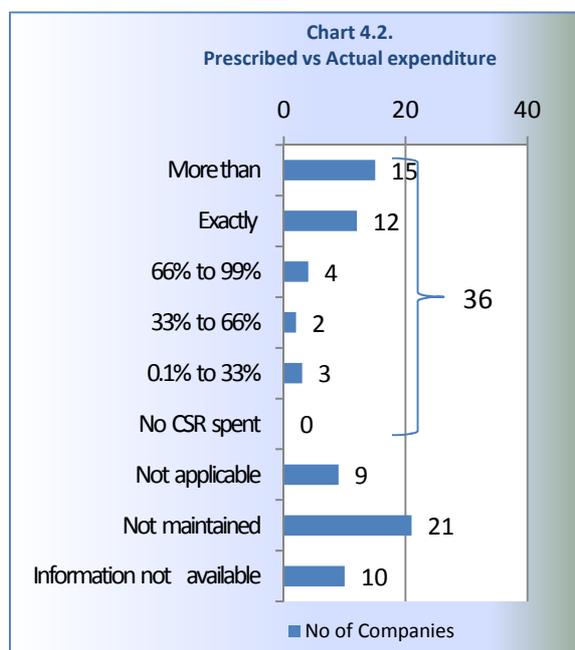
4.4.2 Financial Component

Section 135 (5) of the Companies Act, 2013 specifies that the Board of every company shall ensure that the company spends, in every financial year, at least two *per cent* of the average net profits of the company made during the three immediately preceding financial years, in pursuance of its CSR Policy; provided that, if the company fails to spend such amount, the Board shall, in its report made under clause (o) of sub-section (3) of section 134, specify the reasons for not spending the allocated amount for the specified activities. Test check of 65 CPSEs revealed that 53 of the 57²³ profit making CPSEs had allocated at least two *per cent* of the average net profits of the company made during the three immediately preceding financial years. Four CPSEs²⁴ had not allocated the prescribed amount towards budget for CSR expenditure.

4.4.2.1 Utilization of funds

As per the data furnished by 76 CPSEs the amount spent on CSR activities for the year 2015-16 was ₹2590 crore out of ₹3025 crore (available amount which includes carried forward amount). Review of 76 CPSEs was done and results of which are as indicated in the graph alongside. It was observed that:

- Twenty one out of 57 profit making CPSEs, did not maintain information regarding actual expenditure from the prescribed amount of at least two *per cent* of the average net profits of the company made during



²³ Eight CPSEs out of 65 test checked by audit were having net average loss during the three immediately preceding financial years

²⁴ Indian Rare Earths Limited, Housing & Urban Development Corporation Limited, National Building Construction Corporation Limited and Rail Vikas Nigam Limited

the three immediately preceding financial years, as specified in Section 135 (5) of the Companies Act, 2013 (**Appendix VII**).

- Thirty six CPSEs maintained information regarding actual expenditure separately for the Financial Year 2015-16, out of which, spending of 27 CPSEs was two *per cent* of the average Annual Profit or above, the amount as specified in Section 135 (5) of the Companies Act, 2013. Whereas, the spending of nine CPSEs was below two *per cent* of funds, on CSR activities, as indicated in the Table 4.2 below.

Table 4.2: Shortfall actual expenditure vis-à-vis prescribed amount

(₹ in crore)				
Sl No.	Name of the CPSE	Prescribed amount	Actual spent from prescribed	Shortfall (<i>per cent</i>)
1	Housing & Urban Development Corporation Limited	22.24	3.10	86.06
2	Indian Renewable Energy Development Agency Limited	6.45	2.57	60.16
3	Power Grid Corporation of India Limited	121.79	115.78	4.93
4	Indian Rare Earths Limited	2.08	1.86	10.58
5	Power Finance Corporation Limited	145.79	4.49	96.92
6	Bharat Electronics Limited	25.23	7.89	68.73
7	Rashtriya Ispat Nigam Limited	6.53	5.73	12.25
8	National Building Construction Corporation Limited	6.84	4.27	37.57
9	Numaligarh Refinery Limited	13.24	11.58	12.54
	Total	350.19	157.27	55.09

