

*“Business has
a
responsibility
to give back to
community”*



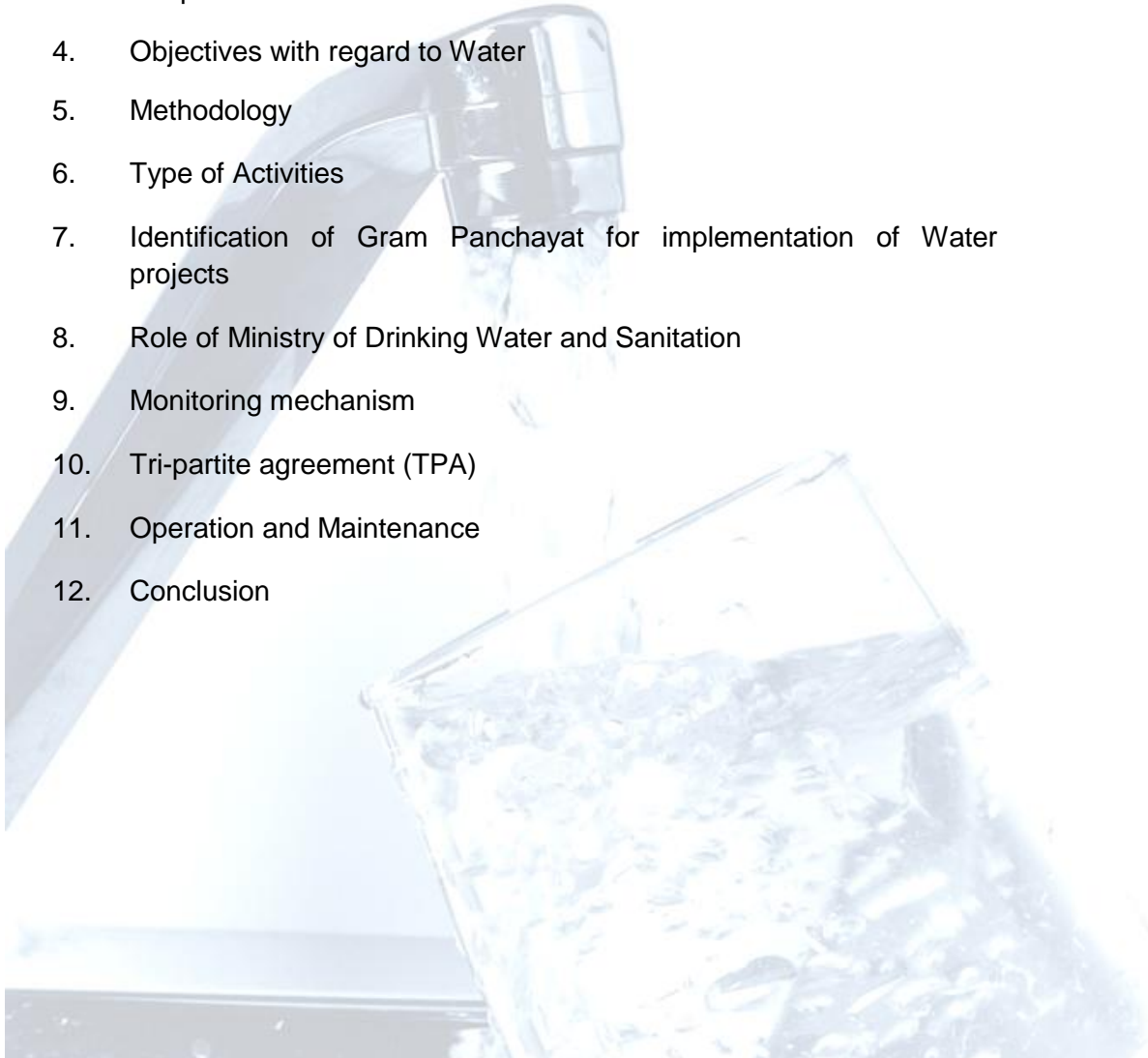
CSR Guidelines For Rural Drinking Water Projects

Government of India
Ministry of Drinking Water
and Sanitation



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1. Background

Due to Poor quality of water and presence of chemical/ bacteriological contamination, many water borne diseases are spread, which causes untold misery, and in several cases even death, thereby adversely affecting the socio-economic progress of the country . From an estimate by WaterAid, it has come out that these diseases negatively effect health and education in children, and further what is worse, 180 million man days approximately are lost in the working population to India every year.

