

**NABARD Consultancy Services Private Limited  
(NABCONS)**

**Corporate Social Responsibility (CSR) Policy**

## **1. PREAMBLE**

- 1.1 Corporate Social Responsibility calls upon the corporate entities to serve to the interests of the society in addition to pay back to the shareholders. It is in recognition of the avenues provided by the society to the corporate entity for its growth and progress.
- 1.2 NABARD Consultancy Services (NABCONS) is a wholly owned subsidiary of NABARD. The NABARD, by its mandate, is committed to the growth of Agriculture and Rural Development. It is an organisation committed to the service of bringing prosperity in rural areas of the Country. NABCONS, as a subsidiary of NABARD, has inherited the spirit of serving the rural areas and taking part in the welfare activities of weaker sections of the society. The Corporate Social Responsibility is more a natural flow of organisational commitment rather than compliance with the statutory stipulations.

## **2. OBJECTIVES**

The objectives of CSR Policy are enumerated as under:

- The policy will be in tune with the national developmental goals and priorities adopted by Government of India.
- The policy will be in tune with the organisational goals and priorities of National Bank for Agriculture and Rural Development (NABARD).
- The policy will ensure the compliance with the provisions of Companies' Act, 2013 in respect of statutory requirements under Corporate Social Responsibility.
- The policy will also ensure the compliance with the requirements of disclosure in the Annual Report of NABCONS every year in the prescribed format as set out herein as Annexure I.
- The Policy will provide for adequate mechanism for orderly implementation, monitoring and reporting systems.

### **3. CSR PROJECTS / ACTIVITIES PRESCRIBED UNDER THE ACT**

The Policy recognizes that Corporate Social Responsibility is not merely compliance; it is a commitment to support initiatives that measurably improve the lives of underprivileged by one or more of the following focus areas as notified under Section 135 of the Companies' Act 2013 and Companies (Corporate Social Responsibility Policy) Rules 2014:

- i. Eradicating hunger, poverty & malnutrition, promoting health care including preventive health care and sanitation including contribution to the Swachh Bharat Kosh set-up by the Central Government for the promotion of sanitation & making available safe drinking water;
- ii. Promoting education, including special education & employment enhancing vocation skills especially among children, women, elderly and the differently abled & livelihood enhancement projects;
- iii. Promoting gender equality, empowering women, setting up homes & hostels for women & orphans, setting up old age homes, day care centres & such other facilities for senior citizens & measures for reducing inequalities faced by socially & economically backward groups;
- iv. Ensuring environmental sustainability, ecological balance, protection of flora & fauna, animal welfare, agroforestry, conservation of natural resources & maintaining quality of soil, air and water including contribution to the Clean Ganga Fund set up by the Central Government for rejuvenation of river Ganga;
- v. Protection of national heritage, art & culture including restoration of buildings & sites of historical importance & works of art; setting up public libraries; promotion & development of traditional arts & handicrafts;
- vi. Measures for the benefit of armed forces veterans, war widows & their dependents;
- vii. Training to promote rural sports, nationally recognised sports, Paralympic sports & Olympic sports;
- viii. Contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government for socio-economic development & relief & welfare of the Scheduled Castes, the Scheduled Tribes, other backward classes, minorities & women;
- ix. Contributions or funds provided to technology incubators located within academic institutions, which are approved by the Central Government;

- x. Rural development projects and;
- xi. Slum area development.

Explanation – For the purpose of this item, the term ‘slum area’ shall mean any area declared as such by the Central Government or any State Government or any other competent authority under any law for the time being in force.

#### **4. AREAS OF FOCUS**

NABCONS will focus on the following areas:-

- Development of agriculture involving crop production, crop productivity, intensive cultivation, seed production, seed productivity, organic cultivation, vermin culture and other aspect of agricultural practices.
- Development of animal husbandry, poultry, horticulture and plantation, fisheries and other allied sector.
- Conservation of water, development of watershed, development of irrigation network, irrigation mechanism and other water conservation measures.
- Development of forest, increasing productivity of forest produce, preservation of environment and other related activities.
- Development of community infrastructure facilities, preservation of infrastructure facilities, upkeep and improvement of facilities.
- Planning and implementing village and community developmental projects.
- Undertaking activities relating to organising of self-help groups, micro credit institutions, micro credit planning and empowerment of women.
- Undertaking skill development programmes for women and rural unemployed youth for better employment opportunities and to promote self-employment.
- Undertaking activities relating to safe drinking water, health care and sanitation.
- Undertaking activities for promotion of literacy and education by construction/ repair of school building and facilities, provision of uniforms, books and other requirements of education, promotion of adult education and promotion of technical and professional education.