It was observed by audit that:

- As per Section 135 (5) of the Companies Act 2013, if the company fails to spend such amount, the Board shall, in its report made under clause (o) of sub-section (3) of section 134 of Companies Act, 2013 specify the reasons for not spending the allocated amount for the specified activities. One Miniratna CPSE (Indian Renewable Energy Development Agency Limited) and one Navratna CPSE (Bharat Electronics Limited) had not deliberated on the reasons for not spending the prescribed amount in the Board's report.
- As per para 2.4. (iv) of DPE Guidelines, 2014, the unspent CSR amount in a particular year would not lapse. It would instead be carried forward to the next year for utilization for the purpose for which it was allocated. It was observed that three CPSEs (National Building Construction Corporation Limited, Western Coalfields Limited and Indian Railway Catering & Tourism Corporation Limited) had not carried forward the unspent amount to next financial year for the purpose it was allocated.
- The Board of 15 CPSEs have specified the following reasons for not spending the prescribed amount during 2015-16 in the Board's report as detailed in Table 4.3.

Table 4.3: Reasons specified for underutilization of funds allocated for CSR activities

Sl. No.	CPSEs	Reasons as specified in Board's Report 2015-16
1	Housing & Urban Development Corporation Limited	During the year an amount of ₹ 11.86 crore has been committed against which only ₹ 3.10 crore has been disbursed to the implementing agencies and the balance amount shall be disbursed on physical/financial progress.
2	Power Grid Corporation of India Limited	Majority of the projects were of Infrastructure Development in rural areas, which involve long implementation period and the implementing agencies took longer time in execution of work.
3	Power Finance Corporation Limited	The amount unspent during 2015-16, shall be utilized based on the progress achieved for completion of the projects.
4	Rashtriya Ispat Nigam Limited	Projects were at implementation stages, the payments are released on completion of milestones thus there was unspent amount.
5	Numaligarh Refinery Limited	Some of the projects were taken up and subsequently approvals were obtained in 3 rd and 4 th quarter of 2015-16. Hence, the allotted budget could not be spent and carried forward for the next financial year.
6	Antrix Corporation Limited	The CSR activities identified are under different stages of implementation. Actual cash flow is expected during 2016-17. Few programs are under finalization.
7	Oil and Natural Gas Corporation Limited	Some of the flagship projects undertaken were of long gestation period with budget spread over 3-5 years thus resulting in lesser utilization of earmarked budget for the financial year 2014-15.
8	National Seeds Corporation Limited	The identified activities covering ₹ 41.54 lakh (approx.) could not be completed due to changes in project proposals, non- submission of Report by the Committee, poor response to tenders. No plan was made for balance ₹ 28.30 lakh and this will be taken care during the next financial year 2016-17.
9	Bharat Petroleum Corporation Limited	The project cycle of all major projects span between one to five years. A number of projects were approved by the Board in the 2nd, 3rd and 4th quarter of the current Financial Year with implementation spread over one to two years. The actual expenditure against them roll beyond the Financial Year. Hence, payments for projects committed during the reported Financial Year, The CSR funds that were unspent in the year 2015-16, despite being allocated, were being carried forward next year.
10	Steel Authority of India Limited	Not applicable as the CSR expenditure during the year 2015-16 has been ₹ 76.20 crore which is more than the prescribed minimum expenditure of 2 per cent of the average net profit of the immediately preceding three years i.e. ₹ 57.20 crore. However, Audit observed that the CSR expenditure was less than the amount prescribed by the Act.
11	India Trade Promotion Organisation	The reasons of not spending are operational, although management has clearly earmarked the amount for spending on CSR activities in the next financial year along with the amount to be spent for the year 2016-17 as per the provisions of the Companies Act, 2013.