Water-related diseases put an economic burden on both the household and the nation's economy. At household levels, the economic loss includes cost of medical treatment and wage loss during sickness. Loss of working days affects national productivity. Government spends a considerable amount undertaking water supply projects including water purification and providing safe drinking water to all in rural India in adequate quantity and within minimum distance, including piped supply to within the household. These are a challenging and enormous tasks. Given the diversity of the country, solutions have to be diverse, and given the quantum of biological and chemical contamination in water in rural India, an all out effort is required by all concerned to solve this gigantic problem which will improve the overall health and thereby the productivity of the Nation. It is in this context that interventions by Central Public Sector Units (CPSUs) and Corporate Houses under Corporate Social Responsibility (CSR) become relevant.

2. Why CSR for Drinking Water

- The rural population of India comprises more than 833 million people residing in about 1.69 million rural habitation spread over 15 diverse ecological regions. Providing clean safe drinking water in adequate quantity and with in minimum distance to such a large population is an enormous challenge..
- The health burden of poor water quality is enormous. A recent report by the United Nations says that in India, over one lakh people die of water-borne diseases annually. WaterAid has estimated that around 37.7 million Indians are affected by waterborne diseases annually.
- The provision of clean drinking water has been given priority in the Constitution of India, with Article 47 conferring the duty to the State for providing clean drinking water and improving public health standards. The government has undertaken various programmes since independence to provide safe drinking water to the rural masses. Till the 11th plan, an estimated total of Rs.72, 165.42 Crore have been spent on providing safe drinking water to the rural population in India. The expenditure has been substantial, but it remains a fact that despite such expenditure, lack of adequate quantity safe and secure drinking water within minimum distance (including piped house supply) to rural population in India continues to be a major challenge. Although India has met the MDG targets on water coverage, however quality, quantity, distance and sustainability still remain key issues. Through CSR initiatives, we intend to cover not only quality (chemical/ bacteriological contamination), but also the other three issues also, as well as all related linked activities.

3. Snapshot of CSR Guide Line

Under the Guideline on Corporate Social Responsibility and Sustainability for Central Public Sector Enterprises, all CPSEs are supposed to be spending a certain earmarked fund each year in creating and sustaining socially beneficial projects. Para 1.4.9 of the said guidelines, provides freedom to the CPSEs to select their CSR and Sustainability projects from a vast range of available options including activities relating to water sector and restoration to environmental sustainability.

As per the guidelines on CSR, all profit making Central Public Sector Enterprises (CPSEs), including Maharatna CPSEs are required to select CSR activities and to undertake them in a project mode, and are required to allocate a budget mandatorily through a Board Resolution as a percentage of previous year's net profit in the following manner (Para 1.5.1 of Guidelines on Corporate Social Responsibility and Sustainability for Central Public Sector Enterprises, 1st April 2013):

PAT of CPSE in the previous year	Range of Budgetary allocation CSR and Sustainability activities (as % of PAT in previous year)
Less than Rs. 100 Crore	3% - 5%
Rs. 100 Crore to Rs. 500 Crore	2% - 3%
Rs. 500 Crore and above	1% - 2%

Loss making CPSEs are not required to earmark specific funding for CSR activities.

As per CSR guidelines, the CSR policy of the business entity should provide for an implementation strategy and include identification of projects/activities, setting measurable physical targets and timeframe, organizational mechanism and responsibilities, time schedules and monitoring. Companies may partner with local authorities, business associations and civil society/NGOs

As per Section 135 of Company Bill passed by Lok Sabha on 18th December 2012 (Bill No. 121-C of 2011) and Gazette of India 30th August 2013 (but yet to be notified), every company having net worth of rupees five hundred Crore or more, or turnover of rupees one thousand Crore or more or a net profit of rupees five Crore or more during any financial year shall constitute a Corporate Social Responsibility Committee of the Board consisting of three or more directors, out of which at least one director shall be an independent director. The Board of every company shall ensure that the company spends, in every financial year, at least two percent of the average net profits of the company made during the three immediately preceding financial years, in pursuance of its Corporate Social Responsibility Policy:

4. Objectives with regard to Water

The main objective of taking up CSR activities in the rural drinking water sector are as under:

- Provision of safe and potable drinking water in adequate quantity and within minimum distance to all at all times and to bring about an improvement in the general quality of life in the rural area.
- Initiate conservation, recharge and sustainability measures with regard to drinking water in the rural area.
- Special attention may be given to habitations of weaker sections and SC/STs.

5. Methodology

CPSEs and Corporate Houses may partner with State Government, local authorities and Panchayats/Village Level Water and Sanitation Committee and leading National level NGOs, Trusts, Social Non-Profit organizations and Section 25 companies having sufficiently long experience in constructing and maintaining Water and Sanitation projects depending upon what projects are proposed to be taken up under CSR.