- Development of storage and marketing infrastructure in rural areas.
- Supporting Innovation in agricultural & rural development
- Programmes for Tribal Development
- Programme related to promotion of shelter and housing development in rural areas.
- Undertaking all activities incidental and supplementary to the activities mentioned above.

The areas of work and thrust areas as indicated above are only illustrative and not exhaustive.

Any other project / activity as notified or to be notified in future, under Section 135 of the Companies' Act 2013 and Companies (Corporate Social Responsibility Policy) Rules 2014.

## **5. BUDGET**

- As per regulatory requirement, NABCONS will set aside, for annual CSR Projects / Activities, an amount equal to 2% of its average Net Profits made during the three immediately preceding financial years. Any unutilized CSR allocation of a particular year, will be carried forward to the following year, i.e. the CSR budget will be non-lapsable in nature.
- Provided that all reasonable efforts will be made to ensure that the annual CSR allocation is fully utilized in the respective year. However, if the Company fails to spend such amount, the Board of Directors shall, in its report under clause (o) of sub-section (3) of Section 134 of the Act, shall specify the reasons for not spending the amount.

## **6. ORGANIZATIONAL MECHANISM**

### **6.1 CSR COMMITTEE OF BOARD OF DIRECTORS**

In the 48th Meeting of Board of Directors held on 12th September 2014, under Agenda No 19, the Chairman was authorised to constitute the Corporate Social Responsibility Committee of Board of Directors. Accordingly, the Committee was constituted by the Chairman vide his orders dated 27th October 2014.

## **6.2 SCOPE OF WORK OF CSR COMMITTEE OF BOARD OF DIRECTORS**

- i. All the proposals of CSR Projects will be placed before the CSR Committee of Board of Directors for consideration and approval.
- ii. The Committee will recommend the allocations of funds to be included in the Annual CSR Budget as per Section 135 of the Companies Act 2013 and Companies (Corporate Social Responsibility Policy) Rules 2014 and get the final approval from the Board of Directors for the Annual Budget of CSR.
- iii. The Committee will review and monitor the progress of the execution of projects and will carry out any other associated Project / Activity which the Committee may consider appropriate.
- iv. The Committee will meet at least 04 times in a year to discuss and review CSR Projects / Activities and Policy. A quorum of two members is required to be present for the proceedings to take place. Such other meetings of the Committee can be convened as and when deemed appropriate. The Committee shall have the authority to call such employee(s), senior official(s) and/or externals, as it deems fit.

## **6.3 CSR CELL**

A CSR Cell, will work under the Company Affairs Vertical. All the proposals for CSR Projects / Activities will be placed by the CSR cell to CSR Implementation Committee for consideration and deliberations. On merit, the CSR Implementation Committee will recommend each CSR initiative / scheme for approval by the CSR Committee of the Board of Directors.

## **6.4 CSR IMPLEMENTATION COMMITTEE**

For implementation of CSR, it is proposed that a CSR Implementation Committee may be constituted by CEO. The Committee may consist of 04 members with no member below the rank of Senior Consultant. The quorum for the CSR Implementation Committee meeting will be 3 members.

## **7. GUIDELINES FOR CONSIDERATION OF PROPOSALS**

The guidelines for consideration of proposals and allotment of funds for CSR Projects and Activities are detailed in Annexure II.

## **8. IMPLEMENTATION STRATEGY FOR CSR PROJECTS / ACTIVITIES**

The strategy for implementation of the CSR Projects / Activities is detailed in Annexure III.

## **9. MONITORING STRATEGY FOR CSR PROJECTS / ACTIVITIES**

The projects shall be monitored as per the strategy detailed in Annexure IV.