1. Annual Report of 2015-16 of Hindustan Aeronautics Limited, Bharat Dynamics Limited and Central Warehousing Corporation was not finalized yet and therefore the reasons could not be ascertained
2. NMDC Limited did not provide the reasons for not spending the prescribed amount the allocation of amount to be spent is less than prescribed by the Act.

4.4.2.2 Other points

- In case of Neyveli Lignite Corporation Limited, the expenditure towards schools, colleges, bus services, various associations etc., which are indirectly controlled and administered by the company were also shown as CSR expenditure.
- In case of Garden Reach Shipbuilders & Engineers Limited it was observed that during 2014-15, the CPSE had taken old criteria i.e. profit after tax for arriving at CSR expenditure instead of computing as per the provisions of the Companies Act, 2013 resulting in less provision of CSR funds by ₹ 1.25 Crore.
- In case of Bharat Dynamics Limited the consolidated annual budget for CSR were not approved by Board. The projects proposed to be taken up under CSR activities in 2015-16 were planned, recommended and got approved by Board only on individual project basis.

4.4.3 Implementation and Monitoring

4.4.3.1 Medium of implementation

As per Para 4 (2) of CSR rules, the Board of the company may decide to undertake its CSR activities approved by CSR Committee, through a registered trust or a company established under section 8 of the Act by the company, either singly or along with its holding or subsidiary or associate company, or along with any other company or holding or subsidiary or associate company of such other company, or otherwise:

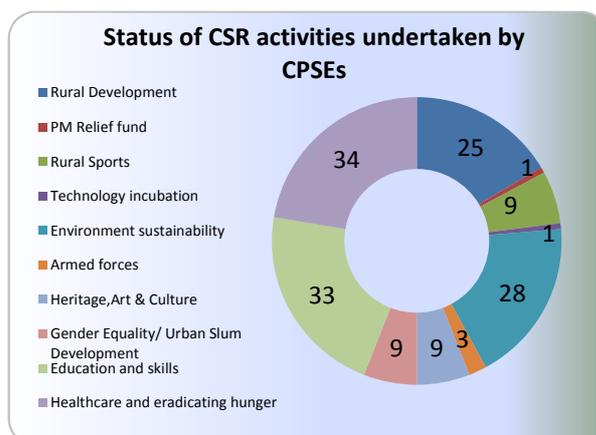
Audit observed that three CPSEs implemented the CSR projects/activities directly through own resources, 11 CPSEs implemented CSR projects/ activities through implementing agencies and 57 CPSEs implemented the projects through both own resources as well as implementing agencies.

4.4.3.2 Areas of focus of the CSR activities undertaken by CPSUs

As per para 4(1) and para 6(1) of the CSR rules, the CSR activities shall be undertaken by the company, as stated in its CSR policy i.e. projects or programs falling within the purview of the Schedule VII of the Companies Act, 2013.

Analysis of the expenditure of 76 CPSEs on the various activities/areas specified in Schedule VII of the Companies Act, 2013 is shown in Chart 4.3:

Chart 4.3 : Status of CSR activities undertaken by CPSEs



As can be seen from the above chart, most of CPSEs had included Education and skills, Healthcare and eradication of hunger, Environment sustainability and Rural Development as their thrust areas for CSR. Focus on Technology incubation, Armed forces and PM Relief fund was lower.

4.4.3.3 Planning stages of execution

As per Para 6(2) of CSR Rules, the CSR policy of the Company should specify that the surplus arising out of the CSR projects or programs or activities should not form part of the business profit of a Company. However, 26 CPSEs did not specify the above information in their CSR Policy.

