

CHAPTER IV

Corporate Social Responsibility

4.1 Introduction

Corporate Social Responsibility (CSR) is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the local community at large. The primary objective of CSR is to promote responsible and sustainable business philosophy at a broad level and to encourage companies to come up with innovative ideas and robust management systems to address social and environment concerns of the country. Broadly, the CSR mandate is aligned with the national priorities such as public health, education, livelihood, water conservation, natural resource management etc. CSR awareness and CSR consciousness has grown vividly among large and medium sized companies, which now look at CSR to build a strategic fit with the community and environment in which they operate.

Chart: 4.1



monitoring is based on disclosures made by the company in its annual report as per prescribed format.

The concept of CSR provides a robust framework for companies to collaborate in contributing to the country's development challenges through its managerial skills, technology and innovation. Besides providing an overall guidance framework for the Corporate to carry out their CSR initiatives, it also provides them with ample autonomy and flexibility to design and implement programmes. The

Legal Framework: Section 135 of Companies Act, 2013 (hereafter referred to as the Act), deals with the subject of Corporate Social Responsibility and lays down the qualifying criteria based on net worth, turnover and net profit during immediately preceding financial year¹ for companies which are required to undertake CSR activities. This section *inter alia*, specifies the broad modalities of selection, implementation and monitoring of CSR activities by the Board of Directors of the Company. The activities, which may be included

¹ As per Amendment 37 of Companies Act, 2017, to resolve the ambiguity on any financial year, the words 'any financial year' has been replaced with the words immediately preceding financial year. This notification is effective from 19 September 2018.

by the companies in their CSR policies, are listed in Schedule VII of the Act. The provisions of Section 135 and Schedule VII of the Act are applicable to all companies including state Public Sector Undertakings (PSUs). The provisions of Companies Act, 2013 and Companies Rules, 2014 is not applicable to the Statutory Corporation, viz., Tamil Nadu warehousing Corporation (TANWARE) and hence, Government of Tamil Nadu (GoTN) had directed (March 2016) TANWARE to carry out its own CSR policy as approved by its Board. TANWARE in its 266th Board meeting held on 19 October 2019 had resolved, *inter alia*, to comply with the provisions of Companies Act, 2013 on CSR. The Act makes it mandatory for a company to spend, annually atleast two *per cent* of average net profit of three immediately preceding financial years towards CSR activities.

The compliance to the provisions of CSR under the Act *i.e.*, constitution of CSR Committee, formulation of CSR Policy and spending of prescribed amount on CSR activities came into force from April 2014. In February 2014, Ministry of Corporate Affairs (MCA) issued Companies (Corporate Social Responsibility Policy) Rules, 2014. The CSR Rules were made applicable to all companies including State PSUs *w.e.f.* 01 April 2014.

4.2 Audit objectives

Audit objectives were to ascertain whether the provisions of the Companies Act 2013 and Companies (CSR Policy) Rules 2014 were complied with by State PSUs. In order to assess the efforts of the PSUs, Audit examined the following issues:

- Whether the provisions relating to Constitution of CSR Committee, formulation and compliance to the policy have been complied with;
- Whether the CSR activities selected for implementation are within the list of activities given under schedule VII of the Companies Act, 2013; and compliance to orders of Government of India (GoI) issued vide Ministry of Corporate Affairs circular dated 23 March 2020 for spending CSR funds for various activities related to COVID-19 under items (i) and (xii) of schedule VII of Companies Act.
- Whether the provisions relating to prescribed amount to be spent on CSR activities have been complied with;
- Whether the needs of the local people have been taken into consideration while prioritising the selection of the activities/projects under CSR activities;
- whether there is transparency and due diligence in the selection and implementation of activities; and
- whether the provisions relating to monitoring, reporting and evaluation have been complied with.

4.3 Audit Scope and coverage

Audit reviewed the CSR activities carried out during the year 2019-20 by (Appendix-XXVI) all the 17 profit making PSUs (including one Statutory Corporation) which reported profit of ₹five crore or more in 2018-19 as detailed in Table 4.1.