## **10. AUDIT OF CSR SPENDING**

- i) All spending on CSR Projects / Activities shall be duly verified by the Internal Auditors of the Company.
- ii) Observations of the Internal Auditors on the expenses of CSR Projects / Activities shall be placed in the meeting of CSR Committee of the Board of Directors.
- iii) The Company Affairs Vertical shall prepare the Annual Reporting Statement in the prescribed format as per Annexure I and place the same in the meeting of CSR Committee of the Board of Directors.
- iv) Disclosure and reporting requirements shall be taken care of by the Company Affairs Vertical.

## **11. GENERAL ASPECTS OF CSR**

- i) All expenses in respect of CSR Projects / Activities shall be properly captured and accounted in appropriate ledgers taking into account the requirements of Accounting Standards.
- ii) If it is observed that any CSR Project / Activity taken up for implementation is not being properly implemented, the company at its discretion may discontinue the funding of the project at any time during the course of implementation.
- iii) The CSR policy may be reviewed from time to time.
- iv) Chairman of Board of Directors shall have the powers to clarify any points or clauses of the CSR policy.
- v) Chairman of Board of Directors shall be empowered to amend or modify this policy and such changes made shall be placed before the Board for approval.

## ANNEXURE I

### Format for the Board of Directors report on CSR to form part of the Annual Report of the Company

1. Brief outline of Company's CSR Policy including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR Policy and projects or programs.
2. The composition of the CSR Committee.
3. Average Net Profit of the company for last three financial years
4. Prescribed CSR Expenditure (two percent of the amount as in item No. 3 above)
5. Details of CSR spent during the financial year:
  - a. Total amount to be spent for the financial year:
  - b. Amount unspent:
  - c. Manner in which the amount spent during the financial year is detailed below:

S. No.	CSR Project/ activity identified	Sector in which the Project is covered	projects/ programmes 1.Local area/others 2.Specify the State and district where projects or programs were undertaken	Amount outlay (budget) project/ Program wise	Amount spent on the project/ programs subheads: 1.Direct Expenditure on project, 2.Overheads	Cumulative spend upto the reporting period.	Amount spent: direct / through implementing agency

6. In case the Company fails to spend the 2% of the Average Net Profit (INR) of the last 3 financial years, the reasons for not spending the amount shall be stated in the Board report.
7. Responsibility statement, of the CSR Committee, that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

.....  
(CEO)

.....  
(Chairperson CSR Committee)



## ANNEXURE II

### **Broad Guidelines for consideration of proposals and allotment of funds for CSR Projects / Activities**

The following guidelines shall be followed for consideration of proposal and allotment of funds under CSR Projects / Activities:-

- The proposal has to be within the framework of the CSR Policy.
- The proposals received have to be redrawn in the project frame work mechanism giving the details of activities to be undertaken, time frame, financial requirements, organisational requirements, outcome/ results expected and sustainability of the project.
- The release of funds has to be linked with the Project frame work and proper end use of amount released from time to time.
- Project proposals may be prepared by
  - a. in-house team,
  - b. prepared and sent by Nabcons cell in Regional Offices of NABARD,
  - c. prepared and sent to the Company from State/ District Authorities/ Developmental Agencies,
  - d. Local Bodies or Reputed NGOs.
- When the proposals are from the developmental agencies and NGOs, the exercise of due diligence needs to be undertaken before submitting the same to CSR Committee.

## **ANNEXURE III**

### **IMPLEMENTATION STRATEGY FOR CSR PROJECTS / ACTIVITIES**

The CSR Projects /Activities shall be implemented in any of the three ways as indicated here under:-

- A. Directly by the NABCONS
- B. Through NGOs/ Voluntary Organisations/ Trusts
- C. Through concerned State/ District Authorities.

The implementation strategy shall be finalised at the time of approval of the project by the CSR Committee.

The methodology of implementation shall be as follows:-

#### **A) DIRECTLY BY THE NABCONS**

- i) The Activities which can be implemented by NABCONS shall be taken up through Company Affairs Vertical or through contractor appointed for the purpose.
- ii) The periodical activities such as conducting of health camps, distribution of uniforms and study articles to schools and activities like donation of equipment and vehicles for health care shall also be taken up by the NABCONS.
- iii) The activities which cannot be taken up by the NABCONS because of its nature, size and other limitations, shall be considered for implementation through other alternatives.
- iv) For implementing the CSR activities through contractors, the NABCONS shall adopt the same procedure as followed for outsourcing the execution of assignments.
- v) For purchase of materials connected with CSR activities, NABCONS shall follow the same procedure as prescribed for procurement of materials under its normal business operations.