As per para 2.4 (xiv) of the DPE guidelines, 2014, CPSEs shall plan the stages of execution in advance by fixing targets at different milestones with pre-estimation of quantum of resources required within the allocated budget, and have a definite time span for achieving desired outcomes. Though 61 CPSEs had formulated CSR plans/strategy and approval for the same was obtained from the Board, all the CPSEs did not specify the CSR activities to be undertaken in the plan. In case of 15 CPSEs, CSR plans or the stages of execution were not decided in advance by fixing the target at different milestones. In case of 11²⁵ CPSEs, pre-estimation of quantum of resources required within the allocated budget was not done. In case of 12²⁶ CPSEs, the plans do not prescribe desired/measurable expected outcome and social, economic and environmental impact of CSR activities whereas in case of 55 CPSEs the plans prescribed the expected outcome

²⁵ Bharat Dynamics Limited, Mishra Dhatu Niagm Limited, Hindustan Paper Corporation Limited, The Shipping Corporation of India Limited, Engineers India Limited, National Buildings Construction Corporation Limited, Western Coalfields Limited, Projects & Development India Limited, MOIL Limited, Central Warehousing Corporation, Indian Renewable Energy Development Agency Limited

²⁶ Neyveli Lignite Corporation Limited, Hindustan Aeronautics Limited, Bharat Electronics Limited, BEML Limited, Indian Renewable Energy Development Agency Limited, Oil India Limited, The State Trading Corporation of India Limited, MMTC Limited, National Buildings Construction Corporation Limited, Engineers India Limited, MSTC Limited, Mishra Dhatu Nigam Limited

and impact. Audit observed that in the case of Oil & Natural Gas Corporation Limited (ONGC) and Steel Authority of India Limited (SAIL), the delay in approval of CSR expenditure, was due to following reasons:

- Since the audited annual accounts of ONGC for the year 2014-15 were finalized in the month of July 2015 the CSR funds were approved in the same month resulting in delay of more than three months and delay in implementation of projects.
- In case of SAIL the approved CSR budget was intimated to the plant/units after a lapse of four to five months during the year 2014-15 and 2015-16. As a result, expenditure on CSR was delayed.

4.4.3.4 Operational areas

As per para 2.4(xiii) of the DPE guidelines, 2014, the CPSEs after giving due preference to the local area, may also undertake CSR activities anywhere in the country. The Board of Directors shall decide on the indicative ratio of CSR spending between the local area and outside it, this may be mentioned in the CSR policy of the CPSE.

It was observed that in the Financial Year 2015-16, 66 CPSEs had given preference to local areas around its operation for spending the CSR amount whereas following five CPSEs had not given preference to local area of operation listed in Table 4.4:

Table 4.4: CPSEs not giving preference to local area of operation

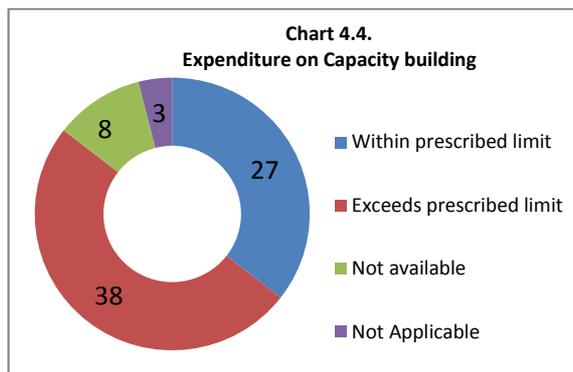
Sl. No.	Name of the CPSE
1	Bharat Dynamics Limited
2	MSTC Limited
3	The Shipping Corporation of India Limited
4	Oil India Limited
5	Central Warehousing Corporation

Also, the CPSEs had not determined the indicative ratio between both areas and the same was not mentioned in the CSR policy. The notable instances are as follows:

- In case of Bharat Dynamics Limited the indicative ratio of CSR expenditure to be spent on local and non-local areas has not been decided by Board of Directors as envisaged in DPE guidelines. Details of area-wise and activity-wise expenditure spent for CSR was not made available to Audit. Management stated that the scope of local area would be defined while updating the CSR Policy/Plan.
- In case of Mazagaon Dock Shipbuilders Limited though the CPSE had determined the indicative ratio for local area and outside area, the actual expenditure was more on outside area for the financial year 2015-16. Further, specific approval for swapping of allocation of funds in different proportion to the areas was not sought from the competent authority.