6. Type of Activities

The following areas may be targetted for the implementation of CSR projects by the CPSEs and Corporate Houses:

- Water Supply projects including conservation, recharge and sustainability projects.
- Provision of household pipe connections.
- Setting up centralized/ decentralized water treatment plants for Drinking Water and their Operation and Maintenance (O & M) for at least five years in the rural areas /peri urbun areas of the country.
- IEC, awareness advocacy and handholding on water quality, water quality testing, conservation, recharge, sustainability, safe storage and advocacy on taking up house connection etc.
- Setting up testing labs for testing of presence of heavy metals, pesticides, fertilizers etc in raw water source and in treated water.
- Any other related activity.

7. Identification of Gram Panchayat for implementation of Water projects

The CPSEs /Private Corporate houses may suggest the names of the Gram Panchayat(s) where they wish to implement the CSR or else the Ministry of Drinking Water and Sanitation may obtain from the States/UTs and provide to the CPSEs/Private Corporate houses such names of Gram Panchayats where CSR projects can be implemented by them as well as may initiate identifying portions of Government/Panchayat/State land etc. for the said purpose, which the state government/district administration/Panchayat would be expected to offer without cost to the CSR project. Ministry of Drinking Water and Sanitation will play a facilitating role between CPSEs/Private Corporate houses and the state /District administration/ Gram Panchayat where ever required.

The identification of required Water projects (as per Para 6) may be carried out by CPSEs / Corporate houses or a suggestive list of projects may be provided by the Ministry of Drinking water and Sanitation State /District administration may also take initiative in this regard.

8. Role of Ministry of Drinking Water and Sanitation

The Ministry of Drinking Water and Sanitation, Government of India will provide support to CPSEs/Corporate houses and play a facilitating role. State Governments will be requested by Ministry of Drinking Water and Sanitation to provide support to the CPSEs /Corporate houses for identification of projects and providing any land or building (if required) without cost to the project for construction of the CSR projects as indentified above. It would be convenient to maintain a list of (a) CPSEs/Private Corporate House willing to promote CSR activities; (b) a list of NGOs/Trusts/Section 25 Companies/Charities/Not for profit Social Organizations/Others having long experience of construction/implementation and maintenance of projects in identified fields and (c) a list of villages/Gram Panchayats where CSR works can be undertaken.

State Government may provide Gram Sabha/ other lands / Wastelands, Common Lands, spare land under public utilities/ Government Lands/ community lands or other small portion(s) of lands or building(s) that may be required for setting up water activities as above through CSR. Only the minimum land(s) or building(s) actually necessary may be considered.

9. Monitoring mechanism

Project monitoring and reporting are essential components of project management. A Central Monitoring and Coordination Committee (CMCC) would be formed at the Central level and a nominee from the state where the CSR projects is being implemented may also be invited. The CMCC would also play a facilitator role for the CPSEs/Private Corporate House for the CSR projects concerned.

Monitoring may be carried out through regular meetings or through written reports. Regular monitoring would enable the CMCC to identify actual or potential problems as early as possible and solve them in order to facilitate timely project implementation.

10. Tri-partite agreement (TPA)

A Tri-partite agreement may be made between State Government, CPSEs/Corporate house and Gram Panchayat/Village Water and Sanitation Committee for taking possession of minimum required land or building for the project. The purpose of the agreement will be to create an understanding among the parties.

11. Operation and Maintenance

The CPSEs/Corporate Houses should enter into a separate agreement with the implementing NGO/Social organization (which is to construct the water project) for operation and maintenance of the Water Treatment Plant or other project (preferably for five years). O&M costs during this period would be part of project costs to be supported by the CPSE/ Private Corporate House. After this period, the project may be handed over by the implementing NGO/Social organization with the approval of CPSE/Private Corporate House to the Gram Panchayat for maintenance or to any other agency decided by the State Government/ Gram Panchayat who are capable to operate, or else maintenance by the CPSEs /Corporate House through the NGO/Social organization may be continued for further time. For purpose of funding O&M for the first 5 years, the CPSE/Private Corporate House may make assessment and create an amortization fund in a bank or otherwise, with regular releases every month/6 months to the O&M agency.

12. Conclusion

These guidelines are only illustrative and suggestive but not all inclusive. They attempt to provide an enabling framework for implementing CSR in Water, which still requires a tremendous support in order to have a healthier India. CPSEs and state/local authorities are free to innovate wherever felt necessary in order to achieve a higher objective.