Table 4.1: Selection of PSUs for review of CSR activities

Net profit of PSUs*	No. of PSUs	No. of PSUs selected	Percentage
Above ₹100 crore	2	2	100.00
₹50 to ₹100 crore	3	3	100.00
₹10 to ₹50 crore	8	8	100.00
₹5 to ₹10 crore	4	4	100.00
Total	17	17	100.00

Source: Annual Accounts of PSUs for 2018-19

4.4 Audit Criteria

Audit analysis was carried out against following criteria:

- Provisions contained in Section 135 and Schedule VII of the Companies Act, 2013 (as amended upto 31 March 2020)
- Provisions of Companies (Corporate Social Responsibility Policy) Rules, 2014 (as amended upto 31 March 2020).

4.5 Audit findings

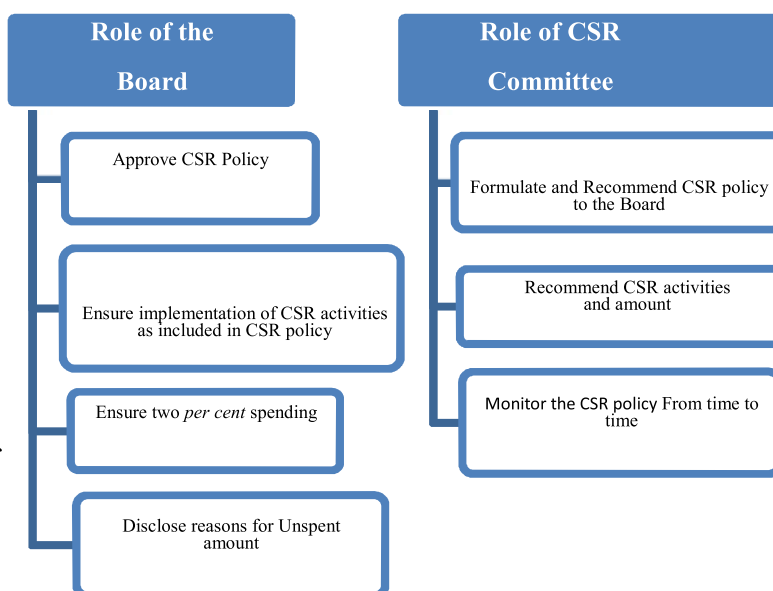
Audit findings on extent of compliance with the provisions of the Act with regard to constitution of CSR Committee, formulation and compliance of policy, planning and execution of CSR activities, and monitoring and reporting thereof by the PSUs are given in the following paragraphs.

4.5.1 Planning

4.5.1.1 Constitution of CSR Committee

Chart 4.2: Role of the Board and CSR Committee

As per section 135(1) of the Act, every company having a net worth of ₹500 crore or more or turnover of ₹1,000 crore or more or a net profit of ₹5 crore or more during immediately preceding financial year shall constitute a CSR committee of the Board



consisting of three or more Directors. Role of the Board and CSR Committee as per section 135(3), (4) & (5) of the Act is depicted in the Chart 4.2. Audit observed that all 17 PSUs selected for audit were meeting the above criteria to undertake CSR activities as per the Act. All the 17 PSUs had constituted CSR Committee and were having minimum of three Directors in the Committee in accordance with section 135(1) of the Act.

4.5.1.2 Independent Directors in Committee

As per section 135(1) of the Act, CSR committee shall have at least one Independent Director. Further, according to Rule 5 (1) (i) of CSR Rules, 2014, an unlisted Public company covered under Section 135(1) is not required to appoint an Independent Director pursuant to Section 149(4) of the Act and it shall have its CSR Committee without such director. Audit observed that out of 17 PSUs, which had formed a CSR Committee, the lone listed PSU in the State viz., Tamil Nadu Newsprint and Papers Limited had appointed three independent directors in the committee, four unlisted PSUs² did not have an Independent Director, which is permitted under Rule 5 (1) (i) of CSR Rules 2014.