4.4.3.5 Expenditure on Capacity Building

As per Companies (CSR) Rules 4(6), Companies may build CSR capacities of their own personnel as well as those of their implementing agencies through the Institutions with established track records of at least three financial years but such expenditure including expenditure on administrative overhead shall not exceed five *per cent* of the total CSR expenditure of the Company in one financial year.



It was observed that expenditure on capacity building of 38 CPSEs had exceeded the limit of five *per cent* of the total CSR expenditure.

In case of Rashtriya Ispat Nigam Limited, CSR personnel were sent on training programmes in other institutions for capacity building but the expenditure on training was not accounted under CSR.

4.4.4 Monitoring of CSR activities

4.4.4.1 Monitoring of CSR policy

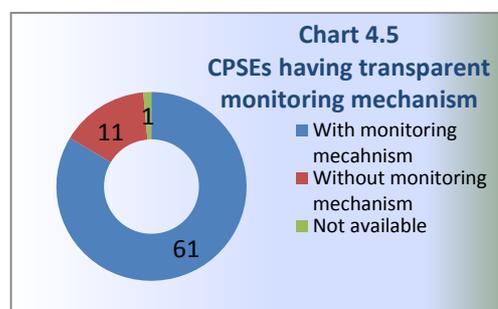
Section 135 (3-c) of the Companies Act, 2013 provides that the CSR Committee shall monitor the CSR Policy of the Company from time to time. It was noticed in Audit that the CSR committee of the following five CPSEs, as listed in Table 4.5, out of 76 CPSEs have not monitored CSR policy periodically:

Table 4.5 : CPSEs not monitoring CSR Policy

Sl. No.	Name of the CPSE
1	The Shipping Corporation of India Limited
2	The State Trading Corporation of India Limited
3	Dredging Corporation of India Limited
4	Bharat Dynamics Limited
5	Neyveli Lignite Corporation Limited

4.4.4.2 Constitution of transparent Monitoring Mechanism

Para 5(2) of CSR Rules 2014 states that the CSR Committee shall institute a transparent monitoring mechanism for implementation of the CSR projects or programs or activities undertaken by the company. It was observed

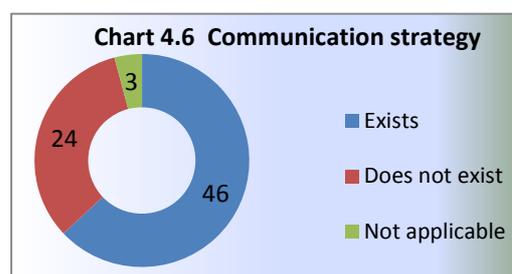


that out of 73 CPSEs there was no monitoring mechanism in place in 11²⁷ CPSEs. In case of other 17²⁸ CPSEs monitoring is not done periodically with the help of key performance indicators.

In case of Hindustan Aeronautics Limited (HAL), the CPSE had signed MoU with TERI for installation of solar panels in selected school/colleges. The monetary benefit generated through surplus power given back to Bangalore Electricity Supply Company Limited (BESCOM) was stated to be utilized by the beneficiaries for welfare activities. However there were no laid down procedures/guidelines for monitoring of the same by HAL/TERI.

4.4.4.3 Communication strategy

As per para 2.4 (xv) of DPE guidelines 2014, CPSEs should devise a communication strategy for regular dialogue and consultation with key stakeholders to ascertain their views and suggestions regarding the CSR activities and sustainability initiatives undertaken by the company.



Audit observed that out of 73 CPSEs, in case of 24 CPSEs there exists no formal communication strategy for dialogue with key stakeholders such as Government authorities, District level authorities and other beneficiaries.

4.4.4.4 Utilisation certificate

Out of 73 CPSEs reviewed by Audit, in case of 15 CPSEs it was noticed that qualification to the utilization certificate was reviewed by the competent authority of the CPSEs.