#### **B) THROUGH NGOs/ VOLUNTARY ORGANISATIONS/ TRUSTEES**

- i) Activities requiring specialised skills, specialised expertise and of long duration requiring undivided attention shall be considered for implementation

- through reputed NGOs/ Voluntary Organisations/ Trusts engaged in similar activities in the specified scheme areas.
- ii) The NGOs/ VOs shall be identified based on their credentials and long standing performance in the respective fields. NGOs/ VOs with proven performance and conferred with tax exemption benefits shall be given preference.
  - iii) NGOs may also come forward on their own with specific proposals in the field of their expertise, within the purview of CSR Policy. Such proposals should be complete in all respects and supported by their credentials and capabilities.
  - iv) The claims submitted by the NGOs/VOs for the work completed/ done should be supported by proper bills, documents/ receipts in support of each item of the claim.

### **C) THROUGH CONCERNED STATE/ DISTRICT AUTHORITIES**

- i) The CSR works which cannot be taken up by NABCONS directly or through NGOs/ Voluntary Organisations/ Trusts/ Contractors due to various reasons/ constraints, shall be carried out with the help of respective State/ District Authorities.
- ii) The State/ District Authorities may also submit the specific CSR proposals. In such cases, the NABCONS may release funds to the respective authorities for initiation and implementation, provided the projects/activities are covered under the CSR policy.
- iii) For such CSR works implemented through the local bodies/ agencies nominated by the District Authorities/ State Authorities, the funds shall be released in suitable instalments based on the progress and utilization certificates.

**MONITORING STRATEGY FOR CSR PROJECTS/ ACTIVITIES**

All CSR projects/ activities shall be monitored by the designated officers as may be decided by the CSR Committee. The Monitoring mechanism shall be as under:-

**A. PROJECTS DIRECTLY TAKEN UP BY THE NABCONS**

- i) The CSR projects taken up by NABCONS or through contractors shall be monitored directly by the Company Affairs Vertical of NABCONS.
- ii) The award of contract shall be finalized by the Company Affairs Vertical with the details of work done and time frame for each activity.
- iii) Release of funds shall be as per the terms of reference and time frame for each activity.
- iv) The system of monthly review shall be adopted wherein the progress of CSR activities shall be reviewed on a regular basis.
- v) Project completion report shall be prepared and placed for the consideration in the meeting of CSR Committee.

**B. PROJECT IMPLEMENTED THROUGH NGOs/ VOLUNTARY ORGANISATIONS**

- i) The CSR projects taken up through NGOs/ Trusts shall be evaluated and monitored jointly by NABCONS and the respective organisation.
- ii) The format of progress reports for joint evaluation, the periodicity of review and related matters shall be decided upon at the time of awarding the work to the institutions.
- iii) The monitoring visits to the project sites shall be undertaken by the officials of NABCONS based on the needs and feedback requirements.
- iv) Any deficiency noticed in implementation shall be brought to the attention of the CSR Committee for further course of action.
- v) The release of funds shall be in stages as specified in the award letter.
- vi) All vouchers/ bills and other documents shall be obtained in respect of all the claims to take care of the accounts and audit requirements.

### **C. PROJECTS IMPLEMENTED THROUGH DISTRICT/ STATE AUTHORITIES**

- i) The CSR projects taken up through District/ State Authorities shall be evaluated and monitored jointly by NABCONS and the respective Authorities.
- ii) The format of progress reports for joint evaluation, the periodicity of review and related matters shall be decided upon at the time of awarding the work to the institutions.
- iii) The monitoring visits to the project sites shall be undertaken by the officials of NABCONS based on the needs and feedback requirements.
- iv) The time frame for release of funds shall be decided at the time of awarding the contracts and the same shall be followed in release of funds in stages.
- v) All vouchers/ bills and other documents shall be obtained in respect of all the claims to take care of the accounts and audit requirements.