OFFICE MEMORANDUM

Subject: Observance of transparency and due diligence in selection and implementation of activities under CSR by CPSEs.

The undersigned is directed to refer to the subject cited above and to state that after coming into force of Corporate Social Responsibility (CSR) provisions under Section 135 of Companies Act, 2013, all CPSEs crossing the threshold under the Act are mandated to allocate 2% of their average net profits (PBT) of the three preceding years for undertaking CSR activities for the year concerned.

2. Keeping in view the above and the recommendations of COPU, all Ministries/Departments mandated to implement CSR are requested to advise the following to the CPSEs under their administrative jurisdiction:

(i) It should be ensured that CSR activities selected for implementation fall within the list of activities given under Schedule-VII of the Companies Act, 2013.

(ii) It should be ensured that the criteria for selection and engagement with stakeholders are clearly outlined for prioritizing the needs of the people and selection of activities/projects under CSR activities.

(iii) CSR policies of CPSEs should be uploaded in the public domain on their websites as per Section 135 of Companies Act, 2013 and associated CSR Rules indicating the details of CSR activities/projects along with the allocation of funds.

(iv) Observance of transparency and due diligence in the selection and implementation of activities under CSR should be ensured.

(v) An institutionalized mechanism for monitoring, reporting and evaluation should be introduced by CPSEs implementing CSR.

(vi) All efforts should be made by CPSEs to fully utilize the allocated CSR funds for the year.


(S. Meenakshi Sundaram)
Director
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To,
Secretaries of all Ministries/Departments concerned with CPSEs.

Copy to: Chief Executives of all CPSEs.