4.5.1.3 Framing of CSR policy

Section 135 (3) of the Act requires that the CSR Committee shall formulate and recommend a CSR Policy to the Board. All the 17 PSUs had framed the CSR policy and the respective Board had approved the same. The requirements of Rule 6 with regard to policy and compliance thereof by PSUs are given in Table 4.2.

Table 4.2: Requirement of CSR Rule and its compliance

Requirement of CSR Rule No.6	Compliance by PSUs
Policy <i>inter alia</i> to include	
List of projects which a company plans to undertake along with implementation schedule	Eight ³ PSUs have adopted the common activities as per Schedule VII in their CSR Policy while nine PSUs have framed their own policy.
The surplus arising out of the CSR projects or programs or activities shall not form part of the business profit of a company	10 PSUs have adopted this provision in their CSR Policy while other seven ⁴ PSUs did not specify this in their CSR Policy.

Source: Details received from the PSUs

² Tamil Nadu Fisheries Development Corporation Limited, Tamil Nadu Forest Plantation Corporation Limited, Electronics Corporation of Tamil Nadu Limited and Tamil Nadu Warehousing Corporation.

³ Electronics Corporation of Tamil Nadu Limited, IT Expressway, Poompuhar Shipping Corporation Limited, Tamil Nadu Forest Plantation Corporation Limited, Tamil Nadu Small Industries Corporation Limited, Tamil Nadu Industrial Investment Corporation Limited, Tamil Nadu Police Housing Corporation Limited and Tamil Nadu Fisheries Development Corporation Limited.

⁴ Tamil Nadu Industrial Investment Corporation Limited, State Industries Promotion Corporation of Tamil Nadu Limited, Tamil Nadu Urban Finance and Infrastructure Development Corporation Limited, Tamil Nadu Small Industries Corporation Limited, Poompuhar Shipping Corporation Limited, Electronics Corporation of Tamil Nadu Limited and Tamil Nadu Police Housing Corporation Limited.

4.5.1.4 Monitoring of CSR Policy

As per Rule 6 (1) (a) of the CSR Rules 2014, the CSR Policy of the company shall, *inter alia*, include 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. In the notification dated 31 March 2014, one of the activities under Schedule VII (i) *i.e.*, ‘promoting preventive health care’ was replaced with ‘promoting health care including preventive healthcare’. Further, Ministry of Corporate Affairs, Government of India issued circular dated 23 March 2020 for spending CSR funds for various activities related to COVID-19 under items (i) and (xii) of schedule VII of Companies Act, 2013 relating to promoting health care including preventive healthcare and sanitation and disaster management.

Audit observed that the CSR Committee of 13 PSUs monitored the implementation of CSR Policy monthly/quarterly/annually or as and when required. In case of four⁵ PSUs no such mechanism existed.

4.5.1.5 Annual CSR Plan and Budget

Role of the CSR Committee is to recommend to the Board the CSR activities and the amount to be spent in the financial year; the Board has to ensure implementation of the CSR activities. This entails planning and approval of CSR activity and budget. However, six⁶ PSUs did not have Annual CSR Plan for the year 2019-20 and one⁷ PSU had taken approval of CSR plan in its business plan from its Board. As a best practice, the proposed CSR projects and the budget for the ensuing financial year should be presented to the Board for approval through CSR Committee latest by 31 March of the preceding financial year so that there is no rush to exhaust the funds in the last quarter. Besides, it will also ensure full utilisation of the funds in the financial year. It was observed that as per the data available for five PSUs, one⁸ PSU got the budget approved in Quarter (Q) 1, one⁹ PSUs in Q3 and three¹⁰ PSUs in Q4 of 2019-20.

⁵ Tamil Nadu Forest Plantation Corporation Limited, Tamil Nadu Industrial Investment Corporation Limited, State Industries Promotion Corporation of Tamil Nadu Limited and Tamil Nadu Small Industries Corporation Limited.