- In case of Mazagaon Dock Shipbuilders Limited, as per practice in vogue, the expenditure is deemed to have been incurred for a project only after receipt of utilization certificates (UC) and till that time it is kept as advances. On test check of 5 out of 22 projects under execution for the year 2015-16, it was observed that in respect of one project namely 'Naval Welfare Fund Trust' (NWFT) the Company made contribution of ₹ 15 lakh in November 2015. The UC for the same was not received till

²⁷ Neyveli Lignite Corporation Limited, Mishra Dhatu Nigam Limited, Dredging Corporation of India Limited, National Aluminium Company Limited, The Shipping Corporation of India Limited, Engineers India Limited, Oil India Limited, Projects & Development India Limited, ONGC Videsh Limited, Security Printing and Minting Corporation of India Limited, Railtel Corporation of India Limited

²⁸ Neyveli Lignite Corporation Limited, Hindustan Aeronautics Limited, Bharat Dynamics Limited, BEML Limited, Mishra Dhatu Nigam Limited, Bridge & Roof Company (India) Limited, MMTC Limited, Engineers India Limited, National Buildings Construction Corporation Limited, India Trade Promotion Organization, MSTC Limited, The State Trading Corporation of India Limited, Bharat Coking Coal Limited, Projects & Development India Limited, GAIL (India) Limited, Security Printing and Minting Corporation of India Limited, Indian Renewable Energy Development Agency Limited

31 March 2016 i.e. after eight months of disbursement of funds. The CPSE could not book CSR expenditure of ₹ 15 lakh in the year 2015-16 despite spending the money for the earmarked purpose.

- It is observed that utilization certificates for ₹ 3.28 crore in respect of CSR activities had not been received by Goa Shipyard Limited, Goa.

4.4.5 Reporting and sustainability

4.4.5.1 Disclosure of composition of CSR Committee

As per Section 135 (2) of the Companies Act, 2013 the Board's report shall disclose the composition of the Corporate Social Responsibility Committee.

Audit observed that except for four CPSEs viz. Cochin Shipyard Limited, Antrix Corporation Limited, Bharat Dynamics Limited and Bharat Coking Coal Limited all 69 CPSEs have disclosed the required information in the Board's report.

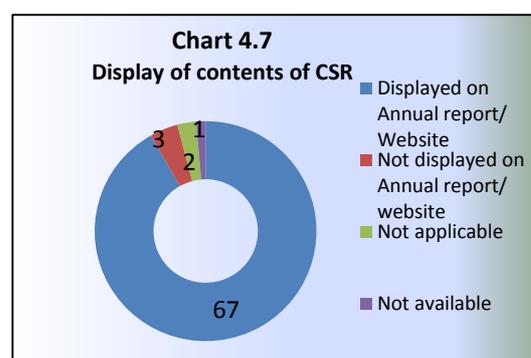
4.4.5.2 Inclusion of Annual Report on CSR in Board's Report

As per para 8 (1) of the CSR rules 2014, the Boards report of a Company covered under the rules shall include an annual report on CSR in the prescribed format. However, it was noticed that out of 73 CPSEs, 2 CPSEs have losses in the year 2015-16 and two CPSEs viz. Balmer Lawrie & Co. Ltd and Bharat Dynamics Limited have not included annual report on CSR in their Board's report.

- In case of Mazagaon Dock Shipbuilders Limited, it was observed that though the Annual report of the CPSE for the year 2014-15 mentioned about CSR activities undertaken, it did not furnish the information giving details of unspent amount and reasons thereof as per the prescribed format.
- In case of Bharat Dynamics Limited, the Board Report on CSR activities in Annual Report was not made in the specified format. Management has assured to comply with the disclosure requirement in Annual Report for 2015-16. Further, the website of the company discloses only abridged version of Board approved existing policy and CSR activities for the year 2014-15. The information published on the official website of company was incomplete and not updated.

4.4.5.3 Display of contents of CSR

As per para 9 of the CSR rules 2014, the Board of Directors of the Company shall disclose contents of CSR policy in its report and the same shall be displayed on the company's website. Out of 73 CPSEs, three CPSEs viz. Balmer Lawrie & Co. Ltd, Bharat Coking Coal



Limited and Bharat Dynamics Limited have not displayed the contents of CSR policy on their website.

