



CSR Guidelines for Empowering Ports

For Prelims: [Corporate Social Responsibility](#) , Sagar Samajik Sahayog, Ports, [Major Port Authorities Act, 2021](#).

For Mains: Significance of Corporate Social Responsibility

Why in News?

Recently, the Ministry of Ports, Shipping & Waterways has launched '**Sagar Samajik Sahayog**,' its new guidelines for [Corporate Social Responsibility \(CSR\)](#), aiming to empower ports to address local community issues in a more cooperative and swift manner.

What are the Key Highlights of the Guidelines?

▪ CSR Funding:

- Ports in India will **allocate a specific percentage** of their net annual profit towards CSR activities. The CSR budget for ports will be **based on their respective turnover** for the year, the division will be as follows:
 - Ports with an annual turnover of less than Rs 100 crores will **spend 3-5% on CSR**.
 - Ports with a turnover between **Rs 100 to 500 crores will spend 2-3%**.
 - Ports with a turnover exceeding Rs 500 crores will spend **0.5-2%**.
 - 2% of the total CSR expenses will be **dedicated to project monitoring by the ports to ensure effective implementation** and monitoring of the respective CSR projects.

▪ CSR Committee:

- Each [Major Port](#) will establish a corporate social responsibility committee, headed by a **deputy chairperson** of major port to plan and implement CSR initiatives.
- The committee will consist of **two other members**. CSR projects must be implemented into the business plans of major ports, **addressing social and environmental concerns** related to their operations.
- A CSR plan will also need to be prepared for each financial year.

▪ Allocation and Focus Areas:

- The CSR projects and programmes will focus on activities specified in **Section 70 of the [Major Port Authorities Act, 2021](#)**.
 - According to Section 70 of the Act, the organization may use its funds for providing **social benefits** including development of infrastructure in areas of education, health, housing, skill development, training and recreational activities for its own employees, customers etc.
- **20% of the CSR expenses** must be **earmarked for the Sainik Kalyan Board** at the district level, the National Maritime Heritage Complex, and the National Youth Development Fund.
- Additionally, **78% of the funds** should be **directed towards social and environmental welfare initiatives** benefiting the community.
 - These include projects related to **drinking water, education, vocational**

training, non-conventional and renewable energy sources for electricity, health and family welfare, livelihood promotion for **Economically Weaker Sections (EWS)**, community centers, and hostels.

- **2 % of the total CSR expense** is allocated for project monitoring under the CSR programs by the ports.

What is the Significance of the Guidelines?

- The guidelines **enable ports to directly undertake CSR activities**, fostering community welfare and development.
- By embracing a framework that **includes local communities as partners**, CSR has the potential to drive positive change and **become a significant catalyst for progress**.
- The guidelines aim to make **CSR a potent force for positive transformation**. This initiative reflects the government's commitment to **maximum governance and community-centric development**.

What is Corporate Social Responsibility (CSR)?

▪ About:

- The concept of CSR is the **idea that companies should assess and take responsibility** for their effects on the environment and on social welfare, and to promote **positive social and environmental change**.
- The four main types of corporate social responsibility are:
 - Environmental Responsibility
 - Ethical Responsibility
 - Philanthropic Responsibility
 - Economic Responsibility
- The Corporate Social Responsibility provisions within **Companies Act 2013 is applicable to companies with an annual turnover of 1,000 crore** and more, or a net worth of Rs. 500 crore and more, or a net profit of Rs. 5 crore and more.
 - The Act requires companies to set up a **CSR committee** which shall recommend a Corporate Social Responsibility Policy to the Board of Directors and also monitor the same from time to time.

▪ Activities under CSR:

- Specified under **Schedule VII of the Companies Act 2013**, some major activities include:
 - Eradicating **hunger, poverty** and **malnutrition** and promotion of education, gender equality.
 - Fighting **Acquired Immune Deficiency Syndrome(AIDS)**, Human Immunodeficiency Virus, and other disorders
 - Ensuring Environmental Sustainability
 - Protection of **National Heritage**, Art and Culture including restoration of buildings and sites of historical importance and works of art.
 - Measures for the benefit of armed forces veterans, war widows and their dependents.
 - Training to promote rural sports, nationally recognized sports, paralympic sports and **Olympic sports**
 - **Contribution to the PM's National Relief Fund** or any other fund set up by the Central Government for socio-economic development and relief.

UPSC Civil Services Examination, Previous Year Question

Q. Corporate social responsibility makes companies more profitable and sustainable. Analyse. **(2017)**

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