⁶ Tamil Nadu Ex-Servicemen Corporation Limited, Tamil Nadu Urban Finance and Infrastructure Development Corporation Limited, State Industries Promotion Corporation of Tamil Nadu Limited, Tamil Nadu Small Industries Corporation Limited, Poompuhar Shipping Corporation Limited and Electronics Corporation of Tamil Nadu Limited.

⁷ Tamil Nadu Industrial Investment Corporation Limited.

⁸ Tamil Nadu Newsprint and Papers Limited.

⁹ Tamil Nadu Power Finance and Infrastructure Development Corporation Limited.

¹⁰ Tamil Nadu Transport Development Finance Corporation Limited, Tamil Nadu Industrial Development Corporation Limited and TIDEL Park Limited

4.5.2 Financial component

4.5.2.1 Allocation of funds

As per Section 135 (5) of the Act, it is mandatory for any company to spend annually atleast two *per cent* of average net profit of three immediately preceding financial years in pursuance of its CSR Policy. Accordingly, two *per cent* of average net profit calculated as per Section 198 of the Act for 17 PSUs was ₹16.23 crore. However, the PSUs allocated ₹17.34 crore i.e., net excess of ₹1.11 crore. Audit noticed that two PSUs viz., (i) Tamil Nadu Newsprint and Papers Limited (₹1.09 crore) and (ii) Tamil Nadu Industrial Investment Corporation Limited (₹0.17 crore) has allocated excess allocation whereas under allocation of CSR funds was noticed in respect of one PSU, viz., Tamil Nadu Warehousing Corporation (₹0.15 crore).

4.5.2.2 Utilisation of Funds

Section 135 (5) of the Act states that the Board shall ensure that the company spends two *per cent* of average net profit of preceding three years.

Audit observed that against the prescribed two *per cent* amount of ₹16.23 crore and allocation of ₹17.34 crore, 17 PSUs had spent only ₹9.01 crore. Thus, the shortfall in spending CSR *vis-a-vis* the prescribed amount for 2019-20 was ₹7.22 crore.

Further, while five PSUs had fully utilised the CSR funds in the financial year 2019-20, there was a shortfall in utilization by 10 PSUs (**Appendix-XXVII**) and two PSUs (**Appendix-XXVIII**) had spent more than the stipulated amount. The shortfall in respect of ten PSUs was in the range of 54 to 100 *per cent*. It was seen that four PSUs viz., IT Expressway, Tamil Nadu Small Industries Corporation Limited, Poompuhar Shipping Corporation Limited and Electronics Corporation of Tamil Nadu Limited had neither spent CSR funds allocated during the year nor from carry forward unspent amount.

4.5.2.3 Utilisation of carry forward amount

As per MCA clarification (12 January 2016), the Board is free to decide whether any unspent amount from the minimum CSR fund is to be carried forward to the next year.

Table 4.3: Utilisation of carry forward

(₹ in crore)

PSUs	Carry forward from previous years	Spent in 2019-20	Unspent amount
Tamil Nadu Urban Finance and Infrastructure Development Corporation Limited	0.83	0.83	NIL
State Industries Promotion Corporation of Tamil Nadu Limited	2.43	2.43	NIL
IT Expressway	0.70	0.00	0.70
Electronics Corporation of Tamil Nadu Limited	0.09	0.00	0.09
Tamil Nadu Power Finance and Infrastructure Development Corporation Limited	5.47	0.00	5.47