4.4.6 Impact Assessment

The ultimate test of the success of any CSR and Sustainability activity/project is the social, economic or environmental impact thereof. Every such activity is planned and implemented with some anticipated impact on society or environment. As per para 2.4 (xvii) of DPE guidelines 2014, CPSEs should get an impact assessment study done by external agencies of the CSR activities/projects undertaken by them.



- Audit observed that out of 73 CPSEs impact assessment for completed projects/activities was not carried out in case of 19 CPSEs.
- Ministry of Tourism, Government of India had announced a programme called “Clean India” wherein it was desired that there is need to improve the existing facilities at the important monuments by involving the corporate sector. ONGC had communicated willingness to adopt six heritage sites (including Taj Mahal, Agra) for holistic development. The project was to be completed in four years by 2017-18. Total budget allocated for the project was ₹20.75 crore. Out of the allocated budget an amount of ₹ 0.50 crore was released to Archaeological Survey of India (ASI) in the financial year 2014-15. Funds allocated for the year 2015-16 was ₹ 6.75 crore. However, no payments were released to ASI in the year 2015-16. ONGC has stated (October 2015) in their reply that Ministry of Petroleum & Natural Gas had asked (December 2015) ONGC to keep further payment to the project on hold till further instructions. This has resulted in delay in completion of the project.
- Mangalore Refinery and Petrochemicals Limited (MRPL), as a part of their CSR activity had sanctioned ₹ 21.70 crore in 2012 towards construction of a wing in Lady Goschen hospital, Mangalore. Since the profit after tax of MRPL for the year 2012-13 was negative, ONGC was requested (July 2013) to provide the gap funding for the project under its CSR intervention. Accordingly financial support of ₹12.78 crore was sanctioned by ONGC. Though the project had started in March 2013 with the initial investment of ₹8.89 Crore there was no progress till July 2015. The project was resumed after a delay of 25 months. Till date (August 2016) only 64 per cent of the project is completed.



- Some of the notable work under the CSR schemes done by various CPSEs are given in Table 4.6:

Table 4.6 : Notable work done by CPSEs

CPSE	Type	Impact
Bharat Heavy Electrical Limited	Engineering	<ol style="list-style-type: none"> 1. Supported 480 Haemophilic patients including children. 2. Benefitted about 35,000 students of 250 schools through Mobile Science Labs in the vicinity of three units of BHEL 3. Provided free medical services to around 7700 patients through 'Lifeline Express train', stationed at Lalitpur (U.P.)
Coal India Limited (CIL)	Coal	CIL & its subsidiaries have constructed 53,412 of toilets. A total of ₹ 820.44 Crore has been spent on the construction of these toilets by 31 March 2016.
GAIL (India) Limited	Gas	<ol style="list-style-type: none"> 1. Operating mobile medical units across seven States covering 391 villages and population of around 5,00,000 under "Aarogya". 2. A flagship programme "Utkarsh" aimed at meritorious children from marginalized communities; provides all-expense paid, specialized residential coaching/intensive mentoring so that they can compete for engineering entrance examination such as IIT-JEE, AIEEE and UPTU. For the year 2015-16, 100 students were identified for this programme through a meticulous selection process. Of these 94 have qualified for the IIT Mains out of which 55 have secured admissions in various IITs and other prestigious engineering institutions of the country. 3. Company is operating four GAIL Institute of Skills in Guna (MP), Dediapada (Narmada, Gujarat), Tandur (Rangareddy, Telangana till 31 August 2016) and Nagaram (Andhra Pradesh) for imparting job linked skills training in Auto Card, Web Designing, Domestic BPV/BPO, Welding, Industrial Electrician, CNC Operator, Instrument etc. to more than 3200 rural and semi urban youth in the remote/backward districts under "Kaushal" programme.
Indian Oil Corporation Limited	Oil	<ol style="list-style-type: none"> 1. 22.00 lakh new connections were released by Indian Oil and cumulatively, 32.40 lakh Below Poverty Line (BPL) families have benefitted from this scheme. 2. Under Swachh Vidyalaya Abhiyan, Indian Oil took the initiative to construct/repair 2855 toilets in Govt. schools across 16 States 3. 52,660 patients were treated, and so far, about 8 lakh patients have benefitted from this project under Swarna Jayanti Samudayik Hospital, Mathura, Uttar Pradesh 4. 2,500 patients and 12,200 livestock were treated and so far, 5400 patients and 57,000 livestock have been treated under the project Sarve Santu Niramaya (SSN), Digboi, Assam 5. During 2015-16, 271 beneficiaries were trained and so far 388 beneficiaries have been trained and certified in various trades from Indian Oil Multi-Skill Development Institute, Digboi, Assam 6. During 2015-16, 81 teachers were trained and so far, 355 teachers from schools covering 42 villages in and around Digboi have been trained under Shikshak Dakshata Vikas Abhiyan, Digboi, Assam
NTPC Limited	Power	Under "Swachh Bharat - Swachh Vidyalaya Abhiyan" about 29,000 toilets were made available in schools.
Oil & Natural Gas Corporation Limited	Oil	<ol style="list-style-type: none"> 1. 8,202 toilets were made functional under Swachh Vidyalaya Abhiyan. 2. Total 15,26,538 treatments for chronic illness to 59,750 beneficiaries under Varisthajan Swasthya Sewa Abhiyan.

