

# Impact Assessment & Implications for the Companies

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# POLL

1. Who do you think is the final decision-maker on a CSR project?

- ▶ a. head of the Implementing Organization
- ▶ b. Head of CSR at the business
- ▶ c. CEO/ Managing Director of the company
- ▶ d. CSR Committee
- ▶ e. Board of the company

# POLL

## 2. TRUE Or FALSE

- ▶ An Impact assessment is mandatory for all CSR projects
- ▶ A company's Board can decide whether or not to undertake CSR in any given year
- ▶ CSR committee decides on which projects need an impact assessment
- ▶ CSR outlay for the year is a condition to decide on Impact Assessment

# Preamble

Corporate Social Responsibility - Section 135 of  
Companies Act 2013

Applicability:

Every company including its holding and subsidiary  
company having

1. Net worth of **Rupees 500 Crores** or more OR
2. Turnover of **Rupees 1000 Crores** or more OR
3. Net profit of **Rupees 5 Crore** or more

**Have CSR Committee**

## Preamble

cont...

### **Duties of CSR Committee include**

Institute a transparent Monitoring mechanism for implementation of CSR Projects OR programmes Or activities undertaken by the company.

**CSR Policy** needs to have monitoring process for all CSR projects/ programmes/ activities

**The Board's report** of a company on which CSR is applicable shall include an annual report on CSR containing particulars of CSR activities

# Recent changes in rules (CA 2013- Sec.135- CSR) for Impact Assessment

## Recent changes in the Rules:

- Administrative overheads
- Ongoing Projects
- CSR implementation by organization having unique CSR registration number
- Unspent amount of the previous year
- FCRA regulations
- **IMPACT Evaluations**

# Recent changes in rules (CA 2013- Sec.135- CSR) for Impact Assessment cont....

## Recent changes in the Rules:

Under Rule no. 4, sub rules (3) & (5)

- A company may engage international organizations for designing, monitoring and evaluation of the CSR projects of programmes as per its CSR policy as well as for capacity building for their own personnel for CSR
- The Board of a company shall satisfy itself that the funds so disbursed have been utilized for the purpose and in manner as approved by it and the CFO shall certify to the effect
- Sub rule (6) also highlights timeliness and room for modification
- Under rule 5, sub rule (2) Action Plan in pursuance of its **CSR policy shall include.....**
  - ▶ **d. Monitoring and reporting mechanism**
  - ▶ **e. Details of need and Impact Assessment**

# Recent changes in rules (CA 2013- Sec.135- CSR) for Impact Assessment cont....

## Recent changes in the Rules:

Rule number 8 on CSR reporting, Sub rule (3) a, b and c details out additional mandatory requirement for Impact Assessment

- ▶ a. Every company having average CSR obligation of rupees 10 crore or more shall take Impact Assessment, through an independent agency, of their CSR projects having outlay of rupees 1 crore or more, and have been completed not less than a year before undertaking Impact study
- ▶ b. The Impact Assessment Reports shall be placed before the board and shall be annexed to the Annual Report on CSR
- ▶ c. A company undertaking Impact Assessment may book the expenditure towards CSR for that FY which shall not exceed 5% of total CSR expenditure for that FY or 50 lakh whichever is less.



# Recent changes in rules (CA 2013- Sec.135- CSR) for Impact Assessment cont....

Annexure II- Format for Annual Report on CSR activities

4. Provide the details of Impact Assessment of CSR project carried out in pursuance of sub rule(3) of rule 8 of Companies (CSR Policy) Rules 2014... Attach report

Under (e) Amount spent on Impact Assessment (if applicable) needs to be reported

# Recent changes in rules (CA 2013- Sec.135- CSR) for Impact Assessment cont....

## Consequences:

Sub rule (7) substituted in Companies (Amendment) Act, 2020 and amended the penal provision as.....**Fine on company**

- ***Up to twice the amount*** required to be transferred to fund specified in Schedule VII or Unspent CSR A/c OR ***Rs. 1crore*** (whichever is lower)
- **Penalty on Office in default**
- ***1/10 of the amount*** required to be transferred to fund specified in Schedule VII or Unspent CSR A/c OR ***Rs. 2 lakhs*** (whichever is lower)

# CSR - serious, sincere and satisfying duty

## Companies must have

- ▶ Clear CSR policy (with **monitoring and reporting mechanism & Details of need and Impact Assessment**)
- ▶ Appropriate selection of projects and implementing Organization/s (Based on need assessment)
- ▶ Regular training of CSR teams
- ▶ Apply **theory of change** to all projects-
  1. Expected Outcomes and Impacts
  2. Required inputs to get outputs and expected outcomes
  3. Decide parameters to evaluate success against inputs for expected outcomes

Thanks for patient hearing yet  
active participation

**Welcome questions or comments!!**