Source: Details received from the PSUs

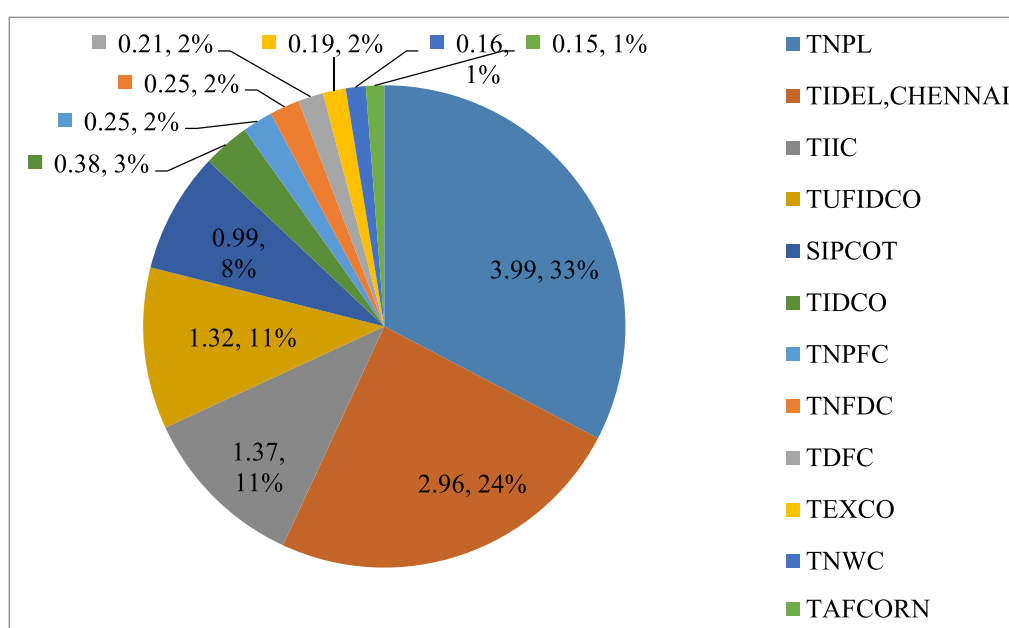
The above five PSUs had carried forward the unspent amount of ₹9.52 crore (from financial year 2018-19 and previous years), out of which an amount of ₹3.26 crore was spent in 2019-20 leaving a balance of ₹6.26 crore (three PSUs). It is pertinent to mention that the total unspent amount (carried forward as well as unspent from current year budget) was ₹13.48 crore in respect of ten PSUs.

4.5.2.4 Top spenders

Total spend on CSR activities by 13 PSUs in 2019-20 was ₹12.27 crore. The top spender was Tamil Nadu Newsprint and Papers Limited at ₹3.99 crore (32.52 *per cent* of total CSR spent) followed by State Industries Promotion Corporation of Tamil Nadu Limited, Tamil Nadu Urban Finance and Infrastructure Development Corporation Limited and TIDEL Park Limited. As against total CSR spend of ₹12.27 crore, four PSUs accounted for 78.57 *per cent* with total spend of ₹9.64 crore.

Chart 4.3: Top Spenders

₹ in crore

**Source: Details received from the PSUs**

4.5.2.5 Range of CSR spend

Out of 13 PSUs which spent CSR funds during 2019-20, four PSUs had spent more than ₹1 crore and nine PSUs spent less than ₹1 crore as per details below:

- (a) Four PSUs which spent more than one crore viz., Tamil Nadu Newsprint and Papers Limited, State Industries Promotion Corporation of Tamil Nadu Limited, Tamil Nadu Urban Finance and Infrastructure Development Corporation Limited and TIDEL Park Limited
- (b) Nine PSUs which spent less than one crore viz., Tamil Nadu Industrial Investment Corporation Limited, Tamil Nadu Industrial Development Corporation Limited, Tamil Nadu Power Finance and Infrastructure Development Corporation Limited, Tamil Nadu Fisheries Development Corporation Limited, Tamil Nadu Transport Development Finance Corporation Limited, Tamil Nadu Ex-Servicemen Corporation Limited, Tamil Nadu Warehousing Corporation, Tamil Nadu Forest Plantation Corporation Limited and Tamil Nadu Police Housing Corporation Limited.