CPSE	Type	Impact
Steel Authority of India Limited	Iron and steel	<ol style="list-style-type: none"> 1. Under the campaign Swachh Vidyalaya Abhiyan, construction of 672 toilets were undertaken and completed in 6 states. 2. During the year 2015-16, more than 3,800 Health Camps have been organized benefitting over 97,000 villagers. 3. 24 exclusive Health Centers at Plants are providing free medical care and medicines to around 1,00,000 poor and needy beneficiaries every year. During 2015-16, more than 1.32 lakh villagers have availed free healthcare at these Health Centers. 4. 55,000 children of over 145 schools in the steel townships was provided modern education and 75,000 students of over 636 Government schools in Bhilai and Rourkela was provided Mid-day meals in association with Akshya Patra Foundation. 5. 21 Special Schools (Kalyan & Mukul Vidyalayas) are facilitating over 3600 BPL category students at Integrated Steel Plant locations with free facilities. 335 number of Tribal children are getting free Education, Accommodation, Meals & Uniforms, textbooks, etc. under Gyanjyoti Yojna, Bokaro. 6. Vocational and specialised skill development training targeted towards sustainable income generation has been provided during the year 2015-16 to 947 youths and 1,785 women of peripheral villages.

4.5 Conclusion

CSR is becoming an integral part of every CPSE in India. The CPSEs made significant achievements in the social development of the country through various CSR initiatives in areas such as education, healthcare, livelihoods, rural development, and urban development. With the enactment of the Companies Act, 2013 containing mandatory provision of CSR, it is observed that though the CPSEs complied with the provisions of the Act, there were instances of delays in planning, setting of milestones not being decided in advance and delays in expenditure.

Shortfall in spending ranging from five *per cent* to 97 *per cent* of the prescribed amount were also observed. Out of 57 profit making CPSEs Board of 27 CPSEs (47 *per cent*) had ensured that the funds prescribed by the Act for CSR were completely spent. However, Board of 30 CPSEs (53 *per cent*) did not ensure the same. There were instances of the CPSEs not maintaining separate annual account for the actual expenditure from the prescribed amount. Moreover, Annual Report of the CPSEs does not include the reasons for underutilizing the prescribed amount. It was observed that Impact Assessment i.e. ultimate test of any CSR activity for completed project was not carried out in many cases.

4.6 Recommendations

Government of India may impress upon the respective Administrative Ministry/ Department to ensure compliance with the provisions and rules of Corporate Social Responsibility.