4.5.2.6 Sector wise CSR spend

Audit covered 17 PSUs in five sectors (including others). Highest spend was by Industries sector (4 PSUs, ₹8.66 crore) followed by Municipal Administration sector (one PSU ₹1.37 crore) and other sector (nine PSUs ₹1.99 crore). Least amount on CSR was spent by Power sector, from only one PSU (₹0.25 crore).

Table 4.4: Sector wise CSR spend

Sl. No.	Sector	No. of PSUs	2 per cent (including carry forward amount) (₹ in crore)	Actual spent (including carry forward) (₹ in crore)
1	Industries	4	11.31	8.66
2	Power	1	7.47	0.25
3	Municipal Administration	1	1.37	1.37
4	Highways and Minor ports	2	1.93	Nil
5	Others	9	3.68	1.99

Source: Information received from the PSUs.

As per the data mentioned in Table 4.4, there was a shortfall in CSR spend in all the sectors excepting Municipal Administration which had spent the entire allocation including carry forward amount. The maximum shortfall was by Power sector PSU of ₹7.22 crore, followed by Highways and Minor Ports sector of ₹ 1.93 crore.

4.5.2.7 Administrative overheads

As per CSR Rule 4 (6), administrative overhead expenditure (OH) shall not exceed five per cent of overall CSR funds. The OH expenditure required to be

disclosed separately should include baselines studies, capacity building and other overheads. However, none of PSUs had incurred any expenditure towards Administrative overheads.

4.5.2.8 Surplus from CSR project

As per CSR Rules 2014, any surplus arising from CSR projects shall not form part of business profit of a company. Audit noticed that one PSU viz., Tamil Nadu Small Industries Corporation Limited reversed the provision created for CSR activity upto 2019 amounting to ₹1.37 crore and credited the same to other income during 2019-20 indicating that the amount had been reckoned as business profit of the PSU.

4.5.2.9 Asset creation from CSR activities

Out of 17 PSUs, CSR assets were created, *inter alia*, through CSR activities in six PSUs during 2019-20. However, no CSR assets are in the name of PSUs and all the CSR assets have either been transferred to State Government, NGO, or to the beneficiary(s).

4.5.3 Project Implementation

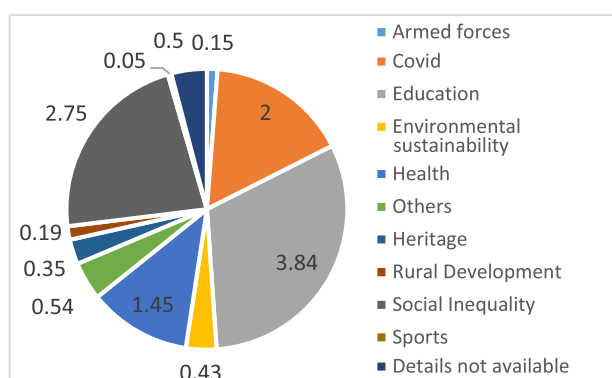
4.5.3.1 Manner of implementation of CSR activities

Rule 4 of Companies (CSR) Rules, 2014 exclusively deals with the manner in which the CSR activity is to be undertaken under Section 135(1). The Board may decide to undertake its CSR activities as approved by CSR committee through a registered trust/society or a company established by the PSU or its holding, subsidiary, or associate company under section 8 of the Act or otherwise. Manner of implementation of CSR activities were as follows:

The PSUs spent the CSR funds through Government departments, NGOs/societies and handed over the funds to the concerned Directorate / identified agencies for implementation of the CSR activities.

4.5.3.2 Focus Areas

Chart 4.4 Focus Areas in CSR expenditure



Source: Information received from the PSUs

As indicated in the chart, education received the maximum focus (31 per cent) for spend of CSR funds. Total spend by seven PSUs under this head was ₹3.85 crore. Next highest spend (₹3.47 crore by four PSUs) was health (including contributions of ₹2.00 crore

to Chief Minister Public Relief Fund for COVID-19/State Disaster Management Authority by two PSUs during the year) accounting for 28 *per cent*. This contribution towards Chief Minister Public Relief Fund was in violation of the circular on CSR issued (25.08.2021) by the MCA which states that the Companies Act does not recognise any contributions to any other fund, which is not specifically mentioned in Schedule VII, as an admissible CSR expenditure. Other major focus areas where contributions made were for expenditure incurred for social development and removal of social inequality (₹2.75 crore by three PSUs). Least focus area was sports (contribution of ₹0.05 crore by one PSU). Two PSUs *viz.*, Tamil Nadu Newsprint and Papers Limited and State Industries Promotion Corporation of Tamil Nadu Limited covered maximum (5 out of 11) Schedule VII activities.

4.5.3.3 Local areas

None of the PSUs had made available the sub-theme-wise break up in focus areas. However, it was seen that two PSUs had contributed CSR funds amounting to ₹2.00 crore to State Disaster Management Authority for combating COVID-19 under items (i) and (xii) of schedule VII of Companies Act in terms of Ministry of Corporate Affairs, GoI, circular dated 23 March 2020.

Section 135(5) of 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 CSR activities.

- As per the data available in respect of 13 PSUs, out of the total CSR spend of ₹12.27 crore, spend in non-operational area was ₹0.83 crore by four PSUs *i.e.* 6.76 *per cent*. (**Appendix-XXIX**)
- Tamil Nadu Forest Plantation Corporation Limited and Tamil Nadu Ex-servicemen's Corporation Limited spent entire CSR funds in non-operational area.

4.5.3.4 Notable Projects

13 PSUs took up CSR activities in 2019-20 in three major focus areas of Education, Health and social inequality. Total spend under Education, Health and social inequality was ₹3.85 crore, ₹3.47 crore and ₹2.75 crore, respectively. Few notable projects are listed in Table below:

Table 4.5: Notable Projects

		(₹ in crore)
PSU	Notable Project	Amount spent
Education		
Tamil Nadu Newsprint and Papers Limited.	Free education and infrastructure development in Government schools.	1.03
Health care and sanitation		
Tamil Nadu Industrial Investment Corporation Limited.	Purchase of equipments for institute of mental health.	0.99
Tamil Nadu Newsprint and Papers Limited.	Contributions to State Disaster Management Authority for combating COVID-19.	1.00
State Industries Promotion Corporation of Tamil Nadu Limited.	Contributions to State Disaster Management Authority for combating COVID-19.	1.00

PSU	Notable Project	Amount spent
Social inequality		
State Industries Promotion Corporation of Tamil Nadu Limited.	Hostel facility to economically backward groups.	0.94
Total		4.96

Source: Details provided by PSUs

4.5.4 Monitoring Framework

As per Rule 5(2) of CSR Rules, 2014 the CSR committee shall institute a transparent monitoring mechanism for implementation of CSR projects/programs/activities undertaken by the company. Audit observed that out of 17 PSUs, three PSUs viz., State Industries Promotion Corporation of Tamil Nadu Limited, Electronics Corporation of Tamil Nadu Limited and Tamil Nadu Small Industries Corporation Limited did not specify the monitoring mechanism in the CSR policy.

As per CSR Policy, PSUs have to hold review meetings based on the periodicity specified in the policy. However, it was observed that in case of seven PSU¹¹ periodicity of review meetings was not fixed. The PSUs which held meetings were generally in the range of 1 to 4 in the year except for one PSU i.e. Tamil Nadu Ex-servicemen's Corporation Limited, which held seven meetings during 2019-20 though as per its CSR Policy review meeting was to be held annually.

Evaluation/Impact Assessment: Out of 17 PSUs, audit assessed the methodology of carrying out impact assessment on the amount spent on CSR project/activity:

- Three PSUs (Tamil Nadu Fisheries Development Corporation Limited, Tamil Nadu Forest Plantation Corporation Limited and Tamil Nadu Warehousing Corporation) carried out the impact assessment through the external agencies,
- Two PSUs (Tamil Nadu Transport Development Finance Corporation Limited and Tamil Nadu Power Finance and Infrastructure Development Corporation Limited) conducted the impact assessment of CSR activities in-house
- Three PSUs (IT Expressway, Tamil Nadu Small Industries Corporation Limited and Electronics Corporation of Tamil Nadu Limited) did not specify the mode of carrying out impact assessment and one PSU (Poompuhar Shipping Corporation Limited) specified the mode as in house. However, all these four PSUs did not spend the CSR allocation during the year and

¹¹ Tamil Nadu Industrial Investment Corporation Limited, Tamil Nadu Urban Finance and Infrastructure Development Corporation Limited, State Industries Promotion Corporation of Tamil Nadu Limited, TIDEL PARK, Chennai, Tamil Nadu Newsprint and Papers Limited, IT Expressway and Tamil Nadu Small Industries Corporation Limited.

- The remaining eight PSUs did not conduct impact assessment.

4.5.5 Reporting and Disclosure

As per Section 135 (2) read with Section 134 (3) (o) of the Act, a Company is required to include an annual report on CSR in their Board Report and place it on the official website. According to Rule 9 of CSR Rules 2014, the companies have to disclose the following in the prescribed format:

- Contents of CSR policy, web link of CSR policy, average net profit, composition of CSR committee, admin overheads, prescribed amount, unspent amount, reasons for unspent amount.
- Include a responsibility statement signed by the CSR committee that the implementation and monitoring of CSR policy was in compliance with the CSR objective and Policy of the Company.

Audit observations on compliance of the above:

- Two PSUs (IT Expressway and Electronics Corporation of Tamil Nadu Limited) did not mention the contents of CSR Policy in the annual report. These two PSUs and one more PSU (Tamil Nadu Industrial Development Corporation Limited) did not indicate web link to the CSR Policy in the report.
- Three PSUs (IT Expressway, Poompuhar Shipping Corporation Limited and Electronics Corporation of Tamil Nadu Limited) did not provide the reasons for unspent amount.
- Eight PSUs¹² did not include responsibility statement of the CSR Committee in accordance with Rule 9 of CSR Rules 2014.

4.6 Conclusion

All the 17 PSUs have complied with the provisions of the Act and CSR Rules with regard to formation of CSR committee and framing of CSR policy. Two PSUs spent more than two *per cent*, five PSUs spent exactly two *per cent* of CSR funds, six PSUs spent less than two *per cent* and four PSUs did not spend the allocation made towards CSR activity. One PSU had reversed the allocation of CSR funds accumulated and pooled back the same as business profit. Education (31 *per cent*) and Health (28 *per cent*) were the main focus areas and secured maximum funding. Two PSUs contributed CSR funds to State Disaster Management Authority for combating COVID-19. Monitoring mechanism was in place in respect of 14 PSUs. Out of 17 PSUs, only five

¹² Tamil Nadu Ex-servicemen's Corporation Limited, Tamil Nadu Forest Plantation Corporation Limited, Tamil Nadu Industrial Investment Corporation Limited, Tamil Nadu Transport Development Finance Corporation Limited, Tamil Nadu Urban Finance and Infrastructure Development Corporation Limited, IT Expressway, Tamil Nadu Small Industries Corporation Limited and Tamil Nadu Warehousing Corporation.

PSUs carried out impact assessment. There was non-compliance to the reporting and disclosure requirements by PSUs viz., two PSUs did not mention the contents of CSR Policy, three PSUs did not provide the reasons for unspent amount and eight PSUs did not include responsibility statement in their annual report on CSR.

Chennai
The 15 December 2021



(VISHWANATH SINGH JADON)
Accountant General (Audit-II)
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Countersigned

New Delhi
The 27 January 2022



(GIRISH CHANDRA MURMU)
Comptroller and Auditor General of India